

Policy statement of Volkswagen AG

for compliance with human rights and environmental due diligence obligations pursuant to section 6(2) of the German Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains (Lieferkettensorgfaltspflichtengesetz - LkSG) of 16 July 2021

The Volkswagen Group is one of the leading multi-brand groups in the automotive industry with 114 production facilities worldwide. It employs around 680,000 people. Furthermore, we have more than 63,000 direct suppliers in more than 96 countries as our business partners.

In 2024, the Volkswagen AG Group comprises Volkswagen AG and 24 Group companies to which the LkSG applies pursuant to section 1(1) of the LkSG¹ and which are subject to mandatory reporting in accordance with section 10 of the LkSG.

As a global company, we recognise our responsibility to respect human rights and to comply with our due diligence obligations as regards human rights and the environment. This is the benchmark for our corporate activities throughout our supply chain and value chain.

For the second year in which the LkSG has been in force, the Volkswagen Group's strategic objective concerning human rights is to continue to ensure that the obligations imposed by the Act are met in full and in the best possible way. It remains our ambition to implement all of the legal requirements in a timely manner. Given the global operational expansion of our business activities and the high complexity of our supply and value chains, this is a challenging task, but we have already made good progress.

In the coming years, we will continuously review and improve our existing risk management system for defending interests that are legally protected under human rights and environmental laws, and broaden it to include further strategic goals and legally protected interests, including those beyond the scope of the LkSG.

In the following, we describe the procedure by which Volkswagen AG fulfils its obligations in accordance with section 4(1), section 5(1), section 6(3 to 5) and sections 7 to 10 of the LkSG. We also describe the prioritised human rights and environmental risks for the company identified on the basis of the risk analysis, with reference to the conventions listed in the Annex to the LkSG. Lastly, we describe the human rights and environmental expectations that Volkswagen AG has of its employees and suppliers in the supply chain as defined based on the risk analysis and the conventions listed in the Annex to the LkSG.

1. Establishment of a risk management system, section 4 of the LkSG

At Volkswagen, clear responsibilities are established throughout the Group as part of the three-line model, which serves as a regulatory framework for a holistic governance, risk and compliance management system for managing corporate risk, including the risk to interests legally protected under the LkSG.

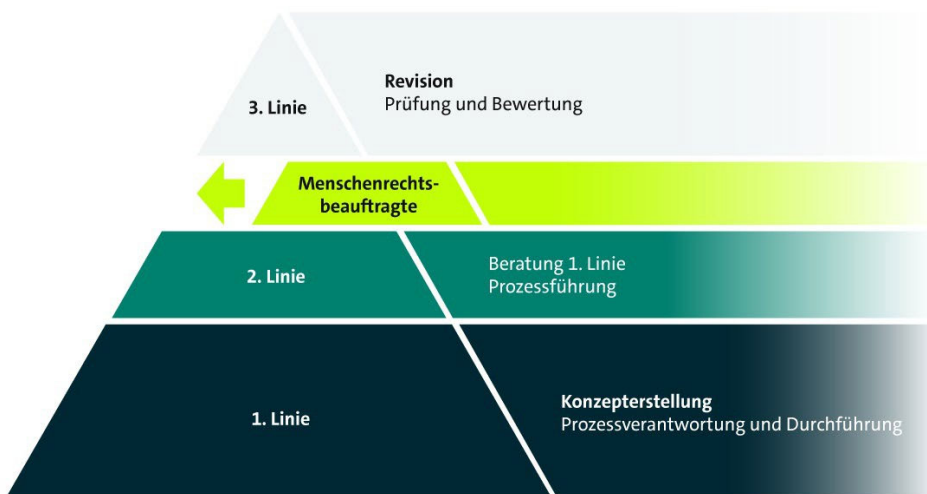
The first line consists of the specialist and functional departments responsible for day-to-day operational business. In their operational activities they mitigate risks, including to interests legally protected under the LkSG, which they detect at an early stage, analyse and actively manage by means of suitable preventive measures. Within Volkswagen AG's own business area, relevant divisions for ensuring the fulfilment of human rights and environmental due diligence obligations as defined in the LkSG primarily include the Human Resources, Group Occupational Health and Safety and Group Security divisions, as well as Group Procurement for suppliers.

