

VOLKSWAGEN GROUP

Association Climate Review

2023

CONTENTS

FOREWORD	3
1 DECARBONIZATION	4
2 CLIMATE LOBBYING POSITIONS OF VOLKSWAGEN GROUP	8
3 OPERATIONAL FRAMEWORK, METHODOLOGICAL CONCEPT AND SELECTION CRITERIA	9
4 ASSOCIATION REVIEWS	12
5 SUMMARY AND OUTLOOK	18
CONTACT INFORMATION	19

EDITORIAL NOTE AND DISCLAIMER

In the following, the terms “Volkswagen,” “Volkswagen Group,” “the Company” and “the Group” are used to refer to the entire Volkswagen Group. If in individual instances, statements are made that refer only to Volkswagen AG or to a specific other Group company or brand, this is noted as such in the relevant context.

Where possible, quotes of non-English-language position statements were taken from translations provided by the association itself. Where no English translation was provided by the association, a translation was prepared internally; these have been indicated accordingly.

At the brands of the Volkswagen Group, work on all types and models never ceases, so please allow for the fact that changes in design, equipment and technical specifications may be made at any time. Consequently, the data and descriptions in this Review Report cannot give rise to claims of any kind.

NAVIGATION

 > References to Volkswagen websites

[References to external websites](#)

FOREWORD

Dear stakeholders,

Climate change is one of the greatest challenges humanity faces. The question of protecting the climate has long since ceased to be a question of whether, but of how.

At the Volkswagen Group, we are committed to climate protection and sustainability. That is why we have set ourselves the long-term goal of becoming net carbon neutral by no later than 2050, with ambitious emission reduction targets set for as early as 2030. This includes our supply chains, plants and business divisions as well as our customers' use of the vehicles. The biggest contribution to reducing our emissions is being made by electric mobility. To underline our commitment and live up to the responsibility Volkswagen Group has, decarbonization is a key element in the NEW AUTO strategy and is one of the focus topics in the Group's initiative to improve ESG performance. For example, by the year 2030, Volkswagen Group wants to reduce its passenger cars' and light commercial vehicles' production-related CO₂ emissions by 50% – instead of the previous target of 30%. The Science Based Targets initiative has confirmed to us that this means our Group meets the requirements for the 1.5 °C goal for the production phase. Nevertheless, achieving this and other climate protection goals as quickly as possible will require all actors to jointly engage in climate protection, which is why close cooperation with relevant stakeholders – such as the capital market – is of great importance. In this regard, sustainable investor groups and their emphasis on capital market-related sustainability are one of the drivers of climate protection efforts.

Climate protection and a successful transformation to climate neutrality can only succeed if politics and the business sector work hand in hand. The Group's Public Affairs departments act as the liaison between Volkswagen and the industry and political arenas. This is complemented by the Volkswagen Group's strong engagement in alliances, associations and networks, which we consider a key element for jointly working on the best future mobility solutions. In addition, association memberships allow us to better engage with our stakeholders and create forums for discussion.

To ensure the effective promotion of our ambitious climate protection targets and to identify potential for improvement, we decided to review our association memberships with a view to their alignment with our climate policy positions.

We are therefore pleased to present the first Volkswagen Group Association Climate Review (also the "Review Report"). It is the result of an overarching project of the Investor Relations, Sustainability and Public Affairs departments and will be published regularly. The aim of this Review Report is to provide a methodologically sound basis for leveraging the full potential of our climate policy lobbying and to enrich dialog with all stakeholders. We would like to thank the team involved in preparation of the Review Report, which was coordinated at Volkswagen Group level and carried out in direct collaboration with the Group's *Political Representatives*.

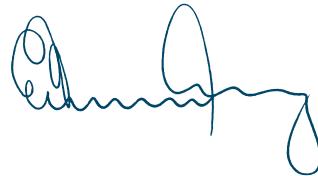
One thing is clear, shaping mobility today ensures leaving a better world for generations to come.



Rolf Woller,
Head of Group Treasury &
Investor Relations



Dr. Gernot Döllner,
Senior Vice President Group Strategy
and General Secretariat





Dr. Thomas Steg,
General Representative of
Volkswagen Group,
Head of Group Public Affairs

1. DECARBONIZATION

The climate targets and the global climate policy position of Volkswagen Group were previously published in our Sustainability Report and on our website. These have been extracted below for the Association Climate Review.

The Sustainability Report and further information, in particular information about decarbonization and ESG KPIs, are available on the Group's corporate website:

 > www.volkswagenag.com > Sustainability > Reporting & ESG Performance > Sustainability Report

 > www.volkswagenag.com > Sustainability > Reporting & ESG Performance > ESG Indicators

VOLKSWAGEN GROUP AMBITION AND INTERIM TARGETS FOR CARBON NEUTRALITY

The term ESG (Environmental, Social, Governance) refers to the basic principles of doing business sustainably. The Group's stakeholders (e.g., investors, employees, customers and non-profit organizations) have high expectations of the Company's ESG performance, including in areas such as decarbonization and integrity, and also of its conduct as an employer and as part of society. The Group's ESG performance therefore directly affects its market capitalization, cost of capital and investing activities. We aim for a top position relative to our competitors in sustainability ratings. We are committed to the Paris Climate Agreement and align our own activities with the 1.5 °C goal. We aim to achieve net carbon neutrality by 2050. As part of this effort, we are systematically focusing on the electrification of our products, decarbonization of our entire value chain and expansion of renewable energy generation to supply our sites and customers.

We have thus set ourselves intermediate goals to guide our path to target achievement: Volkswagen wants to reduce greenhouse gas emissions in production by 50.4% in absolute terms compared to 2018 by 2030. The Science Based Targets initiative (SBTi) confirmed to the Volkswagen Group in 2022 that the Company is fulfilling the conditions for limiting global warming to 1.5 °C with its objective for the production phase (Scopes 1 and 2). By 2022, absolute greenhouse gas emissions had already been decreased by 27.2% compared with 2018.

SBTi has confirmed the aim of reducing CO₂ emissions¹ by 30% in the use phase (Scope 3) to the Volkswagen Group as in line with the limitation of global warming to 2 °C. By 2030, the Group wants to emit 30% less CO₂ on average per vehicle (passenger cars and light commercial vehicles) over the entire life cycle than in 2018. The targets are to be achieved through pure CO₂ reduction.

Decarbonization targets were also formulated in the area of heavy trucks and buses, and these represent sub-targets for the Group. For example, Scania is committed to reducing its absolute Scope 1 and Scope 2 greenhouse gas emissions by 50% by 2025 compared with the base year of 2015. In 2022, the company also announced its intention to decarbonize its supply chain as far as possible by 2030. This involves the most important production materials and largest sources of emissions: batteries, steel, aluminum and cast iron. The Scope 3 greenhouse gas emissions from the use of vehicles sold are to be reduced by 20% per vehicle kilometer at Scania by 2025, also compared with a 2015 baseline. The SBTi confirmed to Scania that these targets are at a level that allow global warming to be limited to 1.5 °C. MAN also received SBTi certification of its decarbonization target in 2022. In addition, Scania and MAN have committed to the SBTi's Net-Zero Standard.

BUSINESS AND PRODUCT TRANSFORMATION TO NET CARBON NEUTRALITY

To achieve the target of net carbon neutrality, the Volkswagen Group is implementing a comprehensive decarbonization program, which includes the whole life cycle of the vehicles and is characterized by a clear hierarchy of measures: The top priority is measures with which CO₂ emissions can be avoided or reduced. In second place follow measures with which we can gradually shift the energy supply in all steps of the value chain to renewable energy. Finally, unavoidable CO₂ emissions are offset in selected cases through climate protection projects that meet the highest international standards. One example of this is the voluntary offsetting measures in the net carbon-neutral delivery of electric vehicles.

As a result of our efforts in energy efficiency and renewable energy supply, we already operate eight production sites on a net carbon-neutral basis (taking offset measures into account). These are the sites in Brussels and Győr (Audi), Zwickau and Dresden (Volkswagen), Zuffenhausen and Leipzig (Porsche), Crewe (Bentley) and Vrchlabi (ŠKODA).

