

**VOLKSWAGEN**

AKTIENGESELLSCHAFT



## **Sustainability Management & Decarbonization @ Volkswagen Group**

Daniel-S. Roth, Head of Sustainability Management Volkswagen AG

4<sup>th</sup> ESG Conference | October 8, 2021

## Disclaimer

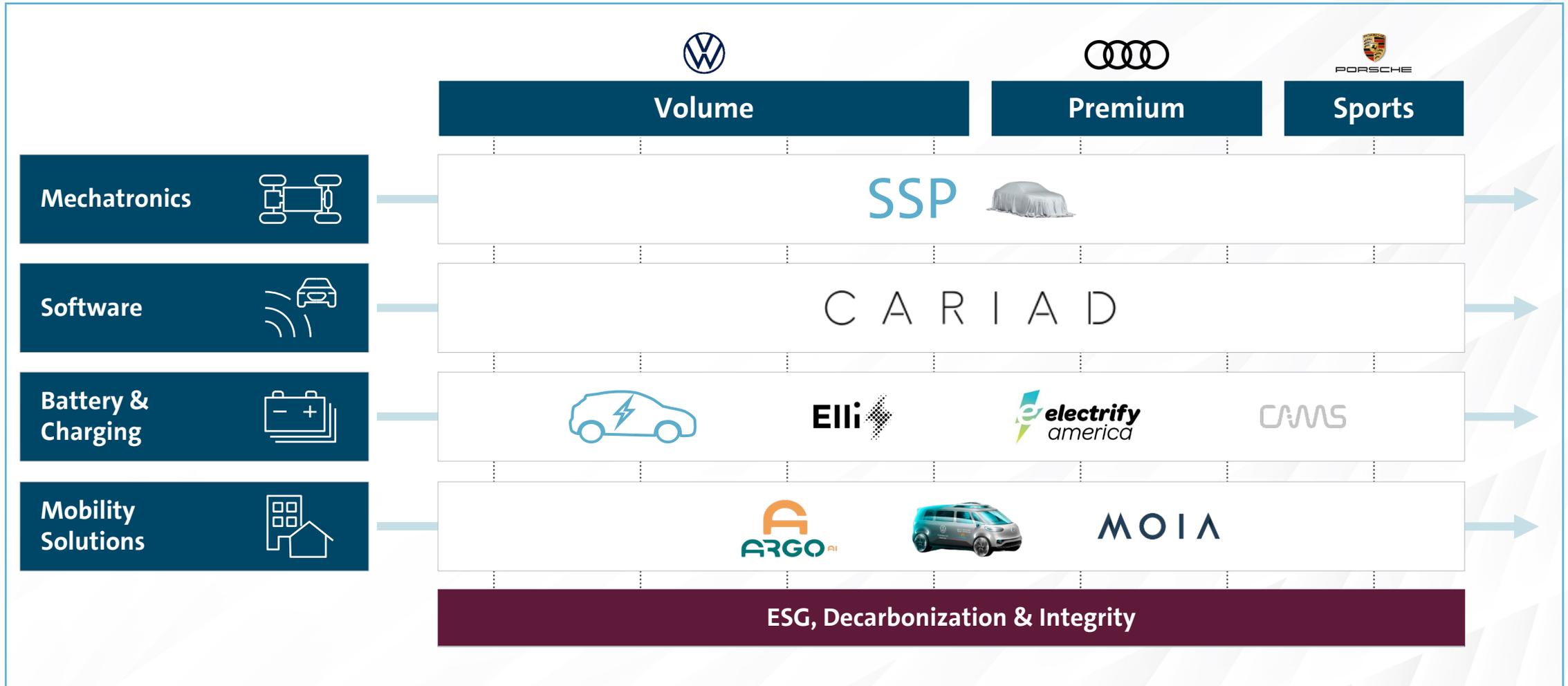
The following presentations as well as remarks/comments and explanations in this context contain forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and actual developments may differ from those forecast. Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates or commodities relevant to the Volkswagen Group or deviations in the actual effects of the Covid-19 pandemic from the scenario presented will have a corresponding effect on the development of our business. In addition, there may be departures from our expected business development if the assessments of the factors influencing value enhancement and of risks and opportunities presented develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

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# ESG is an essential initiative of the Strategy 2030 NEW AUTO.

Profitability 



Decarbonization, Circular Economy, Responsibility in Supply Chain & Business, Diversity, People & Transformation and Integrity are our current ESG focus areas.

