



# Together4Integrity Integrity and Compliance at Volkswagen

October 8<sup>th</sup>, 2021

# Agenda



Overview Together4Integrity

**INTEGRITY**

Deep dive: Key Initiative Integrity



Impact measurement

Together4Integrity is our holistic Integrity  
and Compliance program



# Together4Integrity defines structures and processes and anchors I&C in the mindset of employees and leadership



**Structures**  
Focused, optimal steering for I&C



**Processes**  
Uniform standards and procedures for I&C



**Mindset**  
Consistent actions based on ethical principles



Together4Integrity  
We keep our Word

# Heart of the program are 11 Key Initiatives bundled in T4I Toolbox...

**5 ECI Principles**



**Monitor Recommendations**



**Certification Criteria**



## 11 Key Initiatives derived ...

- 1** HR Compliance Policies & Procedures

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- 2** Code of Conduct

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- 3** Integrity Program

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- 4** Risk Management and Controls

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- 5** Internal Compliance Risk Assessment

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- 6** Whistleblower System & Incident Response

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- 7** M&A and Compliance for NCS

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- 8** Business Partner Due Diligence

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- 9** Product Compliance

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- 10** Environmental Compliance

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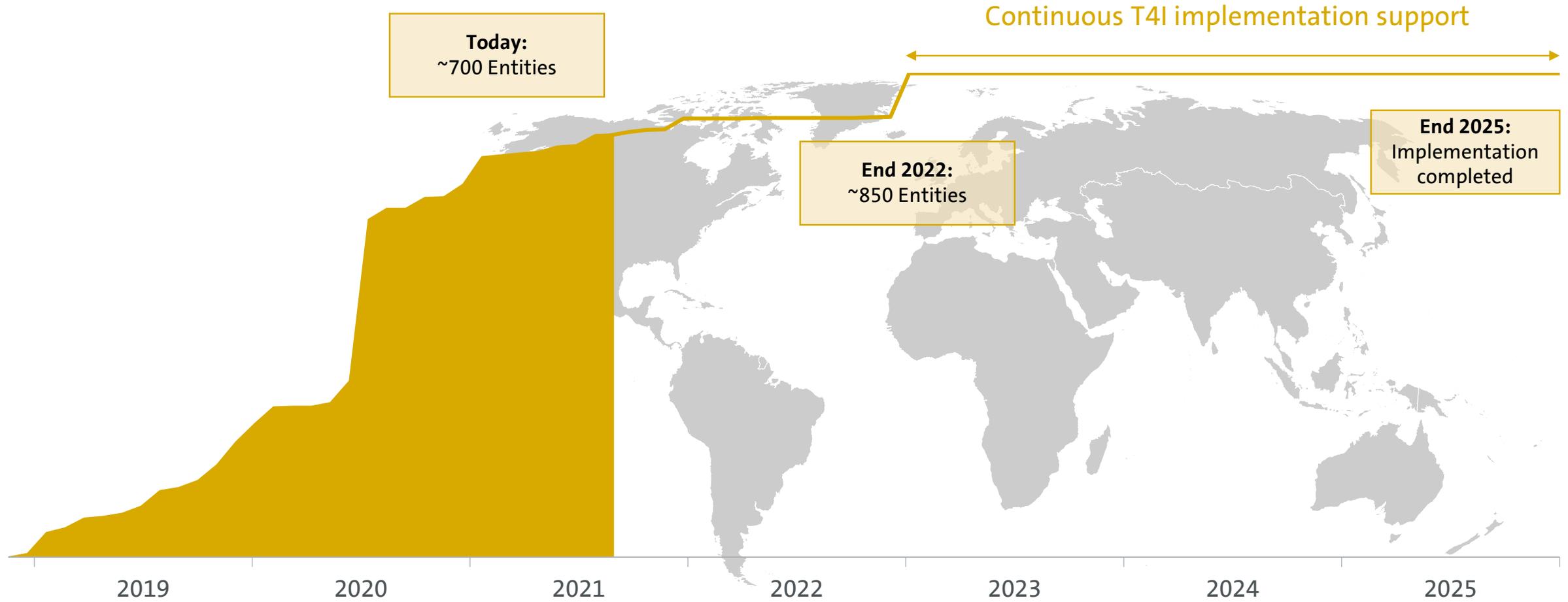
- 11** Anti-Corruption