¹AUDI AG, Dr. Ing. h.c. F. Porsche AG, MAN Truck & Bus SE, Volkswagen Sachsen GmbH, Volkswagen Group Services GmbH, CARIAD SE, MAN Truck & Bus Deutschland GmbH, MAN Energy Solutions SE, MHP Management- und IT-Beratung GmbH, Porsche Leipzig GmbH, Volkswagen Financial Services AG, VOLKSWAGEN GROUP Original Teile Logistik GmbH & Co. KG, Vertrieb & Services GmbH, TRATON SE, Volkswagen Deutschland GmbH & Co. KG, Audi Sport GmbH, PSW automotive engineering GmbH, diconium digital GmbH, Volkswagen Infotainment GmbH, Volkswagen Bank GmbH, Volkswagen Leasing GmbH, SCANIA DEUTSCHLAND GmbH, MOIA Operations Germany GmbH, Volkswagen Osnabrück GmbH, PowerCo SE

The second line consists of the advisory departments: with regard to interests legally protected under the LkSG at Group level, these are primarily from Group Legal and Group Integrity & Compliance, HR Compliance, Group Environment and Group Occupational Health and Safety. These advisory departments are responsible mainly for ensuring compliance with the process and for advising and supporting the operational divisions in their risk management activities.

The third line is the Internal Audit department as an all-encompassing, independent auditing body.

On 1 August 2022, Volkswagen AG created the independent and exclusive role of Human Rights Officer (HRO) in addition to the aforementioned structures. This role at Volkswagen is positioned in the three-line model between the second and third lines as a continuously attendant controlling, monitoring and consulting role. It therefore rounds off the holistic system for managing corporate risks as defined in the LkSG.



The business area of the HRO is represented by an organisational structure with regionally focused and strategic cross-functional tasks. The HRO's business area focuses on performing monitoring, auditing and consulting tasks in accordance with section 4(3) of the LkSG on behalf of the Group Board of Management. In addition, the Group Board of Management has delegated to the HRO various responsibilities including internal and external communication and reporting in connection with the LkSG, as well as coordinating the fulfilment of obligations for reporting and preparing a policy statement across the Group (sections 10 and 6 of the LkSG).

The HRO reports directly to the member of the Group Board of Management for Finance/COO at Volkswagen AG whose sphere of responsibility does not include the areas of the first and second lines described above to be monitored by the HRO.

The HRO was appointed by resolution of the Group Board of Management on 24 June 2022 as a human rights officer as defined in section 4(3) of the LkSG for the whole of Volkswagen AG's own business area as defined in section 2(6) of the LkSG, including the 24 other Group companies at present that are subject to mandatory reporting alongside Volkswagen AG. In the same resolution, it was decided that the companies of the Volkswagen Group that are subject to mandatory reporting shall be at liberty to appoint their own human rights officers as defined in section 4(3) of the LkSG in addition to the HRO. The decision was then enshrined in a Group Policy governing the division of responsibilities.

In addition to the HRO, AUDI AG, Volkswagen Financial Services AG and CARIAD SE, which are subject to mandatory reporting, have each appointed one person as human rights officer in accordance with section 4(3) of the LkSG. The companies Dr. Ing. h.c. F. Porsche AG and TRATON SE, which are both subject to mandatory reporting, have each set up committees to perform monitoring, auditing and consulting tasks in accordance with section 4(3) of the LkSG on behalf of the two companies and their subsidiaries in addition to the HRO. Irrespective of this, the HRO also monitors the aforementioned companies and performs the remit assigned by the Group Board of Management in coordination with the functionaries of AUDI AG, Volkswagen Financial Services AG, CARIAD SE, Dr. Ing. h.c. F. Porsche AG and TRATON SE within the framework of a cooperation model.