## IMPROVE ESG Performance

Decarbonization

go TO zero

Circular Economy



Responsibility in Supply Chain & Business



Diversity



People & Transformation



Integrity

INTEGRITY



Orientation



Reputation



Value-Driven

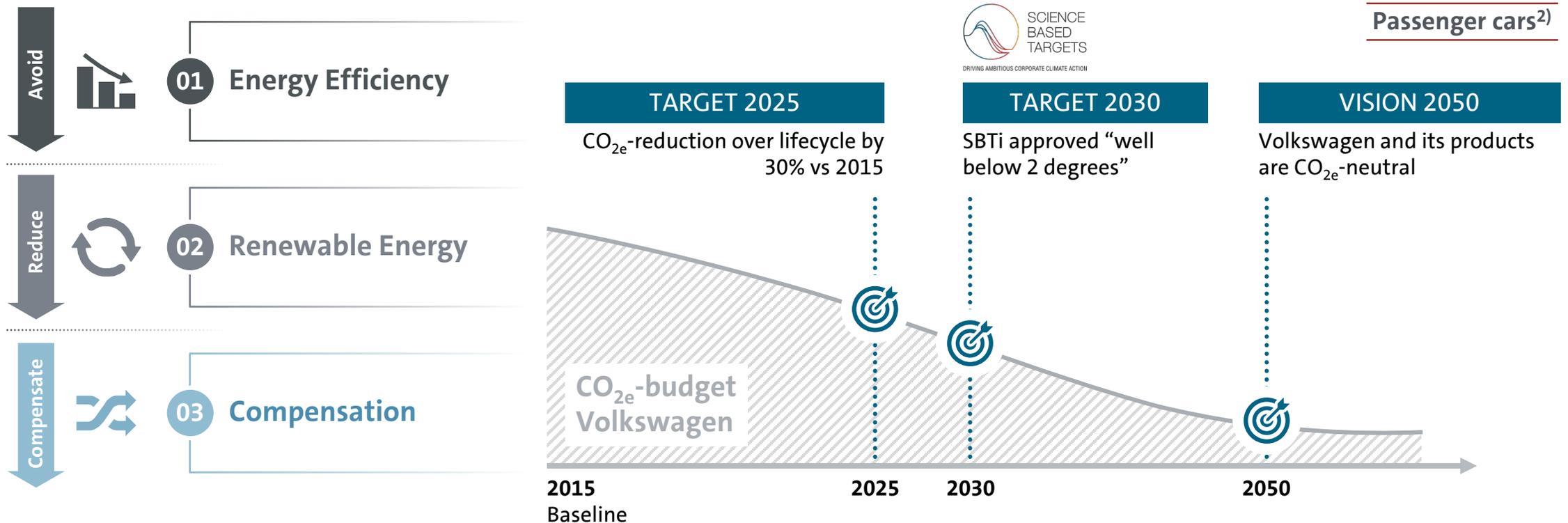


Transformation

**Volkswagen is fully committed to the Paris agreement – our goals are derived from it.  
Our decarbonization program covers the entire product life cycle.**

» “The targets of the Paris Agreement are our yardstick. We will be systematically aligning production and other stages in the value chain to CO<sub>2</sub> neutrality in the coming years.”