As technology advances, the automotive industry is rapidly forging ahead with its transformation toward e-mobility and digitalization. We therefore expect the market for electric vehicles to grow strongly in the next few years, meaning that cost-efficient and sustainable production of battery systems and the expansion of charging infrastructure will be crucial to success. The shift to connected, intelligent and eventually self-driving vehicles, however, will bring more wide-reaching changes for the automotive industry.

The consistent electrification of our vehicle fleet opens up the path to net carbon-neutral mobility for our customers. We plan to invest around €52 billion in electric mobility across the Group by 2026. The Volkswagen Group also once again increased the planned shares of electric vehicles in the core markets of the EU, the US and China

¹ The use of the term CO₂ emissions in this Review Report includes the consideration and identification of additional climate-damaging greenhouse gases such as methane (CH₄) and laughing gas (N₂O) (CO₂ equivalents). All figures in this Review Report on CO₂ emissions correspond to CO₂ equivalents, except for fleet emission figures. Net carbon neutrality is achieved when anthropogenic CO₂ emissions are balanced worldwide through avoidance, reduction and offsetting over a specific period of time. With regard to climate protection, in addition to CO₂ emissions Volkswagen also pays attention to all other relevant greenhouse gases. Avoidance and reduction have priority over offsetting for the Volkswagen Group. For offsetting measures, the Group follows internationally established standards.

for the target year of 2030 in 2022. The new electric vehicles are manufactured at eight sites in Europe, China and the US.

We consider the environmental impact we cause throughout the entire life cycle and at all stages of the value chain of our products. This includes the manufacturing process with the associated extraction of raw materials, the production of materials, the processes at our suppliers and our own production operations at our sites, the use phase with the resulting vehicle emissions and the necessary supply of charging current and fuel, and ultimately the recycling of the vehicle at the end of its life cycle.

It is important to us to make in particular the use phase of our vehicles net carbon neutral in the long-term. This is because around 75% of a car's CO₂ emissions arise in use ("well to tank" and "tank to wheel"). E-vehicles and consistent charging with 100% renewably generated electricity play a key role in achieving carbon-neutral e-mobility. This is the only way that almost half of all CO₂ emissions can be avoided compared with the normal EU electricity mix. By supplying energy from 100% renewable sources via our subsidiary Elli (Electric Life), we can offer our customers the option of net carbon-neutral mobility in the use phase too.

We are aware that higher CO₂ emissions will initially arise in the supply chain during the transition to electric mobility and shares from the use phase are shifting to production. Against this background, we are systematically identifying the biggest drivers of CO₂ emissions in the supply chain and defining measures to reduce them. The difficulty of raw material extraction and the energy-intensive processes in manufacturing batteries are key drivers here. Around a third of CO₂ emissions that arise when manufacturing an electric car come from manufacturing high-voltage (HV) battery cells. All suppliers (new contract awards) of high-voltage batteries are already contractually obliged to use certified power from renewable sources in their production processes. In addition, there are further requirements for upstream stages of the value chain, such as CO₂ limits. For the ID. models, the Volkswagen Passenger Cars brand plans to use additional sustainable components, including battery cases and wheel rims made of CO₂-reduced aluminum. In this way, the ID. family's carbon footprint shall be improved by around two metric tons per vehicle by 2025. Volkswagen Group China is also working together with its suppliers on a more sustainable supply chain. For example, together with suppliers and partners, the group is developing a roadmap for switching to 100% renewably generated electricity by 2030. To date, more than 220 suppliers have already signed a declaration committing to switching to electricity from renewable sources.

Additionally, internal carbon pricing tools are an integral component of our decarbonization controlling. For example, when managing the portfolio, we work with shadow prices to integrate emission-related risks into decision-making processes and with internal emissions trading to optimize reduction paths of CO₂ fleet compliance. In the decarbonization program, we assess the efficiency of reduction measures using abatement costs and aggregate these in an abatement cost curve. As part of this, we are currently working with

an internal carbon price or abatement costs of up to €20 per metric ton of CO₂. This figure is reviewed annually based on target achievement and adjusted by a resolution of the Board of Management.

RENEWABLE ENERGY FOR PRODUCTION SITES AND OPERATIONS

In addition to the Group's electric offensive, we are concentrating to a greater extent on switching the entire power supply for our plants to renewable energy and integrating renewably generated electricity in the use phase.

Further progress is being made in supplying clients with electricity from renewable energies. For example, the percentage of electricity purchased externally rose from 93.3% to 99.6% at EU production sites within one year. By 2023, all EU sites are to be supplied with 100% electricity from renewable sources. By 2030, the same target is planned for all global sites outside China. Volkswagen Group is also driving the energy transition at its own sites. For example, we have set ourselves the goal of generating 1.2 million MWh of power from renewable energies ourselves or in the immediate vicinity of the production sites by 2030. In 2022, 405,735 MWh of electricity was already generated from renewable energy in this way. Additionally, increasing energy efficiency is an important component of the decarbonization strategy. The Volkswagen Group has set itself the goal of implementing energy efficiency measures from 2018 to 2030 that save a total of 4.9 million MWh of energy at the production sites. By 2022, 6,443 measures totaling 2.4 million MWh had already been implemented.

To date, 62 Group production sites have been supplied with external electricity from 100% renewable energy sources. Of these, 44 sites are within the EU and 18 sites are outside the EU.

The Volkswagen Group is the first automotive manufacturer to directly support the expansion of renewable energy on an industrial scale. New wind farms and solar parks are to be constructed in several regions of Europe by 2025. In Germany, for example, Volkswagen supported the construction of a solar plant with a total capacity of 170 million kWh per year. The plant in Tramm-Göthen in Mecklenburg-West Pomerania in northeastern Germany has nearly 420,000 solar modules and is thus the largest independent solar project in Germany. In Sweden, Volkswagen Passenger Cars financially supported the construction of a wind farm: The park in the north of Sweden has a volume of around 100 GWh per year. In 2022, new photovoltaic systems were also constructed with Volkswagen's support: in Mosel, not far from the Zwickau vehicle plant, and in Sagunto, Spain. The ŠKODA brand was also involved in the construction of a wind farm in Finland in 2022. The wind farm is intended to produce around 570 GWh of electricity per year – enough to supply around 150,000 households with green power for a year. It is planned that all projects together will generate around 7 TWh of additional green power by 2025. This should cover the electricity needs of the electric vehicles brought to market and enable a net carbon-neutral use phase for the electric fleet. In addition, in 2022, the supply of around 1 TWh was contractually agreed through entering into partnerships with electricity suppliers.

EXPANDING THE CHARGING INFRASTRUCTURE

Charging, energy and a sustainable energy supply infrastructure for all-electric vehicles are key prerequisites for accelerating the transition to battery-electric mobility of the future.

We are driving the further expansion of fast-charging infrastructure worldwide. For example, Volkswagen founded the joint venture IONITY with other original equipment manufacturers (OEMs). IONITY had set up 430 fast-charging stations on major highways across Europe by 2022. Along with its partners, the Group wants to operate around 18,000 public fast-charging points in Europe by 2025 – five times as many as today and about one third of the total demand predicted for 2025 on the continent. This will be achieved through a series of strategic partnerships in addition to IONITY:

- BP wants to construct around 8,000 fast-charging points across Europe together with Volkswagen.
- In cooperation with Iberdrola, Volkswagen will, in particular, cover main traffic routes in Spain.
- In Italy, Volkswagen collaborates with Enel to expand the fast-charging network both along freeways and in urban areas.

Volkswagen plans to expand the public fast-charging network in the US and China too:

- In North America, Electrify America's charging infrastructure is to be doubled to more than 1,800 locations and expanded by 10,000 fast chargers by 2026.
- In China, Volkswagen is planning a total of 17,000 fast-charging points by 2025 through the CAMS joint venture.