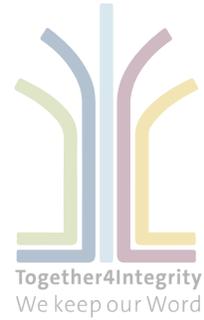
## ... and bundled in T4I Toolbox



~700 entities were reached until today, the implementation will be completed in 2025



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Deep dive: Key Initiative Integrity



Impact measurement

# Integrity is one of the keys to ensure an ethical and successful future and is integrated in Volkswagen's organization and purpose

## Orientation

## Reputation & Protection

## Value-Driving Asset

## Future Transformation



With Integrity we are shaping our future and purpose to attract customers, talents and investors, and to protect what we love.

### Personal Integrity

Leaders are equipped with **Integrity Skillset** and act as a role model by taking ethical and responsible decisions. **Employees are empowered** to assess risks, decide boldly and be active contributors to enable speed for change.

### Organizational Integrity

Integrity is anchored in organizational processes and **fuels future technology topics**. It enables **corporates to take decisions based on Integrity and Compliance** guidelines.

### Integrity as a value-driving asset

Integrity as measured by the **Integrity Index** enables Volkswagen to **operate according to ethical and organizational guidelines**. Stakeholder expectations regarding society and customers are met and new value is generated.

### Integrity as transformation purpose

Integrity strengthens transformations by providing employees with orientation. It enhances the **drive for purpose**, fosters **mindset changes** and widens people's perspective.

# The Integrity Skillset: Making professional decisions with integrity

We don't tell you what to do. We help you figure out what to do.

WHU Developed and approved by Prof. Dr. Miriam Müthel

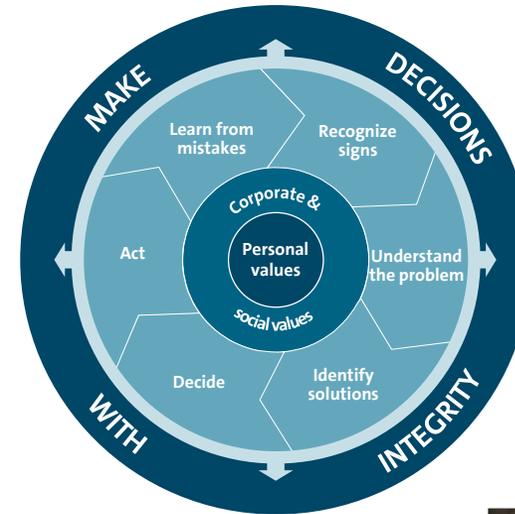
“*Employees expect leaders to be role models for Integrity – the skillset was developed to professionalize leadership behavior with regards to Integrity*”

## Overview

- Methodology for a **systematic decision-making process**
- **Scientifically developed** concept (WHU Otto Beisheim)
- Relevant for **managers at all hierarchical levels**
- Teaching of **6 specific skills** based on case studies

## Goals

- Enable our managers to **lead in a value-based and responsible manner** and to act as role models
- Stress the importance of **integrity when making decisions**
- Promote an **open and professional approach** to mistakes and **dealing with misconduct** within the Group



- Recognize signs:** Recognize signs of misbehavior
- Understand the problem:** Understand dilemma of integrity
- Identify solutions:** Know courses of action for behaving with integrity
- Decide:** Make decisions with integrity and avoid pseudo rational reasoning
- Act:** Enforce your own beliefs
- Learn from mistakes:** Critically reflect on your own misconduct and misconduct of the company



Training material



Case studies



Modular set-up

## Status (Sept. 2021)

- **Integrated in management qualification programs** of the Volkswagen Group Akademie
- **Rollout in brands started** - such as Audi, SKODA, SEAT, Volkswagen Financial Services, Bentley, Porsche Holding Salzburg, Volkswagen Commercial Vehicles, etc.