Dr. Herbert Diess<sup>1)</sup>



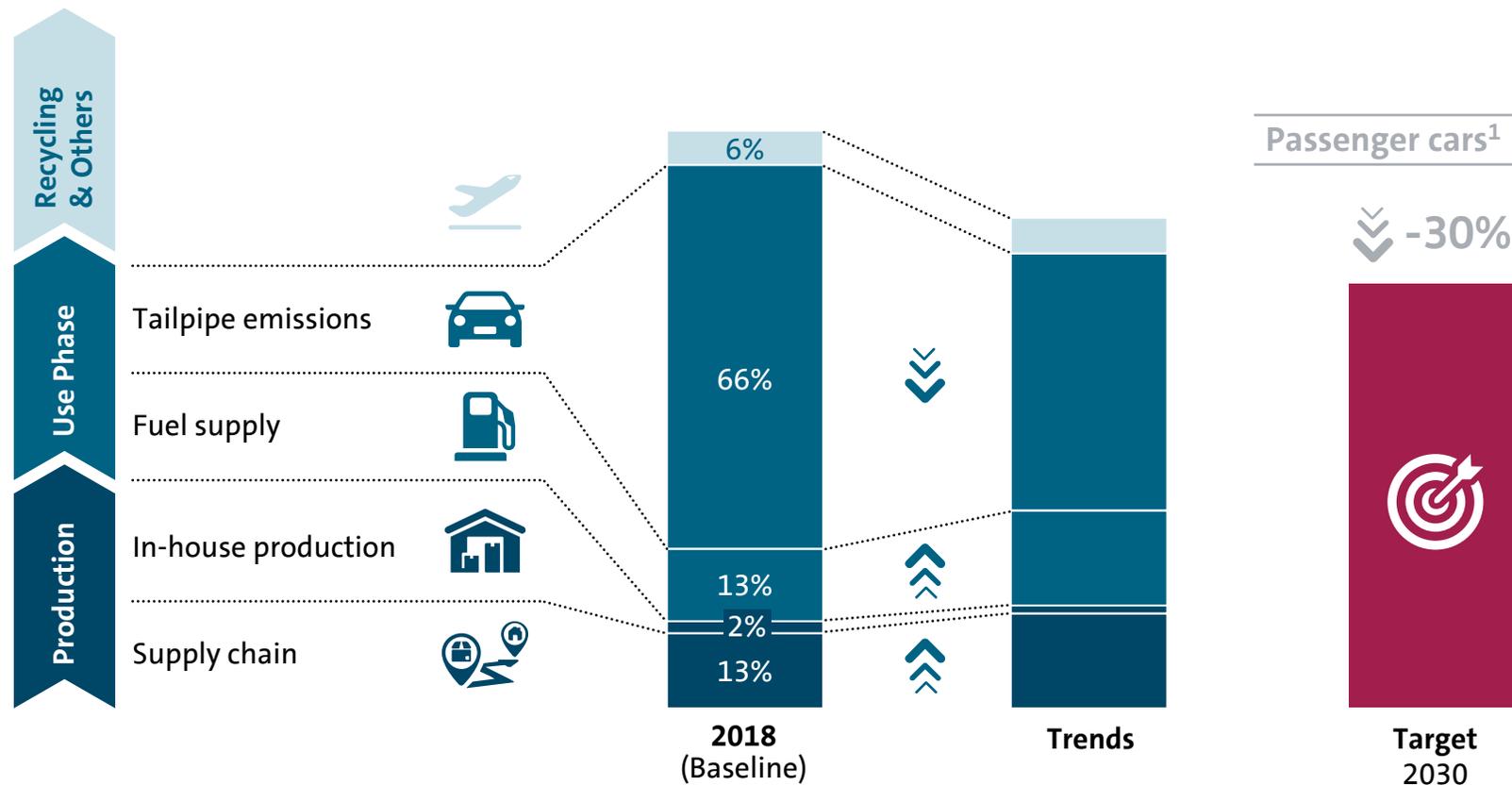
1) Annual Group Press Conference March 12, 2019 in Wolfsburg

2) Passenger cars including light duty vehicles

**Our goal by 2030: Reducing 30% CO<sub>2e</sub>/vehicle over the life cycle vs. 2018**  
**DCI 2020: 43 t CO<sub>2e</sub>/vehicle. Portfolio transformation will further accelerate reduction.**