By 2025, we and our partners plan to create around 45,000 fast-charging points in Europe, China and the USA. Volkswagen wants to spend about €400 million for the European program as a whole by 2025.

The Volkswagen product portfolio also includes the full range of charging solutions for private customers and companies. In addition to the Group's own wall box and the flexible fast-charging station, contract-based charging services and smart green electricity tariffs in particular are becoming the focus. Charging processes will then systematically use renewable energy and reduce pressure on power grids. In a next step, Volkswagen intends to develop the electric vehicle as a mobile power bank, thus helping electric vehicles to become an active part of the energy system in the future as storage devices. In this way, Volkswagen wants to enable its customers to participate in one of the leading smart-charging and energy ecosystems for decarbonized mobility.

FLEET CO₂ EMISSIONS

Volkswagen Group closely coordinates technology and product planning with its brands so as to implement both existing and increasing legal requirements and to avoid breaches of limits.

Options in the system are intended to promote the efficiency of vehicle operation in terms of energy consumption. For example, driving mode selection supports fuel-efficient driving via one option. In addition, in the case of manual-transmission vehicles, there are recommendations for changing gear, the selection of environmental route planning in navigation systems and tips for saving gasoline.

The Volkswagen Group's new passenger car fleet in the EU (from 2022 including Lamborghini and Bentley) (EU27+2²) emitted an average of 119 g CO₂/km (Worldwide Harmonized Light Vehicles Test Procedure – WLTP³) in the reporting period in accordance with the statutory measurement bases. The statutory target is 122 g CO₂/km (WLTP). This means that the Volkswagen Group outperformed the EU's fleet CO₂ target.

The Volkswagen Group's new light commercial vehicles fleet in the EU emitted an average of 193 g CO₂/km (WLTP) in the reporting period as per statutory measurement bases, compared with a statutory target of 199 g CO₂/km (WLTP). This means that the Volkswagen Group outperformed the EU's fleet CO₂ target.

In the United States of America, the emission pool – comprising the Group brands Volkswagen Passenger Cars, Audi, Lamborghini, Bentley and Porsche – is obliged to comply with the Green House Gas (GHG) and Corporate Average Fuel Economy (CAFE) regulations. The passenger car and light commercial vehicle fleets' GHG CO₂ figure for model year 2022 (internal data as of September 2022) is an average of 141 g CO₂/km (model year 2021: 146 g CO₂/km) compared with a statutory target of 136 g CO₂/km (model year 2021: 142 g CO₂/km). By applying the statutory flexibility provided for regarding GHG and in CAFE as well as externally acquired credits, the Volkswagen Group succeeded in complying with applicable requirements – subject to confirmation by the authorities – for model year 2021. The figure given for model year 2022 is also subject to confirmation by the Environmental Protection Agency (EPA).

VOLUNTARY CARBON OFFSETTING AND PROJECTS

For a number of the Group's electric vehicles, we have decided to take the voluntary measure of making their delivery to our customers net carbon-neutral. In this way, we want to make almost completely net carbon-neutral mobility possible for them, providing they choose a contract for renewable energy for charging the vehicle. For

² Definition of EU27+2: Belgium, Malta, Bulgaria, the Netherlands, Denmark, Austria, Germany, Poland, Estonia, Portugal, Finland, Romania, France, Slovakia, Greece, Slovenia, Ireland, Spain, Italy, Sweden, Croatia, the Czech Republic, Latvia, Hungary, Lithuania, Luxembourg, Cyprus + Iceland, Norway.

³ The European Commission switched its calculation of CO₂ fleet emissions from NEDC to WLTP in 2021.

as long as we cannot avoid CO₂ emissions and cannot use renewable energies everywhere, we will do this by voluntarily offsetting the remaining greenhouse gas emissions from our supply chain, production and logistics. This applies to MEB vehicles from the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, SEAT and ŠKODA brands in Europe. We expect the need for offsetting to increase for the next few years as a result of electrification and net carbon-neutral delivery in Europe. In 2022, this amounted to 5.9 million metric tons of CO₂ for the Group. As part of net carbon-neutral delivery, we offset unavoidable emissions from the life cycle phases, such as from the supply chain or production, through climate protection projects with high certification standards. These include the Verified Carbon Standard (VCS), the Climate, Community and Biodiversity Standards (CCB Standards) or the Gold Standard (GS). In addition to external certification standards, we also assess offsetting projects for quality assurance in accordance with our own criteria, which are outlined below.

We consider protecting natural carbon sinks to be an important task. Measures in this area should be both scalable and able to ensure the additionality and permanence of atmospheric carbon sequestration. To underpin our commitment to climate protection projects and be able to develop our own projects in accordance with the

highest standards, VW Kraftwerk GmbH and ClimatePartner GmbH have established the joint venture Volkswagen ClimatePartner GmbH. It develops and funds certified climate protection projects that serve the recognized offsetting of CO₂ emissions. One key requirement for all projects is that they meet the highest quality standards. For this reason, the joint venture also takes control with regard to quality assurance. Core aspects include additionality, accuracy and permanence of the emission reductions, the socioeconomic and environmental advantageousness for the region and regular audit by independent third parties. The initial project standards are the VCS, CCBS and GS. The joint venture commenced its operational work in 2022 and is focusing on forest protection projects and nature-based solutions. It is accompanied by a specially established independent project advisory board.

In 2022, Volkswagen became the first automotive manufacturer to join the LEAF Coalition (Lowering Emissions by Accelerating Forest finance). Together with governments and companies around the world, the initiative supports the protection of tropical rain forests and thus makes an important contribution to achieving the Paris climate goals, protecting biodiversity and realizing sustainable development.

2. CLIMATE LOBBYING POSITIONS OF VOLKSWAGEN GROUP


Paris Agreement

The Volkswagen Group was the first automobile manufacturer to commit itself to the goals of the Paris Agreement. With our strong belief in the need for action, our Group strategy NEW AUTO reflects our ambition for emission-free mobility and the achievement of the climate targets. By 2050 at the latest, the Volkswagen Group aims to be net carbon neutral. To reach this goal, our plans call for a 30% reduction in CO₂ emissions and a comprehensive decarbonization strategy throughout the entire production and vehicle portfolio by 2030. As Volkswagen's climate actions were confirmed to be in line with the Paris Agreement by the independent Science Based Targets initiative, we will continue our ongoing efforts to help limit global warming.

 > www.volkswagenag.com > Strategy


Transformation to Net Carbon-Neutral Vehicles

The Volkswagen Group views decarbonization holistically. The “Way to Zero” goes far beyond the electrification of the car – it encompasses the entire life cycle. Thus, our strategy is not limited to the accelerated electrification of the product portfolio. Important building blocks for becoming net carbon neutral also include a systematic approach to recycling and the switching of the energy supply to renewable sources throughout the entire value chain. However, the Group cannot master the challenge of transformation alone. All stakeholders must work together to provide the necessary infrastructure and regulation that accelerate the transformation towards e-mobility and net carbon neutrality.

 > www.volkswagenag.com > News > Way to Zero: Volkswagen presents roadmap for climate-neutral mobility

Decarbonization and Carbon Neutrality

The Volkswagen Group has set the long-term goal of becoming net carbon neutral by no later than 2050. To reach this goal, decarbonization remains a key element of our NEW AUTO strategy and is one of the focus topics in the Group initiative to improve ESG performance. In line with this, the Volkswagen Group has defined ambitious interim targets. By 2030, we want to reduce CO₂ emissions by 30% compared to the baseline year 2018. As a result, an average Volkswagen vehicle would emit 17 metric tons less CO₂. In Europe, it is our goal that the Volkswagen brand outperform the Group target by reducing CO₂ emissions by 40% already. To reach these goals, the expansion of e-mobility is imperative. As a result, by 2030, we want fully electric vehicles to make up 70% of the Volkswagen Group's sales in Europe and more than 50% of sales in North America and China. Our commitment to net carbon neutrality is also cemented in our “goTOzero” environmental mission statement, which calls for a carbon-neutral way of doing business.