# The Integrity Index: Address Integrity and ESG requirements and measure improvements

## Integrity Index



**Goal:** Objective **measurement of Integrity behaviour within processes**, serving as an early warning mechanism

**Application fields:** Performance reviews, HR Sanctioning Process, Organizational development, etc.

**Result:** **Ranking of peers** and development of measures to fulfil ESG criteria and external integrity standards

**Action:** Continuous **derivation of improvement measures** to close gaps and mitigate risks

**Type of Survey:** Quantitative and qualitative

**Turnaround:** every 2 years

## Survey Process and Functionality



### Impulse

Address ESG and Integrity requirements



### Collection

Check fulfilment of requirements



### Comparison

Create rankings in relation to peers



### Improvement

Improve transparency & institutionalization



To position ourselves and show commitment

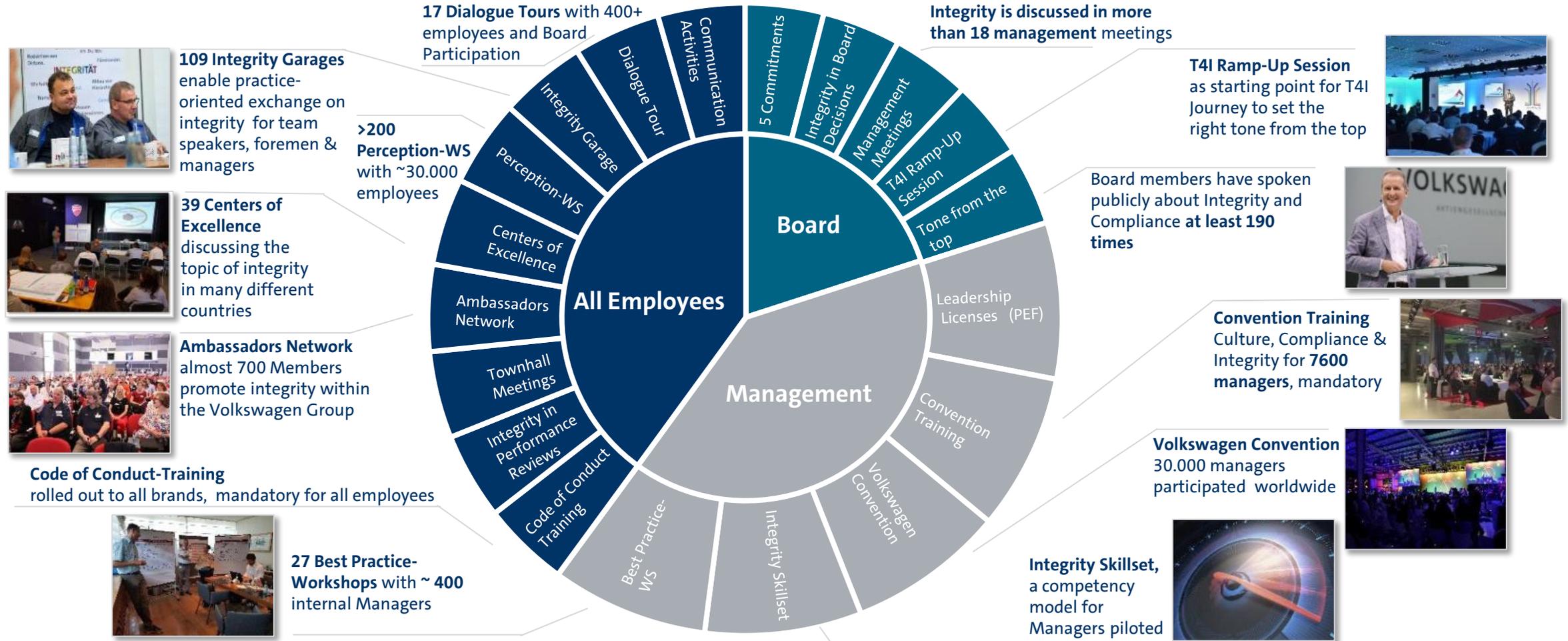


To create a transparent institutionalization



To meet promises and expectations

# Integrity is made tangible for all internal stakeholders - more than 60.000 people have already been addressed directly with our Integrity and Together4Integrity events