## Group target 2030/veh. (lifecycle)

Decarbonization Index (DCI), t CO<sub>2e</sub>/car



## Portfolio transformation as key lever

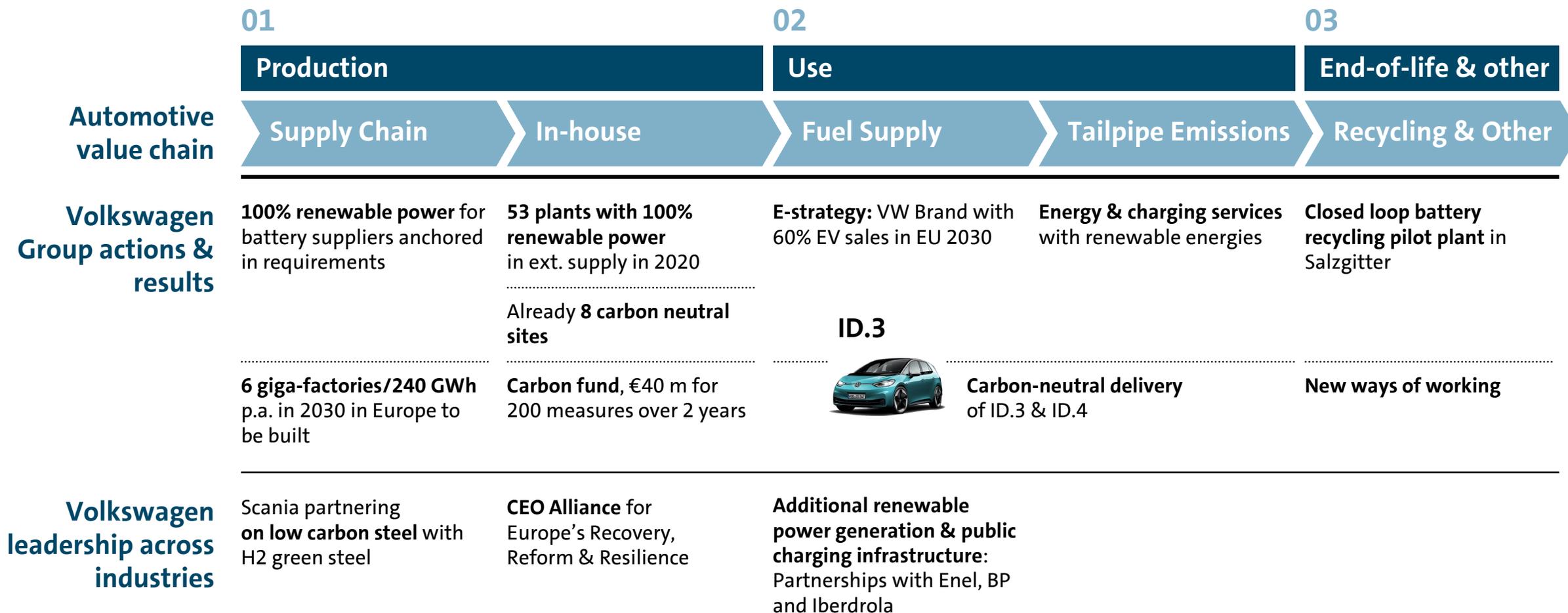
Significant reduction of tailpipe emissions

However, relative increase of emissions in the fields of supply chain and fuel supply

Decarbonization program addresses measures in all life cycle stages

1) Passenger cars including light duty vehicles, WLTP cycle

# Volkswagen takes leadership in decarbonization along our value chain and beyond. Selected examples.



ID.3



# The first Green Finance Report published in 2021 covers the Volkswagen ID.3 carbon footprint over the entire life cycle.

“The Green Finance Framework consistently links our corporate objective of carbon neutrality in 2050 with our financing strategy.”