 > www.volkswagenag.com > Sustainability > Strategy, Policy & Engagement > Group Environmental Mission Statement “goTOzero”

Charging Infrastructure

The Volkswagen Group is rapidly expanding its electric vehicle portfolio. For us, transformation towards e-mobility is inevitable and necessary to reach the goals set out in the Paris Agreement. However, the path towards net carbon neutrality requires conditions that enable further growth of the fully electric vehicle market. This particularly includes the development of a comprehensive charging infrastructure worldwide. The Group contributes to the accelerated build-up, for example with the joint venture IONITY and its brand Elli. However, suitable framework conditions are necessary in order to keep pace with the growing numbers of electric vehicles.

Renewable Energy

The Volkswagen Group supports all investments and policies that promote the use of renewable energy. Today, around 75% of a car's CO₂ emissions arise in the use phase (“well to tank” and “tank to wheel”). This makes the consistent charging of electric vehicles with 100% renewably generated energy indispensable to becoming net carbon neutral. Since we believe in our responsibility, the Volkswagen Group is the first automobile manufacturer to support the expansion of renewable energy on an industrial scale. Through these projects, our goal is to have 7 TWh of green energy produced by 2025. In addition, all European sites are to be supplied with 100% renewable energy by the end of 2023, compared to 96% currently. Worldwide, renewable energy accounts for 49% of electricity consumption at the Group's production sites. Meanwhile, environmentally friendly energy is needed for the existing fleet of vehicles with combustion engines as well. Synthetic fuels are an option for reducing CO₂ emissions produced by the vehicle stock while the mobility sector transforms towards a fully electric future.

Carbon Pricing

The Volkswagen Group supports ambitious carbon pricing, as this promotes the transformation towards green energy and e-mobility. An increasingly effective carbon price may, however, lead to additional costs in energy and material consumption. We are countering this risk by shifting our energy supply to renewable sources, including the introduction of corresponding quotas in the supplier-side procurement requirements. With alternative technologies being available and increasingly used by the Group, CO₂ must have its price. For market-based tradeable certificates, this price must be high enough to have a steering effect.

Greenhouse Gas and Fuel Economy Fleet Regulations

The Volkswagen Group views greenhouse gas and fuel economy fleet regulations as conducive to the transformation towards carbon neutrality and the achievement of the goals set out in the Paris Agreement. For example, the tightening of the European Union's emissions regulation in 2035 provides the industry with planning security and allows us to focus on our NEW AUTO strategy. However, fleet regulations must be complemented by policies that incentivize customers to participate in the transformation towards e-mobility. In addition, a holistic approach to lower CO₂ emissions is needed and must also address the continued existence of vehicles with combustion engines over the medium term

3. OPERATIONAL FRAMEWORK, METHODOLOGICAL CONCEPT AND SELECTION CRITERIA

OPERATIONAL FRAMEWORK – VOLKSWAGEN’S POLITICAL ONE-VOICE POLICY


Volkswagen’s *Political One-Voice Policy* (also the “Group Policy”) aims at ensuring that a single, coordinated and binding position is defined for political issues that are relevant to the Group. Such a position is globally communicated to the respective target group through identical messages from the Group, related brands and companies. This way, Volkswagen’s interests are represented using the same internally agreed content, aims and statements. As a result, the Political One-Voice Policy enables professional political lobbying with consistent content when several Group entities are involved. Within the framework of the Group Policy, responsibility for the Political One-Voice Policy lies either with the *Group Public Affairs* office or the *Group Steering Committee Public Affairs*. For the Group Steering Committee Public Affairs, the brands appoint members and deputies who are allowed to make policy-related determinations for the brand and/or its holding company.

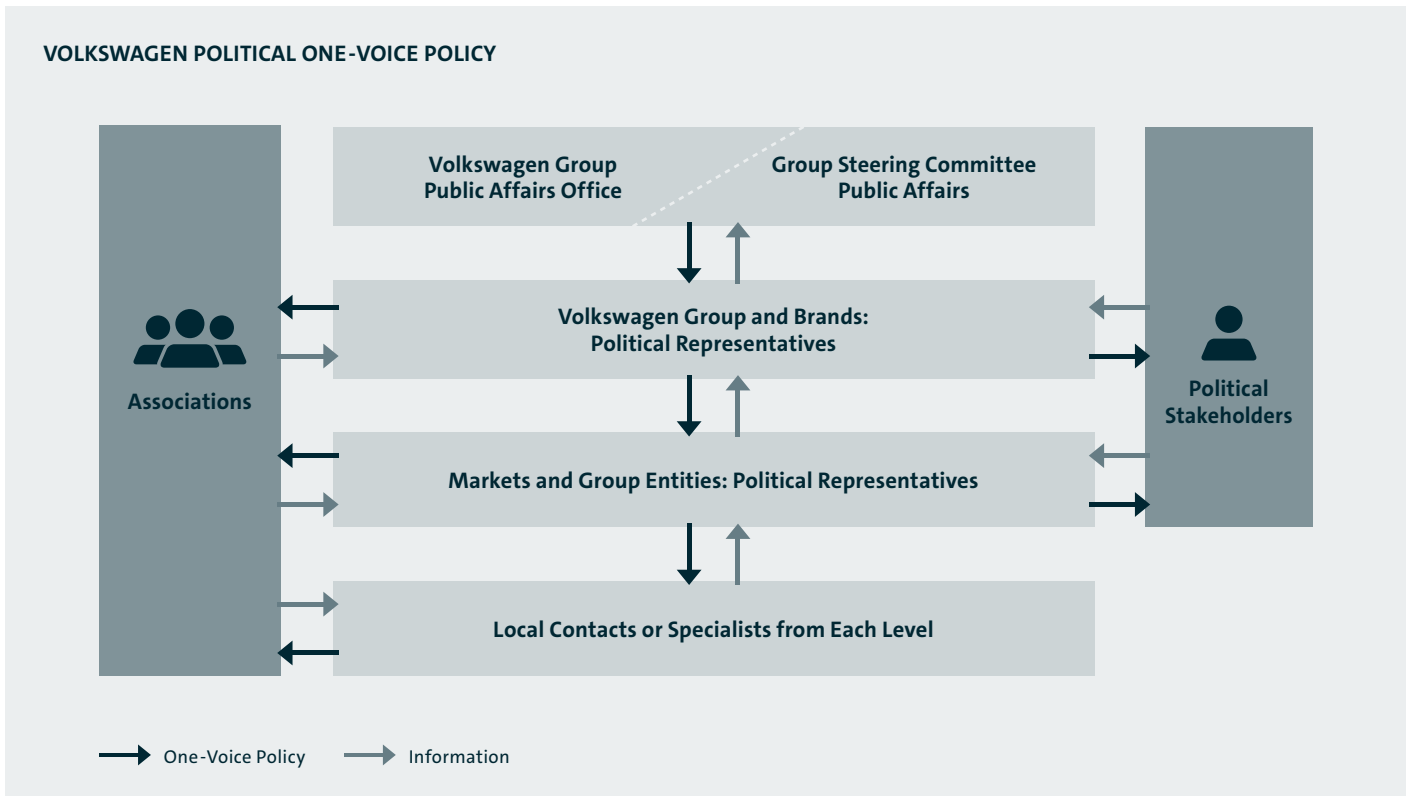
To enable a transparent and binding reporting structure between the entities involved, the Group Policy asks the brands to appoint a *Political Representative* to act as a contact for the Group’s Public Affairs department – within the limits set by applicable statutory and legal requirements and, in particular, the related limited right

of intervention. In a first step, the local Political Representative shall provide all the necessary information about the corresponding topics. Where necessary, the Group companies concerned shall also be involved. In every market where several brands or companies are active, the process is coordinated with the Group’s Public Affairs department via a central contact person who is appointed by the companies to deal with topics that are relevant to the Group.

The implemented reporting structures and Political Representatives only permit lobbying to be carried out through designated channels with defined *Principles and Guidelines for Public Affairs*. The policy also defines criteria for determining whether a topic is politically relevant to the Group and describes the tasks and obligations for those involved.