2. Risk analysis procedure in Volkswagen AG's own business area and in the case of suppliers, section 5 of the LkSG

a) Risk analysis in Volkswagen AG's own business area

In 2024, the relevant divisions in the first and second lines performed questionnaire-based surveys in the Group companies belonging to Volkswagen AG's own business area (section 2(6) of the LkSG) for the purposes of risk analysis. Specifically, this concerned the Group functions HR Compliance, Group Occupational Health and Safety, Group Environment and Group Security. The aforementioned surveys were addressed to the worldwide Group companies, which were selected according to abstract risk criteria. The results of feedback from the Group companies were evaluated by the aforementioned departments, and the main risks to the interests legally protected under the LkSG were derived from said evaluation.

This risk analysis encompassed all Group companies in Volkswagen AG's own business area as defined in section 2(6) of the LkSG with the exception of Dr. Ing. h.c. F. Porsche AG and its affiliated companies, which performed their own risk analysis. The specific risk analysis and the processes based on it at TRATON SE and its subsidiaries are carried out partly according to a different approach.

The human rights risk identified during the risk analysis and considered to be of particular relevance is that of unequal treatment in employment. Furthermore, owing to the fact that Volkswagen AG also operates in regions and markets in which the legal right to freedom of association does not exist or is restricted, this risk was also weighted as a priority. We keep these regions and markets under constant observation. An environmental risk considered to be of relevance is the ban on the use of persistent organic pollutants in extinguishing agents in accordance with the POP regulation.

The methodology of the risk analysis was adapted in 2024, which included taking into account previous audit results and suggestions from the HRO. The individual analyses are now coordinated by the Group Integrity & Compliance division. We are working to continuously complete and further improve the risk analysis method.

b) Risk analysis of suppliers

In 2024, Group Procurement carried out a risk-based analysis of the supply chain in all Group companies in the Group's own business area in line with Section 2(6) LkSG (with the exception of MAN Energy Solutions SE²), in order to ensure a comprehensive risk analysis. For the aforementioned companies, an abstract risk analysis of the suppliers had initially been performed in line with externally available industry studies, and plausibility was checked using the evaluation of externally available industry data, in addition to in-house insights from SCGM cases and taking into account the risks in individual countries. The outcome of the abstract risk analysis resulted in industries being categorised as high, medium, or low risk. The suppliers identified as having an increased risk exposure were assessed with specific risk analysis based on questionnaires and on-site inspections in 2024. The human rights and environmental risks identified during the risk analysis at suppliers and considered to be of particular relevance are those listed in section 2(2)(1, 2, 5, 7) of the LkSG.

² MAN Energy Solutions SE has carried out its own risk analysis at suppliers in accordance with its own methodology.

The risk analysis of our suppliers is currently being developed further by Group Procurement, which is being supported and advised by the HRO's business area and Group Integrity & Compliance. The analysis is being carried out for the first time according to a new methodology. This process is still ongoing at the time of publication of this statement.

3. Procedure for establishing preventive measures, section 6 of the LkSG

a) Preventive measures in Volkswagen AG's own business area

In 2022/23, individual divisions in the first and second lines of the three-line model (see 1.) had begun responding to already discernible or known risks relating to the interests legally protected under the LkSG through preventive measures deemed suitable according to their professional assessment.

In 2024, the results of the restructured and coordinated risk analysis in Volkswagen AG's own business area were channelled into developing and establishing further preventive measures.

For example, in 2024, a new anti-discrimination regulation was communicated to Group companies that had not yet implemented any or had implemented only insufficient regulations to prevent discrimination. In addition, as part of internal auditing processes, Group Environment audited selected companies on a risk basis, also with regard to the priority risk relating to POPs in extinguishing foams.

b) Preventive measures at suppliers

Even before the LkSG came into force (and since 1 January 2023), the Group Procurement division had started or was continuing to mitigate already discernible or known risks relating to interests legally protected under the LkSG using preventive measures that it deemed suitable based on previous experience.

In the risk area of direct suppliers, the established contractual provisions of the Code of Conduct for Business Partners apply. In addition, a self-assessment questionnaire and, if appropriate, an on-site review (sustainability rating) are used, as well as media screening for identifying and reducing risks and training for suppliers.

The plan for 2025 is to channel the results of the current risk analysis of suppliers with its adapted scope and improved and documented methodology into developing and establishing further preventive measures.