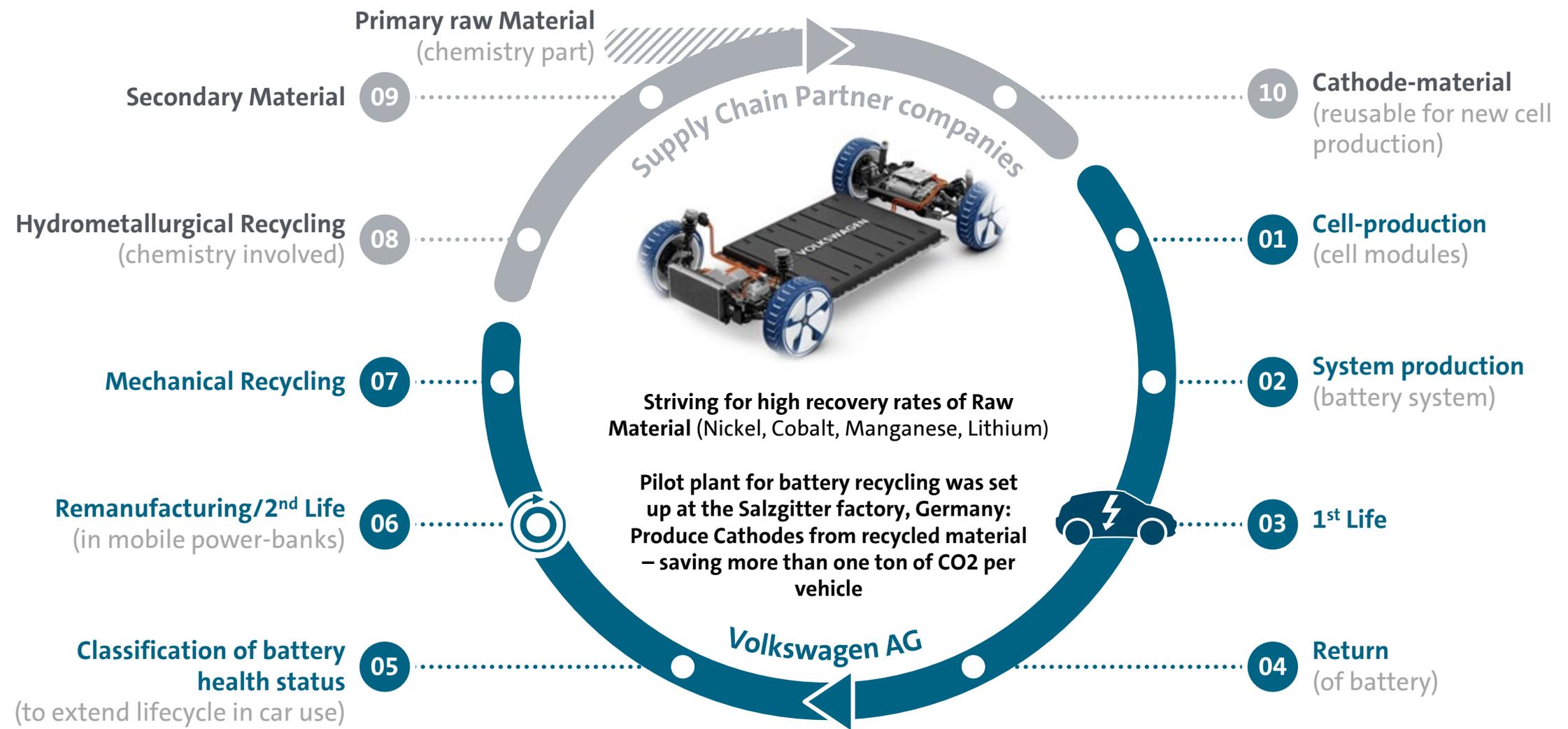
**Green Finance Report**  
[www.volkswagenag.com](http://www.volkswagenag.com) >  
[investor relations](#) > [fixed income](#) > [green finance](#) \*

\*) Further documents available, e.g. Green Finance Framework, Second Party Opinion

Eligible Green Project Portfolio	ICMA GBP** Category	UN SDGs	Contribution to EU's Environmental Objectives
<p><b>Projects related to the manufacture of electric vehicles</b></p> <p>Investments in, expenditures for and/or costs for conception, infrastructure, development and construction of the Modular Electrification Toolkit (MEB) itself, of electric vehicles and their production equipment and tools, supplier tools and systems and their key components, such as batteries, all related to the MEB.</p>	Clean Transportation	 	<p>The activities substantially contribute to the following EU environmental objective:</p> <p>Climate Change Mitigation - Increasing clean or climate-neutral mobility</p>
<p><b>Dedicated e-charging infrastructure</b></p> <p>(when separable from fossil fuel filling stations and garages)</p>	Clean Transportation		<p>The activities substantially contribute to the following EU environmental objective:</p> <p>Climate Change Mitigation</p>

\*\*) International Capital Market Association Green Bond Principles

**Circular Economy – Batteries: We are targeting 95% recycling rate of materials, first pilot battery recycling plant opened in 01/2021.**



## Increased sustainability requirements for our suppliers, S-Rating rolled-out. First Responsible Raw Materials Report published in 2021.



### PREVENT

#### Anchoring Sustainability requirements in contracts and specifications

- **Sustainability requirements** embedded in all contracts
- Requirements for renewable energies in **HV-batteries** anchored
- World wide **training of approx. 2.000 purchase officers** in 2020

### DETECT

#### Systematic evaluation of sustainability-related risks in the supply chain

- **S-Rating**: Evaluation sustainability performance of potential suppliers, anchoring in **procurement decisions**
- **13.000 sustainability questionnaires** filled in by suppliers
- **790 sustainability audits**

### REACT

#### Measures following identified risks and/or violations

- **>1.300 suppliers improved** their sustainability performance by appropriate measures
- **Audits identified 6 violations/critical aspects per audit on average**, 34 „grievance cases“ proceeded
- Ongoing developments of further action plans



**Responsible Raw Materials Report**  
[www.volkswagenag.com](http://www.volkswagenag.com) > sustainability >  
 sustainability in the supply chain

Since 2016 the Sustainability Council acts as critical advisor to the Group Board of Management.