Concerning Public Affairs tasks in general, the Volkswagen Group follows the principle of subsidiarity, wherein a task should be performed by the lowest possible level or by the smallest possible unit wherever feasible. The Political One-Voice Policy is solely applicable to issues if the political topic is of interest for the whole Group (such as support of the Paris Agreement) and if the political objectives can be better achieved at Group level. Regional and local political topics are handled by the local entities. The representation of interests through industrial associations is also delegated to the local level.

 > www.volkswagenag.com > Sustainability > Strategy, Policy & Engagement > Policy



METHODOLOGICAL CONCEPT

The Volkswagen Group's evaluation of industry associations for the purposes of this Review Report is based on a methodological concept that lays out a defined set of key characteristics on the basis of which associations are to be comparatively evaluated as well as stipulating next actions and follow-up Review Reports. We view this Review Report as the first element in a continuous review of Volkswagen's climate commitments and industry association positions.

The methodological concept, the selection criteria and the analysis of the associations were developed in an overarching project group consisting of experts from the Investor Relations, Sustainability and Public Affairs departments. The whole project and process is supervised at senior level by the Heads of Group Treasury and Investor Relations, Sustainability and Group Public Affairs.

The basic approach was defined in close exchange with sustainable investor groups. Based on this consultation, the Volkswagen Group decided to pursue a continuous process of association climate policy assessments. The aim is not only to evaluate the climate positions but also to continuously develop the Review Reports. This first review begins with the development of an assessment framework, methodological concept and selection criteria. The basic objective is to clearly define the analysis of associations with respect to their climate protection positions as well as subsequent measures to be taken internally in the event of a deviation.

In this context, the Group's own policy-related climate positions were distilled from Group strategy statements and existing resolutions and brought together in a new form to make them usable for analysis. The climate positions were confirmed internally by the Group Steering Committee Public Affairs. On this basis, a methodological concept was then developed, which includes the criteria for a (mis)alignment as well as the selection criteria for the countries and associations. From this method, a questionnaire was designed.

In consultation with local Political Representatives of the Volkswagen Group, six associations have been identified as meeting the necessary criteria for being subjected to the initial analysis. A specifically designed questionnaire to identify pertinent statements from the aforementioned associations was distributed to the Political Representatives. They then conducted research on the associations' positions on the basis of publicly accessible sources and returned the completed questionnaire to the core project team for evaluation. The evaluation process was conducted according to a previously defined method.

At the same time, the process for dealing with the results was initiated internally. What measures should follow in the case of a partial alignment or misalignment? Volkswagen is of the opinion that only those who are present can effect change. Thus, in the case of

an identified partial alignment or misalignment, the primary objective is to look at each case individually and seek dialog, with termination of participation viewed as a last resort. This makes dialog with the associations the focus of the steps which follow. There is therefore further potential for development in the engagement process.

The evaluation of the automotive associations for the purpose of this Review Report is based on the Volkswagen Group's climate commitments and global climate policy positions as presented in the previous chapter. The assessment framework consists of two parts, which lead to three assessment categories: aligned, partly aligned and misaligned.

The first part of the assessment for the purpose of this Review Report examines an association's position regarding the Paris Agreement and the transition to net carbon-neutral vehicles (e.g., electric vehicles). The Group expects all its associations to support:

- i. the Paris Agreement,
- ii. transformation to net carbon-neutral vehicles (e.g., electric vehicles),




which are the main guiding principles for the Group's actions and strategy. For an association to be considered "aligned," it must demonstrate explicit public support for these two policies, which are central to the Group's climate commitments. If an association only demonstrates partial public support for these policies, it can only be considered "partly aligned." Associations that do not publicly position themselves on these policies are categorized as "misaligned."

The second part of the assessment evaluates whether an association's policies complement the Volkswagen Group's climate positioning. To remain "aligned," the evaluated association must not advocate against any position the Group has on specific topics, such as:

- iii. decarbonization and carbon neutrality,
- iv. charging infrastructure,
- v. renewable energy,
- vi. carbon pricing,
- vii. greenhouse gas and fuel economy fleet regulations.

In cases where one or more positions of an association on these topics diverge from the Group's positioning, the association may only be considered "partly aligned" if it has not already been declared "misaligned" in part one. For instance, an association that explicitly supports interim targets and a carbon pricing system but has no public position on or advocates against the Volkswagen Group's position on greenhouse gas and fuel economy fleet regulation would be categorized as "partly aligned."

CATEGORIES OF ALIGNMENT WITH VOLKSWAGEN GROUP'S CLIMATE COMMITMENTS AND GLOBAL CLIMATE POLICY POSITIONS

CATEGORY	REQUIREMENTS
 Aligned	<ul style="list-style-type: none"> Public support for i) and ii) and no lobbying against the Group's positions on iii) – vii)
 Partly aligned	<ul style="list-style-type: none"> Public support for i) and ii) but lobbying against one or more Group positions on iii) – vii), or Partial public support for i) and ii)
 Misaligned	<ul style="list-style-type: none"> No public positioning on i) and ii)

INDUSTRY ASSOCIATION SELECTION CRITERIA

The selection of countries and associations for the purpose of this Review Report is based on specific criteria:

- the country must have a production site or be a relevant sales market for Volkswagen Group's products,
- the association must align thematically with the core business area of the Group,
- the Group's top management must be effectively represented in the association, and
- it must be a voluntary membership wherein the Group pays a membership fee so as to have a lever for sanctions.

Meeting all four conditions is necessary to ensure that Volkswagen has significant leverage for action possibilities. The involvement in associations is undoubtedly of a political nature and yet in equal parts also with a focus, for example, on education and qualification. For this reason, the possibility of influencing the association is a selection factor. In instances of pure information acquisition, this is not the case and is usually associated with a low membership fee and absence of top management. Mandatory memberships are also excluded from the analysis, as they have consultation possibilities but no sanction channels.

Furthermore, this review is intended to focus on the Group's core business – production of passenger cars – and the related associations. A future inclusion of other sectors in the analysis, such as heavy commercial vehicles, is possible.

Excluded from consideration are companies within the Group which are not fully controlled by Volkswagen AG (as parent company of the Group) (e.g., Porsche AG, TRATON SE and joint ventures).

One association per selected country is evaluated on a representative basis.

Country/Region	Association
European Union	European Automobile Manufacturers' Association (ACEA)
Czech Republic	Automotive Industry Association (AIA)
Germany	German Association of the Automotive Industry (VDA)
Spain	Spanish Association of Automobile and Truck Manufacturers (ANFAC)
United Kingdom	Society of Motor Manufacturers and Traders (SMMT)
United States of America	Alliance for Automotive Innovation (Auto Innovators)

4. ASSOCIATION REVIEWS

EUROPEAN UNION – EUROPEAN AUTOMOBILE MANUFACTURERS’ ASSOCIATION (ACEA)

GENERAL INFORMATION

Region of activity	Europe/European Union
Top Group representative	Oliver Blume, Chairman of the Board of Management of Volkswagen AG
Position of representative within association	Member of the Board of Directors
Objective	Association of 14 European automobile manufacturers “working towards a new era of mobility, where all Europeans can access affordable transport solutions that are: Green & Clean, Smart & Efficient, Safe & Reliable. Our aim is to drive Europe’s mobility transformation – while at the same time ensuring that the auto industry remains a strong Global & Competitive player.” ACEA, About ACEA