# Volkswagen will further extend its commitment to Integrity in the coming years



**Integrity Skillset**  
Extension of the Integrity Skillset's scope and training opportunities for management



**Cover-your-back**  
Placing focus on root causes of hedging behavior and derivations of ways to address these causes



**Communication**  
Numerous online and offline communication activities about Integrity Skillset and cover-your-back behavior



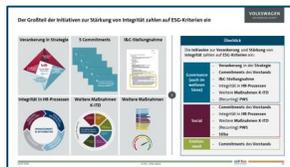
**I&C in committees**  
Extension of I&C statement to all top committees to include risk and environmental aspects



**Integrity in future topics**  
Development of normative standards for ethical questions to be tackled in the future (e.g. KI, data)



**Integrity Index 2.0**  
Application of Integrity Index in more entities and follow-up surveys to derive more improvement actions



**ESG**  
Integrity contributes to ESG and by ensuring transparency we enable third party evaluation



**Market value**  
Integrity is a driver of brand value as ethical criteria gain relevance in purchasing decisions



**Stakeholder expectations**  
Stakeholders are demanding stronger commitment and reporting of Integrity & ESG topics

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Deep dive: Key Initiative Integrity



Impact measurement

How can we ensure that our actions have **a real impact** on the work reality of people?

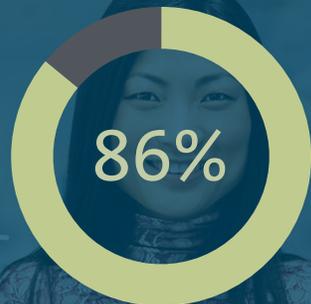
With the I&C Survey we reached >47K employees across all entities with overall very positive feedback



Survey measures **long-term anchoring of I&C** in organization



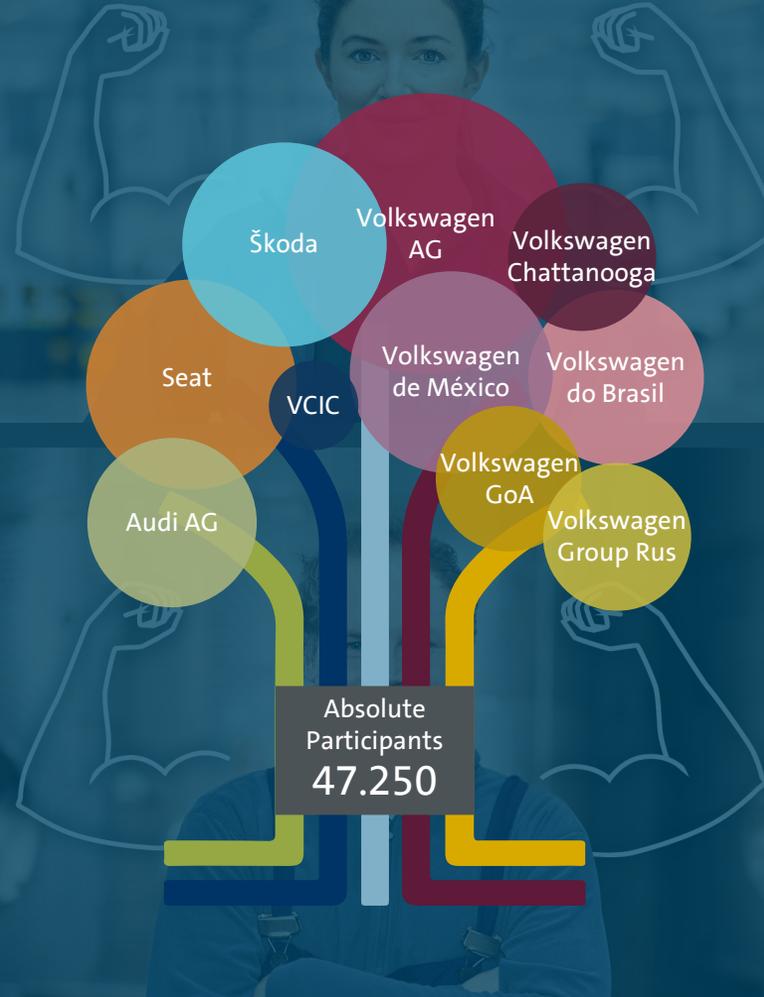
**20 questions across four dimensions of Integrity**