## Sustainability Council



Prof. Dr. Ottmar Edenhofer



Magdalena Gerger



Prof. Ye Qi



Michael Sommer



Rebecca Harms



Connie Hedegaard (deputy spokesperson)



Georg Kell (Spokesperson)



Elhadj As Sy



Margo T. Oge

### TASKS

Strategic counseling of the BoM

Strengthening sustainability management

Expertise and initiatives

### TOPICS

Sustainable mobility and environmental Protection

Social responsibility and integrity

Future of work and digitalization

### PROJECTS

Impacts of electrification and digitalization on employment

Forecast-based financing (climate change)

Inclusive fiscal policies for sustainable mobility

# CEO Alliance for Europe's Recovery, Reform & Resilience. We contribute towards the transformation of a more prosperous, sustainable and resilient Europe.

## CEO Alliance at a glance



**12**

Highly committed  
CEOs

**~1.6 mn**

Employees

**~EUR 600 bn**

Revenues

## The CEO Alliance's vision



### RECOVERY

Stimulation of economies hit by Covid-19, in particular Southern Europe, to prevent economic divergence and strengthen social cohesion



### REFORM

Accelerated transition to carbon neutrality, with a European-wide cross-industry perspective towards 2030 and 2050



### RESILIENCE

Strengthening of Europe's readiness towards future disruptions and long-term technological trends, via risk mitigation, adaptability and endurance

# World Business Council for Sustainable Development: Vision 2050 – Time to Transform.

40 WBCSD member companies incl. Volkswagen Group came together to revisit Vision 2050.



## Framework for action ...

for the decade ahead that is practical, grounded in reality, and designed to help companies drive change in their sustainability planning and strategies. Central to the vision are nine transformation pathways across the key areas.

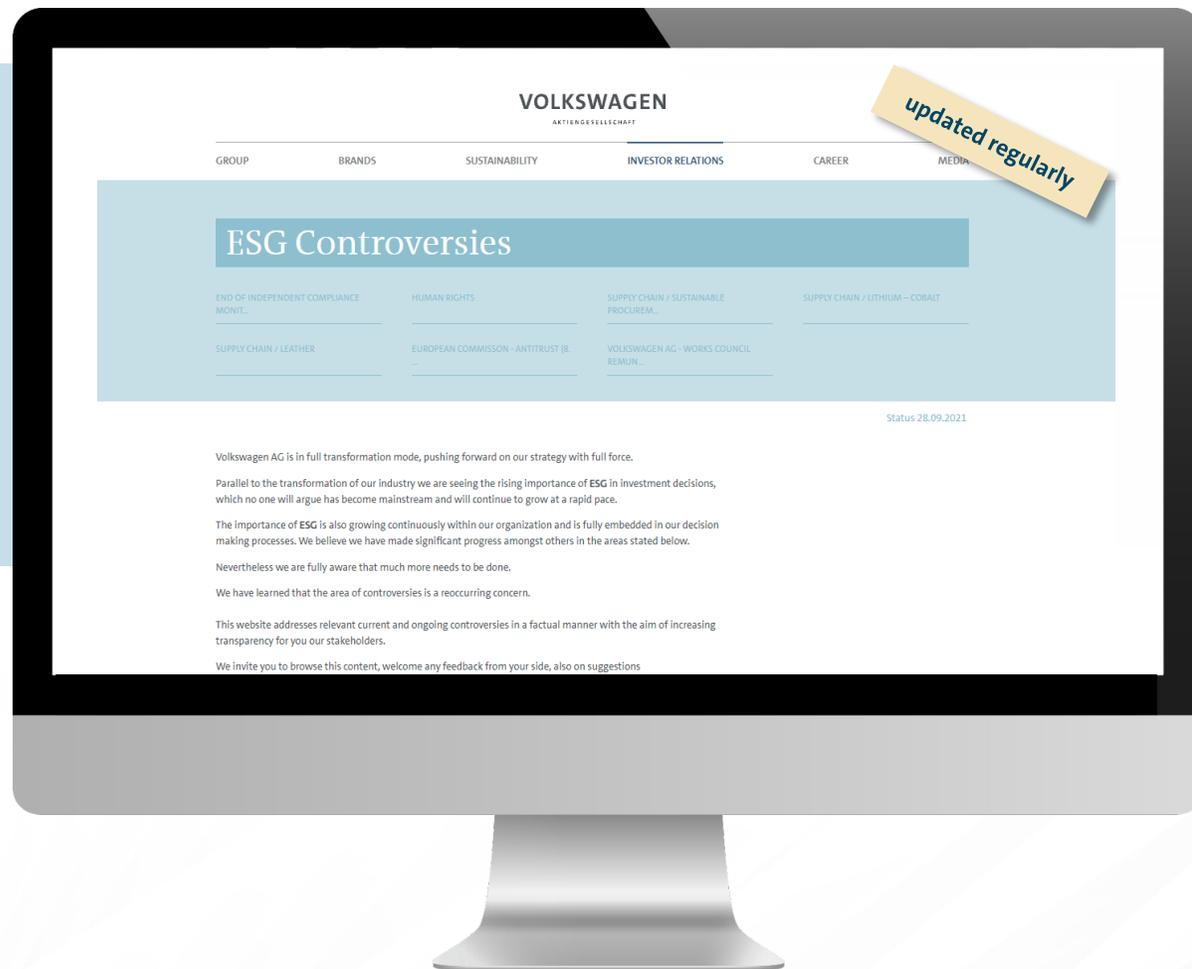
## Comprehensive set of documents ...