POSITION ON CLIMATE POLICIES

Paris Agreement	“The automobile industry embraces the Paris Agreement. Manufacturers also support the climate protection initiatives of the European Commission, such as the ‘Clean Planet for All’ strategy, provided all stakeholders contribute their share and the achievements to date are taken into account.” ACEA 10-Point Plan
Transformation to net carbon-neutral vehicles	<p>“As ACEA we believe that carbon-neutral road transport is possible by 2050.” ACEA on European Green Deal</p> <p>“Thanks to continuous industry investments, last year one in five all new cars sold in the EU had a plug. By 2030 this is forecast to rise to three cars in every five – putting the EU ahead of all other world regions. (...) Automakers are ready to collaborate with EU policy makers to address the significant social and industrial challenges this transformation brings.” ACEA on CO₂ targets</p>
Decarbonization and carbon neutrality	<p>“EU vehicle manufacturers, united in the European Automobile Manufacturers’ Association (ACEA), are fully committed to bringing CO₂ emissions down to zero, supporting Europe’s goal of reaching climate neutrality by 2050.” ACEA Position Paper on Revision of the CO₂ Targets</p> <p>“ACEA members are fully committed to deliver the ambitious 2025 and 2030 CO₂ reduction targets.” “A lot will be delivered by the industry over the coming decade: By 2030, CO₂ emissions from new passenger cars will have to be cut by more than 60% from a 2005 baseline; emissions from light commercial vehicles will have to go down by 31% between 2021–2030 [and] a 30% reduction is expected for heavy-duty vehicles by 2030 compared to a (still unknown) 2019 baseline.” ACEA 10-Point Plan</p>
Charging infrastructure	<p>“Mass electrification is a major part of the solution that we are all pushing towards (...)” ACEA on CO₂ from cars and vans</p> <p>“The uptake of EVs [electric vehicles] requires the build-up of an electric vehicle charging infrastructure in Europe.” “The [EV Charging] Masterplan comprises PCs [passenger cars] and CVs [commercial vehicles (trucks and buses)] and focuses on charging stations (both public and private or nonpublic), required electricity grid upgrades, and the build-out of renewable energy to supply EVs with ‘green’ electricity.” ACEA Masterplan</p>
Renewable energy	“We judge the Commission proposal to reduce the greenhouse gas (GHG) intensity of all renewable energy (fuels and electricity) by only 13% by 2030 as not ambitious enough. ACEA requests that the 2030 EU Renewable Energy Directive target for road transport (...) is made far more ambitious and looks well beyond 2030 along the pathway to climate neutrality (...)” ACEA on RED
Carbon pricing	“Only with the strong support of a policy framework that sets a price on carbon, will it be possible to encourage transport operators to choose low- and zero-(carbon) emission powertrain solutions over conventional diesel-powered vehicles.” ACEA on ETS
Greenhouse gas and fuel economy fleet regulation	No specific statement

RESULT OF REVIEW

The analysis of ACEA’s climate policy positions shows full alignment with the Volkswagen Group’s climate lobbying. ACEA clearly expresses its commitment to the Paris Agreement and publicly promotes a transformation to net carbon-neutral vehicles. In addition, the results of the analysis reflect full alignment also with regards to Volkswagen’s more specific climate policy positions as none of them are advocated against by the association. The assessment reveals high efficacy of Volkswagen Group’s advocacy within the association, and we will continue to engage in dialog with ACEA to ensure alignment on future climate policies as well.

GENERAL INFORMATION

Region of activity	Czech Republic
Top Group representative	Martin Jahn, Member of the Board of Management for Sales and Marketing, ŠKODA AUTO
Position of representative within association	President
Objective	“Automotive Industry Association is a voluntary association of companies involved in the production chain of the automotive industry in the Czech Republic. It also brings together research institutions, schools and other similar entities or individuals interested in actively contributing to the development of the Czech automotive industry. It creates a platform for their mutual communication and support of common goals.” AIA, About Us

POSITION ON CLIMATE POLICIES

Paris Agreement	“The European automotive industry has clearly declared that it is ready to contribute to the common goals of the Paris Climate Agreement to be a carbon neutral continent in 2050. Hundreds of billions of euros are being invested by domestic vehicle manufacturers and suppliers in the development of clean mobility.” AIA on EU CO₂ emission standards
Transformation to net carbon-neutral vehicles	<p>“The Czech automotive industry is intensively preparing for the transition to clean mobility. (...) The related investments by companies amount to tens to hundreds of billions of crowns. However, in order to ensure that the transition to clean mobility does not mean a loss of GDP or jobs for the Czech Republic, we need to work with the government on a number of strategic issues to implement this transition, ranging from supporting the change of companies’ production programmes to retraining programmes for thousands of employees.” AIA on EU CO₂ emission standards</p> <p>“From the automotive industry’s point of view and meeting its CO₂ emission reduction targets, the key fuel to achieve these targets is electricity (whether powered by batteries, hydrogen or another source), and to a lesser extent CNG [compressed natural gas] (especially in the context of the possible future consideration of synthetic fuels or biofuels).” AIA statement on clean mobility</p>
Decarbonization and carbon neutrality	“The European Commission, with the support of EU Member States, has made decarbonization its top priority under the Green Deal. The automotive industry is investing massively in technologies that decarbonize transport and is taking its responsibility in the implementation of the ambitious Green Deal. We therefore urge the relevant authorities in the Czech Republic to carefully consider any legislative proposal that could divert important investments that need to be made towards the shared decarbonization goals.” AIA on Euro 7 Draft
Charging infrastructure	“To make the above fundamental change in mobility work, i.e. to create an acceptable and affordable low-emission transport option for citizens, we need to fundamentally accelerate the construction of charging and refuelling infrastructure – not only ultra-fast charging on Europe’s main roads (under the Alternative Fuels Infrastructure Regulation, AFIR), but also slow charging, e.g. in garages (under the Energy Performance of Buildings Directive, EPBD), in housing estates in towns and cities.” AIA on EU CO₂ emission standards
Renewable energy	No specific statement
Carbon pricing	No specific statement
Greenhouse gas and fuel economy fleet regulation	“(…) we strongly warn of the negative impact that any delay or challenge to the CO ₂ reduction targets could have on the negotiation of further regulations, such as the Euro 7/VII proposal, which in its current form, we continue to see as a critical threat to maintaining the performance of the sector, jobs and a diverse range of vehicle models to meet customer demands.” AIA on CO₂ regulation developments

RESULT OF REVIEW

The analysis of the AIA’s climate policy positions shows full alignment with the Volkswagen Group’s climate lobbying. AIA clearly expresses its commitment to the Paris Agreement and publicly promotes a transformation to net carbon-neutral vehicles. In addition, the results of the analysis reflect full alignment also with regards to Volkswagen’s more specific climate policy positions as none of them are advocated against by the association. The assessment reveals high efficacy of Volkswagen Group’s advocacy within the association, and we will continue to engage in dialog with AIA to ensure alignment on future climate policies as well.

⁴ Internal translation.

GERMANY – GERMAN ASSOCIATION OF THE AUTOMOTIVE INDUSTRY (VDA)

GENERAL INFORMATION

Region of activity	Germany
Top Group representative	Oliver Blume, Chairman of the Board of Management of Dr. Ing. h.c. F. Porsche AG, and Thomas Schäfer, CEO of the Volkswagen Passenger Cars Brand
Position of representative within association	Members of the Managing Board
Objective	“On the way to climate neutrality, we are further developing the mobility offers. The German Association of the Automotive Industry (VDA) ensures the right framework conditions.” ⁵ VDA, About

