

STAKEHOLDER EXPECTATIONS AND RESPONSES OF VOLKSWAGEN AG

Action area	Stakeholder expectations & feedback*	Volkswagen AG reactions
Decarbonization	<ul style="list-style-type: none"> - Compliance with the Paris Climate Agreement - Substantial contribution to the reduction of greenhouse emissions and pollutants - Implementation and expansion of the electrification initiative - Expansion of sustainable mobility services - New partnerships and strategic alliances aimed at solving transport policy challenges and hitting global climate targets 	<ul style="list-style-type: none"> - Decarbonization program & Environmental Mission Statement (certification of CO₂ reduction targets by the Science-based Target Initiative in 2020) - International projects on CO₂ compensation - Expansion of the Roadmap E: increased investment volume, market introduction of new e-models (e.g. VW ID.3, Porsche Taycan) - In-house Naturstromangebot[®] for customers (e.g. Elli) - Creation and expansion of an electric charging infrastructure (e.g. IONITY), mobility-on-demand services (e.g. MOIA, WeShare) - City partnerships for urban mobility solutions - Strategic partnerships with Ford, Microsoft and Amazon - Establishment of the CEO Alliance for Europe's Recovery, Reform and Resilience as a cross-sector and international EU action alliance consisting of companies that are strongly committed to decarbonization - Voluntary and consistent reporting about climate-related financial risks and opportunities under the TCFD
Workforce transformation	<ul style="list-style-type: none"> - Socially responsible restructuring of the workforce as part of increased electrification and digitalization - Advanced training and retraining of employees - Expansion of digital and software expertise - Entry into new business fields for the purpose of protecting jobs - Increased diversity and inclusion 	<ul style="list-style-type: none"> - Development of transformation scores to measure workforce transformation - Employment guarantees for employees of Volkswagen AG - Study of the workforce transformation with the Fraunhofer Institute for Industrial Engineering - Comprehensive training as part of the transition of plants to e-mobility - Development of talented software experts (including Faculty 73, support of the programming school 42Wolfsburg) - Creation of a Volkswagen software organization – Car.Software Organization - Entry into new business fields (e.g. Volkswagen Components to produce mobile charging stations, battery-cell production and recycling in Salzgitter) - Long-term use of the company-wide Opinion Survey to measure employee satisfaction and gain employee feedback, use of the Diversity Index as a key performance indicator to increase the percentage of women in management and the degree of internationalization in top management
Circular economy	<ul style="list-style-type: none"> - Introduction and development of new concepts to promote a circular economy in production - Conservation of resources, reduction of CO₂ emissions and fuel during the use phase 	<ul style="list-style-type: none"> - Development of a circular economy strategy in close consultation with stakeholders - Creation of the initiative "Zero Impact Factory" - Closed loop recycling solutions for light metals (e.g. aluminum) - Investments in locations to increase energy efficiency - Center of excellence pilot plant to produce & recycle battery cells
Integrity, compliance, governance and corporate responsibility	<ul style="list-style-type: none"> - Volkswagen as a reputable and earnest company - Assumption of social responsibility that extends beyond the company's core business 	<ul style="list-style-type: none"> - Development and enhancement of an environmental compliance management system (ECMS) - Updated environmental policy by the Group - Continuation & enhancement of the Group integrity program T4I - New memberships in multi-stakeholder initiatives (e.g. GBI) - Voluntary CC projects around the world, incl. measures and projects related to the COVID-19 pandemic - Refugee-assistance program

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Sustainability management	<ul style="list-style-type: none"> - Anchoring of sustainability in all Group business areas and activities - Professionalization of the Group's international sustainability management 	<ul style="list-style-type: none"> - Revision of materiality analysis - Creation of a sustainability narrative for the Volkswagen Group that will cover the four focus areas: decarbonization, circular economy, responsibility in the supply chain and business, and workforce transformation - Improvement of the sustainability organization by applying the new Group Policy "Sustainability Management"
Responsibility in supply chains and business	<ul style="list-style-type: none"> - Optimization of coordination between the Group & brands - CO₂ as a mandatory contract-awarding criterion in procurement processes - Observance of duties of due diligence along the entire supply chain 	<ul style="list-style-type: none"> - Suppliers' obligation to meet minimum standards in the areas of environment, social responsibility, compliance and anti-corruption - Sustainability rating to evaluate the sustainability performance of suppliers - Code of conduct for business partners, incl. training formats - Implementation of a compliance management system for human rights
Stakeholder management	<ul style="list-style-type: none"> - Institutional, international and professional external stakeholder dialog - Offers for dialog and transparent communication on goal conflicts and current controversies 	<ul style="list-style-type: none"> - Continuation of the Group Global Stakeholder Reputation Survey - Continuous evaluation of the reputation key performance indicator that reflects stakeholder trust - Enhancement of external stakeholder management during the project "Best Governance Stakeholder Management Outer Circle" - Extension of the mandate of the Sustainability Council until 2022 and expansion of its activities - Stakeholder dialog events with the Volkswagen Stakeholder Panel on the company's strategic topics and goals
Group management, strategy and goals	<ul style="list-style-type: none"> - Revision and updating of the company strategy - Inclusion of nonfinancial indicators in company management 	<ul style="list-style-type: none"> - Launch of the strategy "Together 2025+" including the five project modules: Best Governance, Best Performance, Best Brand Equity, Software-Enabled Car Company and Excellent Leadership - Addition of nonfinancial metrics to internal company key performance indicators: decarbonization and reputation as new top KPIs

* Exemplary comparison; for a detailed look at stakeholder expectations, see documentation of stakeholder analyses, surveys and dialog formats.