provides the business community with ambitious guidance on how it can support the transformations needed to realize a world in which 9+ billion people are able to live well within planetary boundaries by 2050.



<https://timetotransform.biz>

# With the New ESG Controversies Website Volkswagen AG now is transparent on relevant and reoccurring topics.



**“ We believe we have made significant progress. Nevertheless we are fully aware that much more needs to be done. We have learned that the area of controversies is a reoccurring concern.”**

This website addresses relevant current and ongoing controversies in a factual manner with the aim of increasing transparency for you our stakeholders.

**End of Independent Compliance Monitorship**

**Supply Chain / Lithium – Cobalt**

**Human Rights**

**Works Council Remuneration Scheme**

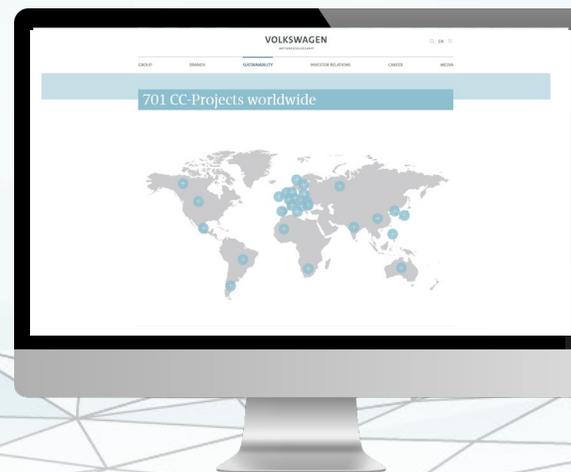
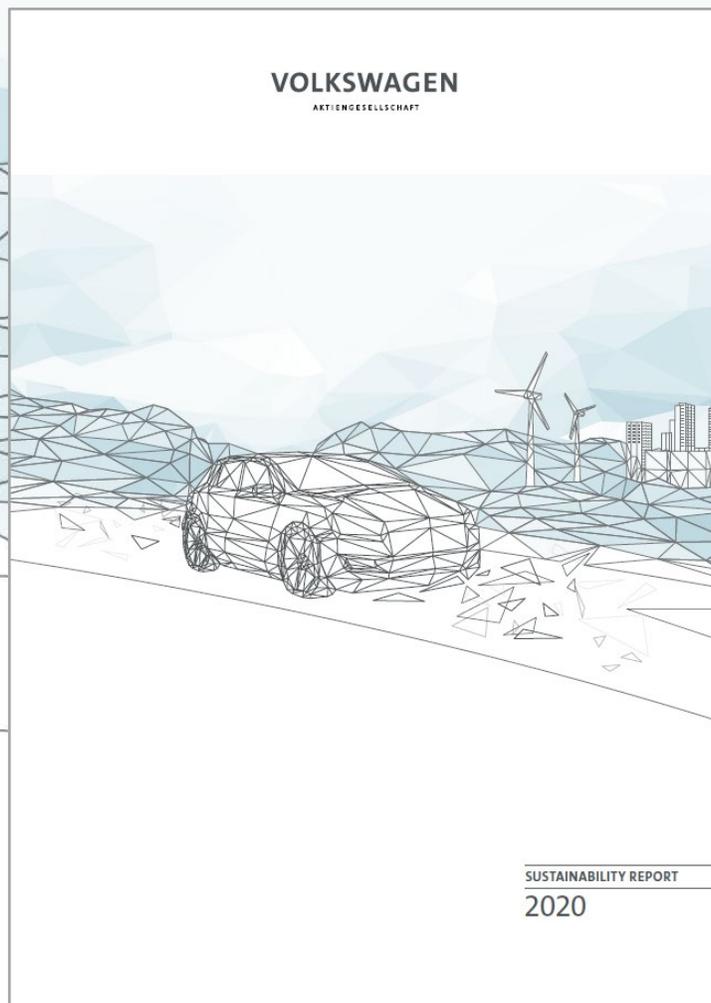
**European Commission - Antitrust**