POSITION ON CLIMATE POLICIES

Paris Agreement	“For the automobile industry – for the more than 600 member companies of the VDA and their approximately 800,000 employees – the transformation to climate-neutral road transport is a challenge as well as an incentive. Our goal is climate-neutral mobility in Europe by 2050 at the latest – in line with the Paris climate protection agreements.” VDA Annual Report 2022
Transformation to net carbon-neutral vehicles	“The expansion of the private and public charging infrastructure is a top priority for the automotive industry in order to achieve the expansion of electromobility required to meet the CO ₂ reduction target. Given the need to use all climate-friendly technologies to achieve the climate neutrality target, renewable fuels must also play a central role in addition to the ramp-up of electromobility.” VDA Position Paper
Decarbonization and carbon neutrality	“Electromobility plays a central role in this process, particularly in the passenger car segment, but market participants in the commercial vehicle segment are also increasingly looking at battery-electric vehicles. However, it is also clear that in addition to battery-electric and hydrogen-powered mobility, low-CO ₂ and CO ₂ -neutral fuels, will also make an important contribution to decarbonizing transport in the future.” VDA Annual Report 2022
Charging infrastructure	“The expansion of the private and public charging infrastructure is a top priority for the automotive industry in order to achieve the expansion of electromobility required to meet the CO ₂ reduction target.” VDA Position Paper
Renewable energy	“The expansion of renewable energies, electricity grids and charging infrastructure falls far short of current, and even more short of future, needs. The energy industry will therefore have to more than triple the expansion of renewable energies in the coming years in order to be able to reliably supply electric cars, but also heat pumps, for example, with renewable energy. The electricity grids must be expanded with foresight and comprehensively modernized in order to supply the 15 million electric vehicles envisaged by 2030 not only without interruption, but also intelligently with electricity from wind and solar energy.” VDA Annual Report 2022
Carbon pricing	“An effective CO ₂ price based on a credible quantity cap can set clear investment signals and thus develop the entire transport sector towards sustainability.” VDA Position Paper
Greenhouse gas and fuel economy fleet regulation	“The EU Commission has already drawn up extremely ambitious proposals with a renewed tightening of the reduction targets for fleet limits to 55 per cent for passenger cars and 50 per cent for vans in 2030. It is to be welcomed that the EU Council and the EU Parliament are not calling for any further tightening beyond the Commission’s proposal, nor for any additional interim targets. The necessary increase in electromobility must be accompanied by an equally ambitious expansion of public charging infrastructure and H ₂ charging infrastructure based on the mandatory AFIR as well as greater attention to the EPBD (Energy Performance of Buildings Directive).” VDA Position Paper

RESULT OF REVIEW

The analysis of the VDA’s climate policy positions shows full alignment with the Volkswagen Group’s climate lobbying. The VDA clearly expresses its commitment to the Paris Agreement and publicly promotes a transformation to net carbon-neutral vehicles. In addition, the results of the analysis reflect full alignment also with regards to Volkswagen’s more specific climate policy positions as none of them are advocated against by the association. The assessment reveals high efficacy of Volkswagen Group’s advocacy within the association, and we will continue to engage in dialog with the VDA to ensure alignment on future climate policies as well.

⁵ Internal translation.

SPAIN – SPANISH ASSOCIATION OF AUTOMOBILE AND TRUCK MANUFACTURERS (ANFAC)

GENERAL INFORMATION

Region of activity	Spain
Top Group representative	Wayne Griffiths, President of SEAT S.A.
Position of representative within association	President
Objective	“ANFAC is an interest group whose mission is to promote the proper development of the automotive sector and contribute to the general interests of the country.” ANFAC, About us

POSITION ON CLIMATE POLICIES

Paris Agreement	<p>“The automotive sector is one of the actors demonstrating the greatest environmental commitment, putting increasingly efficient cars on the road with fewer emitters.”⁶ ANFAC statement in La Vanguardia</p> <p>“The decarbonization of transport and climate neutrality targets for 2050 have developed into a real, plausible and shared objective for all sectors and administrations. And the Spanish automotive sector is making a major effort, both in terms of investment and in innovation and technology, to achieve this goal.”⁶ ANFAC Position Paper</p>
Transformation to net carbon-neutral vehicles	<p>“Our objective is to contribute to ensuring that Spain achieves climate neutrality by 2050 and meets the precise intermediate objectives, maintaining its position as a world economic and industrial benchmark. To this end, all actors that make up the automotive value chain will strongly promote and support the decarbonization of mobility/vehicles and the adoption of measures and strategies that allow our country to advance steadily in the manufacture and marketing of new emission-free vehicles, the development of electrification, as well as other clean fuels or the promotion of new mobility services.”⁶ ANFAC statement in La Vanguardia</p>
Decarbonization and carbon neutrality	<p>“The prompt approval of the PERTE [Strategic Projects for Economic Recovery and Transformation] for industrial decarbonization is urgent as a historic opportunity for the decarbonization of the Spanish manufacturing industry. (...) The Alliance for the Competitiveness of the Spanish Industry offers its full collaboration to the Government in the search for ways to ensure that PERTE achieves the greatest success.”⁶ ANFAC on PERTE</p>
Charging infrastructure	<p>“(…) low-emission zones can be a catalyst and an incentive for renewal, but they must be accompanied by other measures in taxation and other initiatives to promote the installation of charging infrastructures that enable all citizens to choose electrification.”⁶ ANFAC on emission-free mobility</p>
Renewable energy	<p>“Building battery factories only makes sense in countries where they can be run with renewable energy, because if not it is a contradiction.”⁶ ANFAC statement in El Economista</p>
Carbon pricing	No specific statement
Greenhouse gas and fuel economy fleet regulation	No specific statement

RESULT OF REVIEW

The analysis of ANFAC’s climate policy positions shows partial alignment with the Volkswagen Group’s climate lobbying. ANFAC clearly expresses its commitment to and publicly promotes a transformation to net carbon-neutral vehicles. However, a specific statement of the association on the Paris Agreement could not be found. On Volkswagen’s more specific climate policy positions, the analysis reflects full alignment as none of them are advocated against by the association. To push for clear commitment to the Paris Agreement by ANFAC, we will strengthen dialog with the association and aim for full alignment of all climate policy positions in the future.

⁶ Internal translation.

UNITED KINGDOM – SOCIETY OF MOTOR MANUFACTURERS AND TRADERS (SMMT)

GENERAL INFORMATION

Region of activity	United Kingdom
Top Group representative	Alex Smith, Managing Director of Volkswagen Group UK, and Alain Favey, Member of the Board of Management of Bentley Motors
Position of representative within association	Members of the Executive Board
Objective	“SMMT represents more than 800 automotive companies in the UK, providing them with a forum to voice their views on issues affecting the sector, helping to guide strategies and build positive relationships with government and regulatory authorities.” SMMT, About SMMT

POSITION ON CLIMATE POLICIES

Paris Agreement	No specific statement
Transformation to net carbon-neutral vehicles	“The automotive industry shares government’s Net Zero vision and is fully committed to zero emission motoring. These are evidenced by the very significant investments that have resulted, and are continuing to result, in a rapidly increasing number of plug-in models introduced and an exponentially growing plug-in vehicle market. (...) Unlocking the full environmental and socioeconomic benefits of this transition requires collaboration involving industry, government and key sectors such as fleets, infrastructure and energy.” SMMT Position Paper on Electric Vehicle Infrastructure
Decarbonization and carbon neutrality	<p>“The industry is committed to decarbonizing, welcomed the Government’s Ten Point Plan and is up for the challenge of Net Zero. We will now work closely with government during its consultation process to ensure that the final regulation helps the market transition to zero emission motoring. (...) To accelerate the pace of take up and deliver the carbon savings Net Zero demands, however, regulation must encourage consumers to purchase, not just compel manufacturers to produce.” SMMT on Government’s ZEV mandate</p> <p>“The automotive industry shares government’s Net Zero vision and is fully committed to zero emission motoring.” SMMT Position Paper on Electric Vehicle Infrastructure</p>
Charging infrastructure	From Automotive Roadmap: “Introduce a public charging infrastructure mandate that is: Ratio-based and proportionate to expected EV [electric vehicle] uptake over time; Specific to regional needs to ensure the right amount of the right type of chargers are in the right places, driving mass adoption of EVs; Supports all vehicle types – cars, taxis, vans, HGVs [heavy goods vehicles], bus and coach; Fully enforce consumer experience of charging regulation to deliver reliable chargers, pricing transparency, ease of payment and real-time information for consumers” SMMT Report
Renewable energy	“In order to ensure the electricity used to power and produce zero emission vehicles by 2035 is as green as the new cars and vans themselves, government must mandate 100% grid decarbonization by 2035 and legislate for a binding target of 90% of electricity to be generated from renewables under normal operation by 2035. This mandate must be supported by increased investment in renewable electricity generation capacity and innovative reforms to electricity markets.” SMMT Position Paper on Charging Infrastructure
Carbon pricing	“The UK [ETS, Emission Trading System] scheme also has a tighter cap than the EU ETS and there are considerable concerns around the cost and availability of allowances. SMMT, like many other sectors, has called for the UK and EU schemes to be linked to better ensure a level playing field on the price of carbon.” SMMT on environment
Greenhouse gas and fuel economy fleet regulation	No specific statement

RESULT OF REVIEW

The analysis of SMMT’s climate policy positions shows partial alignment with the Volkswagen Group’s climate lobbying. SMMT clearly expresses its commitment to and publicly promotes a transformation to net carbon-neutral vehicles. However, a specific statement of the association on the Paris Agreement could not be found. On Volkswagen’s more specific climate policy positions, the analysis reflects full alignment as none of them are advocated against by the association. To push for clear commitment to the Paris Agreement by SMMT, we will strengthen dialog with the association and aim for full alignment of all climate policy positions in the future.