**Overall agreement rate on questions**

### Absolute Participation

Size of "Leaf" corresponds to absolute participants



Absolute Participants  
**47.250**



Presentation and discussion of results in **committee meetings, supervisory board and worker's councils**



Derivation of **impulses and new fields of action**



**Follow-up survey in 2023** to measure improvements

# With the Perception Workshops we spread the message of T4I and measure impact



## Perception Workshop

- ✓ Create an **in-depth understanding of T4I** among participants
- ✓ Assess **as-is perception of Integrity and Compliance** (from the employees' perspective)
- ✓ **Mixed sample** of participants
- ✓ Approx. **3 hours** workshop



## Key activities

- Introduction & Keynote
- Overview T4I
- Voting & Discussion of 17 Statements
- Group work in breakout rooms
- Reflection and discussion of results
- Panel Discussion
- Closing



# A wide range of questions was developed for the Perception Workshops

## Statement Questions in PWS

1	Strategy	<p>1.1. The relationship between decent, regulation-compliant conduct and our business success is constantly stressed by our supervisors</p> <p>1.2. Integrity and compliance issues are discussed in meetings along with current issues</p> <p>1.3. How supervisors behave is important to our company</p> <p>1.4. The issues of integrity and compliance are important to our board of directors</p>
2	Risk Management	<p>2.1. Our supervisors speak with us about the risks we could encounter in our everyday work</p> <p>2.2. Anyone who points out the risk of rule violations and looks for solutions is given credit for doing so</p> <p>2.3. I am familiar with the rules and conduct guidelines that are important for me (e.g. Code of Conduct)</p>
3	Culture of Integrity	<p>3.1. Our supervisors display the behavior that they expect from us</p> <p>3.2. In everyday working life, our supervisors display compliant behavior and fairness when interacting with others</p> <p>3.3. I am familiar with our company values</p> <p>3.4. I know that I am expected to conduct myself on the job in a way that corresponds to our values</p>
4	Speak up Environment	<p>4.1. I can openly ask questions and openly address potential problems</p> <p>4.2. I know where I can report deficiencies or rule violations</p> <p>4.3. Our supervisors ensure that nobody is disadvantaged who pointed out deficiencies or rule violations</p> <p>4.3. In case I perceive my work goals as not realistic by meeting the rules, I would reach out to my supervisor</p>
5	Resolute Accountability	<p>5.1. The consequences of proven misconduct are communicated in the company</p> <p>5.2. Our company punishes proven rule violations with consequent disciplinary actions</p>

1. This average is based on the 17 statements (the arithmetic average of the 5 principles may vary slightly)

Possible answers: 1 Disagree 2 Mostly disagree 3 Neither agree nor disagree 4 Mostly agree 5 Agree 6 Don't know N Votes counted for options 1 to 6