4. Procedure for taking remedial action, section 7 of the LkSG

a) Remedial action in Volkswagen AG's own business area, section 7(1) of the LkSG

In 2024, individual divisions in the first and second lines, having identified violations of an obligation pertaining to human rights or the environment in Volkswagen AG's own business area as defined in section 2(6) of the LkSG, immediately instituted appropriate remedial measures to prevent, end or minimise the extent of these violations.

Since the LkSG came into force, and at the time this statement was made, the HR Compliance, Group Occupational Health and Safety, and Group Security divisions have not ascertained any violations of interests legally protected under the LkSG in their areas of responsibility.

In 2024, Group Environment again identified the same deviations as in 2023. These were assessed as being violations within the framework of the Environmental Compliance Management System (ECMS), as in 2023. Remedial measures will continue to be defined, implemented and monitored on the basis of a root cause analysis so that the majority of existing violations are remedied.

The plan for 2025 is to channel past experience into developing and establishing remedial measures to deal with newly occurring incidents.

b) Remedial action relating to direct suppliers, section 7(2) of the LkSG

In 2024, the Group Procurement division, having found direct suppliers to have violated obligations pertaining to human rights or the environment, immediately instituted appropriate remedial measures to prevent, end or minimise the extent of the violations.

The plan for 2025 is to channel past experience into developing and establishing remedial measures to deal with newly occurring incidents.

5. Complaints mechanism, section 8 of the LkSG

With Volkswagen AG's independent, impartial and confidential whistleblower system, the Volkswagen Group has established a Group-wide interdisciplinary reporting system for its own workforce and third parties with various contact channels.

The whistleblower system also provides an independent complaints procedure for indicating potential violations of the LkSG. The whistleblower system is available 24 hours a day. It can be accessed internally and externally and allows information to be submitted (anonymously if desired) by telephone, email, app, a web-based communication platform, post or in person. Reports can also be submitted to external lawyers (ombudsperson).

The reports received are treated confidentially. The whistleblower system is designed to ensure that complainants do not suffer any detriment due to their reporting. Persons entrusted with processing the information and discussing the facts are obliged to act impartially and to maintain confidentiality. They perform their duties independently and are not bound by instructions.

Any information and reasonable grounds for suspicion concerning potential human rights and environmental violations and risks are processed within the framework of a process that is transparent, fair and straightforward for everyone involved. Reports affecting suppliers are dealt with via the supply chain grievance mechanism, which is part of Group Procurement.

A set of rules of procedure has been defined for the complaints procedure in accordance with Volkswagen Group Policy 3 Whistleblower System, and published on the Volkswagen AG website.

The Central Investigation Office in Wolfsburg is responsible for coordinating the Group-wide whistleblower system. Audi AG, Dr. Ing. h.c. F. Porsche AG and TRATON SE operate their own investigation offices for themselves and their subsidiaries. In addition, there is a separate regional investigation office at Volkswagen (China) Investment Company Ltd. The information received by the aforementioned Brand Investigation Offices and any reasonable grounds for suspicion relating both to potential violations of obligations pertaining to human rights and the environment and to risks in the supply chain are forwarded to the Central Investigation Office for processing.

The HRO at Volkswagen AG has used and continues to use new whistleblower cases to continuously identify additional potential for improvement in the handling of complaints. The potential for improvement is discussed with the respective functionaries and recommendations are made to realise this potential, as has also been the case in the past. Targeted training courses for the departments involved in the work are planned for 2025.

6. Procedure for establishing and implementing measures at indirect suppliers, section 9 of the LkSG

In 2024, following actual indications of a potential violation of an obligation pertaining to human rights or the environment by indirect suppliers of Volkswagen AG (substantiated knowledge), a risk analysis was immediately carried out in accordance with section 5(1–3) of the LkSG. Appropriate preventive measures with respect to the party responsible were established and a concept for prevention, termination or minimisation was drawn up and implemented according to the respective occurrence.