etc.



> [www.volkswagenag.com](http://www.volkswagenag.com) > Investor Relations > Corporate Governance > ESG Controversies

More in-depth information available in our Sustainability Report 2020 incl. Non-Financial Report and on our website (>700 Corporate Citizenship Projects).



[www.volkswagen.com](http://www.volkswagen.com) > sustainability > reporting

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**Including the combined separate nonfinancial report that complies with sections 289b para. 3 and 315b para. 3 of (German Commercial Code)**

**Limited assurance for the combined separate nonfinancial report**

**Application of GRI Standards, “Core” option**

**Volkswagen sustainability focus areas as guiding principle**

# Regained trust five years after the Diesel crisis: Reinstatement to the UN Global Compact in February 2021.



“Volkswagen is a better organization today than it was three years ago.”

Larry D. Thompson

Volkswagen AG successfully completes Independent Compliance Monitorship under Agreements with U.S. Authorities.

**WE SUPPORT**

**UN GLOBAL COMPACT**

02/25/21 | New York/Wolfsburg | Volkswagen Group News | Pr...

**Volkswagen Group is officially reinstated as a participant of the UN Global Compact**

- > Five years after the diesel emission crisis, the United Nations Global Compact has resolved to reinstate the Volkswagen Group
- > The main deciding factor was the successful completion of the US monitorship
- > Georg Kell, founding Executive Director of the UN Global Compact and spokesperson for the Volkswagen Group Sustainability Council, said: "Rejoining the UN Global Compact shows that Volkswagen has learned from its mistakes."

The UN Global Compact has confirmed the reinstatement of the Volkswagen Group as a participant. After a five-year break, the Group thereby returns to the world's largest corporate sustainability initiative. The main grounds for this decision was the Volkswagen Group's completely rebuilt compliance and integrity policy as a result of the successfully concluded monitorship supervised by the US Department of Justice. The Group's ambitious climate protection program was also welcomed positively. By 2025, the Volkswagen Group plans to cut its CO<sub>2</sub> emissions over the life cycle of its passenger car portfolio by 30 percent compared to 2015 and aims to be climate-neutral by 2050. In 2016 Volkswagen also appointed an Independent Sustainability Council.

Founded in 2000 as a special initiative of the UN Secretary-General, the United Nations Global Compact is a call to companies everywhere to align their operations and strategies with the Ten Principles in the areas of human rights, labour, environment and anti-corruption. All participating companies are required to publicly report once a year about their respective activities to implement the principles. For investors and asset managers in the capital market, participation is an important criterion for investability in shares and bonds of Volkswagen Group.

Official press release (Feb 25, 2021)

Herbert Diess • Follower:in  
Vorstandsvorsitzender der Volkswagen AG  
4 Std. •

Volkswagen is returning to the United Nations Global Compact! The world's largest corporate sustainability initiative has confirmed the reinstatement of the Volkswagen Group as a participant. Great and important comeback! We fully support the Ten Principles of the [United Nations](#) Global Compact on human rights, labour, environment and anti-corruption.

Volkswagen AG first joined the Global Compact almost two decades ago. In the wake of the diesel crisis, the UN GC decides to remove Volkswagen and its brands from the GC participant list. Since then Volkswagen made an effort to come back. VW is a better company today the US-monitor [Larry D. Thompson](#) said when he left us. The reinstatement to the UN Global Compact approves this once again, it's a further milestone for us.

[Übersetzung anzeigen](#)

**"The reinstatement to the UN Global Compact is a further milestone for us."**

Herbert Diess | CEO Volkswagen AG

194 • 14 Kommentare

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**Thank you for your attention!**