# Integrating fields of action from initial Perception Workshop into existing measures



PWS

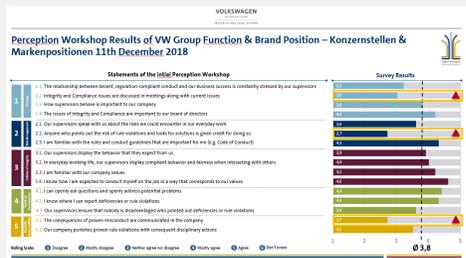


Toolbox



RPWS

## Initial Perception Workshops



- Behavior of supervisors
- Communication of misconduct
- Addressing problems openly

## Follow-up measures responding PWS



Role Model Program



Management Information & Events



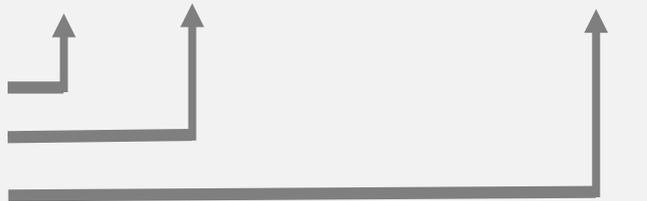
T4I Communication



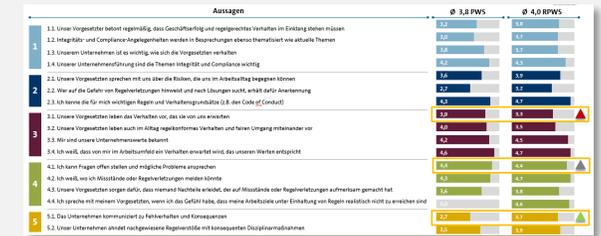
Trainings (e.g. Code of Conduct)



StiBa team discussions



## Recurring Perception Workshop

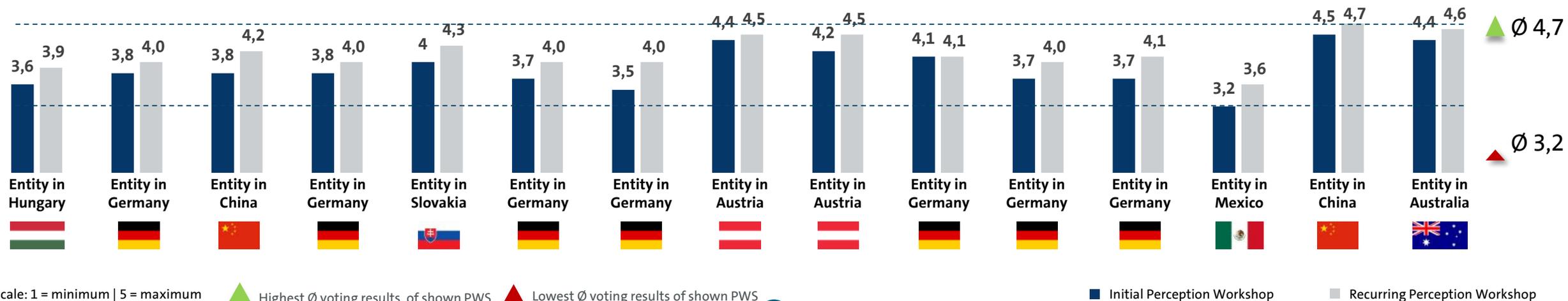


Overall goal:

Uplift of employee perception enabled by tailored approach & formats

# Results of RPWS show that the defined measures have positive effects across entities

>30,000 employees reached so far via >240 (Recurring) Perception Workshops



## The three most significant improvements in voting results



The relationship between decent, regulation-compliant conduct and our business success is constantly stressed by our supervisors/ managers



Integrity and Compliance issues are discussed in meetings along with current issues



The consequences of proven misconduct are communicated in the company



Beyond the I&C Survey, ten thousands of participants reached by Perception Workshops and StiBa

~47,000  
I&C Survey  
participants

>30,000  
participants at  
>240  
Perception  
Workshops

>550,000  
people per year  
reached with  
integrity questions in  
groupwide survey

~100,000  
participants  
to be reached with  
PWS by 2025

# Q&A