7. Procedure for documenting and fulfilling external and internal reporting obligations, section 10 LkSG

Documentation of the fulfilment of due diligence obligations as defined in section 3 of the LkSG by Volkswagen AG is carried out continuously in a decentralised manner. The Group divisions of the first and second line and the HRO's business area each document their own activities. The corresponding areas of responsibility of Group companies in Volkswagen AG's own business area as defined in section 2(6) of the LkSG document their activities separately within their company.

The coordination of annual external reporting destined for the Federal Office for Economic Affairs and Export Control (BAFA) in accordance with section 10(2) of the LkSG is carried out by the HRO on behalf of Volkswagen AG and the 24 other companies of the Group that have been subject to mandatory reporting since 2024. This ensures that the reporting obligations and subsequent disclosure obligations are fulfilled in a timely and complete manner.

The HRO ensures that the obligation under section 4(3)(2) of the LkSG to provide information to the management and supervisory bodies of Volkswagen AG is fulfilled.

8. Defining and establishing the human rights expectations of Volkswagen AG with respect to its employees and suppliers

Respect for human rights is a key concern for the Volkswagen Group and its employees. It is our belief that sustainable business can be achieved only through ethical conduct and integrity. We stand for individual freedoms, fair working conditions, open international trade, economic development and peaceful coexistence.

In our global business activities, we ensure that our values are put into practice and that our human rights and environmental expectations are met. We expect the same of our business partners. Complying with the due diligence obligations defined in the LkSG is therefore a duty that we impose on our employees, the Volkswagen Group's own business area and on our supply chain.

We have enshrined this expectation in all of our relevant business processes and in internal and external regulations, such as our Code of Conduct, Social Charter, Group Environmental Policy, Group Policies and Code of Conduct for Business Partners, as well as in a new employee training course about the LkSG, in contractual provisions with our business partners and in this policy statement.

Our Code of Conduct and employee training course about the LkSG address in particular the risks of forced labour, slavery, child labour and unequal treatment, and set out the company's responsibilities and corresponding expectations of employees: for example, to report potential violations of the provisions of the LkSG. Both address the responsibilities of Volkswagen AG and its employees as members of the company, as business partners and in the workplace.

Revised Group Policy 35 HR Compliance sets out requirements with regard to full compliance with human rights due diligence obligations, including compliance with the requirements of the LkSG by employees in the HR department, and ensures that all employees are made aware of the importance of acting with integrity.

Group Policy 44 Organisation and Responsibility in Occupational Health and Safety sets out in particular requirements for companies in order to address the risks described in section 2(2) no. 5 of the LkSG.

Group Policy 13 Security stipulates the due consideration of statutory regulations when implementing the requirements of this policy, in particular the regulations of the LkSG and the internal regulations in place within the Volkswagen Group, particularly the Code of Conduct, the Group Essentials and the Volkswagen Group Social Charter.

The Group Environmental Policy defines in particular not only the Environmental Compliance Management System but also the environmental interests legally protected under the LkSG and the related binding obligations.

The Code of Conduct for Business Partners addresses in particular the risks associated with occupational health and safety, environmental protection, corporate ethics and the procurement of raw materials. It sets out the expectations that the company has of its direct suppliers to take account of the requirements in their business activities and to pass them on contractually to business partners with a bearing on the Volkswagen Group in an appropriate manner. The cooperation obligations of the direct supplier to implement preventive and remedial measures are also defined.

Wolfsburg, 01 April 2025

On behalf of Volkswagen AG

Dr Oliver Blume
Chair of the Group Board of Management

Dr Arno Antlitz
Group Management Board Member for
Finance and Operations

Dr Manfred Döss
Group Management Board Member for
Integrity and Legal Affairs

Gunnar Kilian
Group Management Board Member for
Human Resources and Trucks

Ralf Brandstätter
Group Management Board Member for China

Hauke Stars
Group Management Board Member for IT

Dr Gernot Döllner
Group Management Board Member for
Progressive Brand Group

Thomas Schäfer
Group Management Board Member for
Core Brand Group

Thomas Schmall-von Westerholt
Group Management Board Member for
Technology

Volkswagen Group Human Rights Officer
Dr Kerstin Waltenberg
Volkswagen AG