UNITED STATES – ALLIANCE FOR AUTOMOTIVE INNOVATION (AUTO INNOVATORS)

GENERAL INFORMATION

Region of activity	United States
Top Group representative	Pablo Di Si, President and CEO of Volkswagen Group of America and CEO of Volkswagen Brand North American Region
Position of representative within association	Member of the Board of Management
Objective	“Alliance for Automotive Innovation represents the full auto industry, a sector supporting 10 million American jobs and five percent of the economy. Active in Washington, D.C. and all 50 states, the association is committed to a cleaner, safer and smarter personal transportation future.” Auto Innovators, About Us

POSITION ON CLIMATE POLICIES

Paris Agreement	No statement
Transformation to net carbon-neutral vehicles	<p>“(…) the Alliance for Automotive Innovation (Auto Innovators) affirmed its commitment to a net-zero carbon transportation future that includes a shift to electric-drive vehicles.” Auto Innovators EV Policy Letter</p> <p>“This transformation is greater than any one policy, branch or level of government, or industry sector. It will require a sustained holistic approach with a broad range of legislative and regulatory policies rooted in economic, social, environmental, and cultural realities.” Auto Innovators on electric future</p>
Decarbonization and carbon neutrality	“(…) the Alliance for Automotive Innovation (Auto Innovators) affirmed its commitment to a net-zero carbon transportation future that includes a shift to electric-drive vehicles. (...) However, neither the current trajectory of consumer adoption of EVs, nor existing levels of federal support for supply- and demand-side policies, is sufficient to meet our goal of a net-zero carbon transportation future.” Auto Innovators EV Policy Letter
Charging infrastructure	<p>“Automakers continue to invest billions in electric vehicles (EVs) – which include plug-in hybrid, battery electric, and fuel cell vehicles.” Auto Innovators Policy Agenda</p> <p>“Public policies will need to (...) find ways to support installation of charging options that serve all drivers. (...) Publicly available charging infrastructure not only eases perceived concerns about ‘range anxiety,’ but also substantially increases consumer awareness of the technology.” Auto Innovators EV Policy Letter</p>
Renewable energy	No specific statement
Carbon pricing	No specific statement
Greenhouse gas and fuel economy fleet regulation	“We support a unified national program that includes California and aligns fuel economy (CAFE) and greenhouse gas (GHG) emissions regulations to achieve year-over-year improvements in efficiency. (...) A national GHG and fuel economy program should include flexibility to promote innovation, encourage additional real-world GHG reductions, and support investment in the United States.” Auto Innovators Policy Agenda

RESULT OF REVIEW

The analysis of the Auto Innovators’ climate policy positions shows partial alignment with the Volkswagen Group’s climate lobbying. Auto Innovators clearly expresses its commitment to and publicly promotes a transformation to net carbon-neutral vehicles. However, a specific statement of the association on the Paris Agreement could not be found. On Volkswagen’s more specific climate policy positions, the analysis reflects full alignment as none of them are advocated against by the association. To push for clear commitment to the Paris Agreement by the Auto Innovators, we will strengthen dialog with the association and aim for full alignment of all climate policy positions in the future.

5. SUMMARY AND OUTLOOK

In our opinion, the Volkswagen Group Industry Association Climate Review and the process behind it is a good instrument for evaluating the alignment between Volkswagen's positions and those of associations on the subject of climate protection. It thus contributes to our efforts to achieve the climate protection goals. After clearly defining the Group's climate lobbying positions, a coherent methodological framework was developed. It allowed us to analyze and subsequently compare the climate positions of associations of which the Volkswagen Group is member to those of Volkswagen itself. This way, we are able to assess to what extent the associations are aligned with the Group's path towards net carbon neutrality. Thus, the results enable us to identify associations with whom intensified dialog is required in order to promote the Volkswagen Group's climate positions.







For this first Association Climate Review, we focused our analysis on six associations that were selected according to specific criteria: the country must have a production site or be a relevant sales market for Volkswagen Group products; the association must align thematically with the core business area of Volkswagen; the Group's top management must be effectively represented in the association; it must be a voluntary membership in which the Group pays a membership fee to have a lever for sanctions. Fulfilling all four criteria provides necessary leverage for the Volkswagen Group to advocate for future alignment of the association's positions with its own climate lobbying positions.

The results of the analysis show general agreement between all associations' climate positions and the Volkswagen Group's respective positions. No clear opposition by associations to those of Volkswagen was identified. Instead, the main reason for classifying associations as only partly aligned was the absence of specific public statements on individual topics. In detail, three of the associations reviewed – the German Association of the Automotive Industry (VDA), the Czech Automotive Industry Association (AIA) and the European Automobile Manufacturers' Association (ACEA) – are categorized as "aligned" with the Volkswagen Group's climate positions.

For three associations – the Society of Motor Manufacturers and Traders (SMMT), the Alliance for Automotive Innovation (Auto Innovators) and the Spanish Association of Automobile and Truck Manufacturers (ANFAC) – we were unable to find a statement specifically addressing the Paris Agreement. Therefore, based on our methodological approach, these three associations are categorized as "partly aligned" with Volkswagen's climate lobbying positions. Overall, the results of the analysis reflect Volkswagen's engagement in associations since no misalignment exists. Nonetheless, we will continue to engage in a close dialog with and within all associations and aim for full alignment of all reviewed associations' climate positions with our own positions in the future.

The Review Report will be expanded gradually to include other associations and countries according to the selection criteria developed

RESULTS OF THE ASSOCIATION REVIEWS

ASSOCIATION	STATUS OF ALIGNMENT
European Automobile Manufacturers' Association (ACEA)	
Automotive Industry Association (AIA)	
German Association of the Automotive Industry (VDA)	
Spanish Association of Automobile and Truck Manufacturers (ANFAC)	
Society of Motor Manufacturers and Traders (SMMT)	
Alliance for Automotive Innovation (Auto Innovators)	

 Aligned  Partly aligned

for this purpose. Going forward, the Review Report will be published at regular intervals.

For instances of partial alignment or misalignment, a process for continued engagement was developed. The project aims for comprehensive cooperation in various areas, and exchange is an integral part of this. To achieve this, a panel (the "Panel") has been installed under the direction of and chaired by Group Treasury and Investor Relations. Additional members shall include the Heads of Group Public Affairs and Group Strategy.

During Panel meetings, every association identified as "partly aligned" or "misaligned" is reviewed and addressed. In a first step, the results of the association analysis are discussed, and their consequences are explored. Where necessary, a strategy to ensure future alignment is developed. In a second step, an evaluation of corresponding measures is undertaken. To this end, each department prepares a statement and recommendation for each specific case of deviation. The opinion and recommendation of the Volkswagen Group division or entity holding the membership must also be sought. After a thorough exploration of all possible paths, a decision is made within the Panel on how to proceed.

In principle, the first step is to engage in a dialog with the association. If the misalignment cannot be remedied even after several steps, withdrawal from the association must be considered, and a recommendation will be made to the responsible entity.

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YOUR FEEDBACK

In the interests of improving and advancing our association climate review, we would be delighted to receive your feedback on our first Review Report. You can send us your views directly online using the email address on the left.