

VOLKSWAGEN

AKTIENGESELLSCHAFT

INTEGRITY AND LEGAL AFFAIRS

ESG Conference 2020, Dec 01 2020

Barbara Lamprecht | Coordination Business and Human Rights Volkswagen Group



Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. These assumptions relate in particular to the development of the economic, political, and legal environment in individual countries and economic regions and the development of the automotive industry. Therefore the estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

The outbreak of COVID-19 (commonly referred to as coronavirus) has negatively impacted economic and social conditions in primary markets of Volkswagen, including China and Europe, as public, private, and government entities have implemented containment measures. The continued spread of COVID-19 has caused shortages of necessary materials and parts from suppliers directly or indirectly affected by the outbreak and has caused operational disruptions and interruptions at Volkswagen's production facilities, which led to production downtimes. The COVID-19 pandemic and the respective containment measures might continue to have a negative impact in the future.

A negative development relating to ongoing claims or investigations, the continuation of COVID-19, an unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, and trade disputes among major trading partners will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

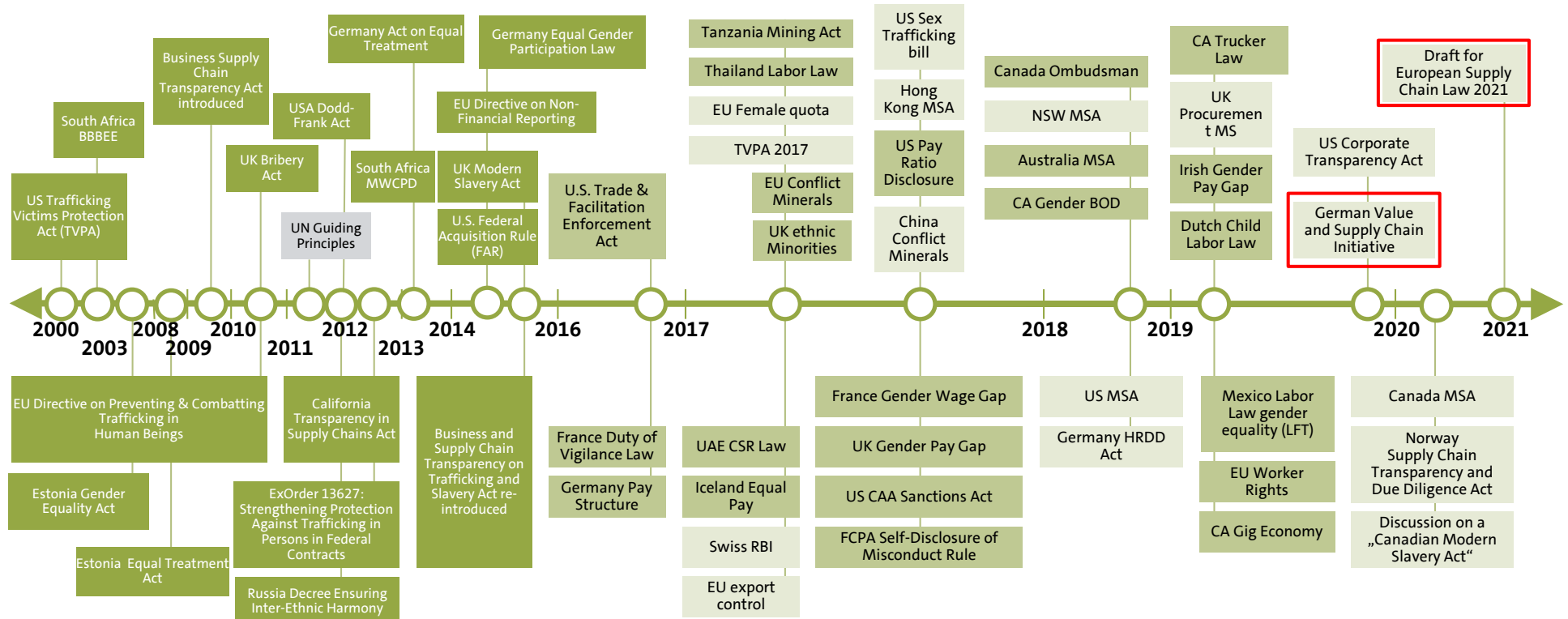
If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

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

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

BHR is developing from soft law to hard law

Business and Human Rights Due Diligence 2000 to date



The topic „Business & Human rights” is calling for action for multiple reasons

An increasing amount of topics includes mandatory BHR aspects

National Action Plan (NAP) business & human rights Germany

- In the **monitoring 2nd wave** of the NAP eight Volkswagen Group entities had been monitored
- The **industry sector dialogue** for the German automotive sector started in March 2020. Volkswagen, Audi and Porsche are participating in all three working groups
- Volkswagen, Audi and Porsche **committed to implement** core elements of NAP



IFC Performance Standards integrated since 2018

- The **IFC environmental and social Performance Standards** had been integrated into the Federal investment guarantees
- For all new or to be extended invest guaranties the aspect of **Human Rights** is to be **checked**. Information has to be substantiated



Loss of reputation and standing in sustainability ratings

Returning to and excelling in sustainability ratings also for human rights



Non-financial reporting requested since 2018

Under the **EU non-financial reporting directive**, Volkswagen is bound to report on human rights. Integrated into Sustainability Report. Yearly progress has to be substantiated

CSR-RUG and GRI-Standard



Using the existing compliance management system for implementing business & human rights according to UN principles

7 Compliance Monitoring & Improvement

- KPIs
- Ongoing reporting and ranking
- Continuous improvement process

6 Compliance Communication & Training

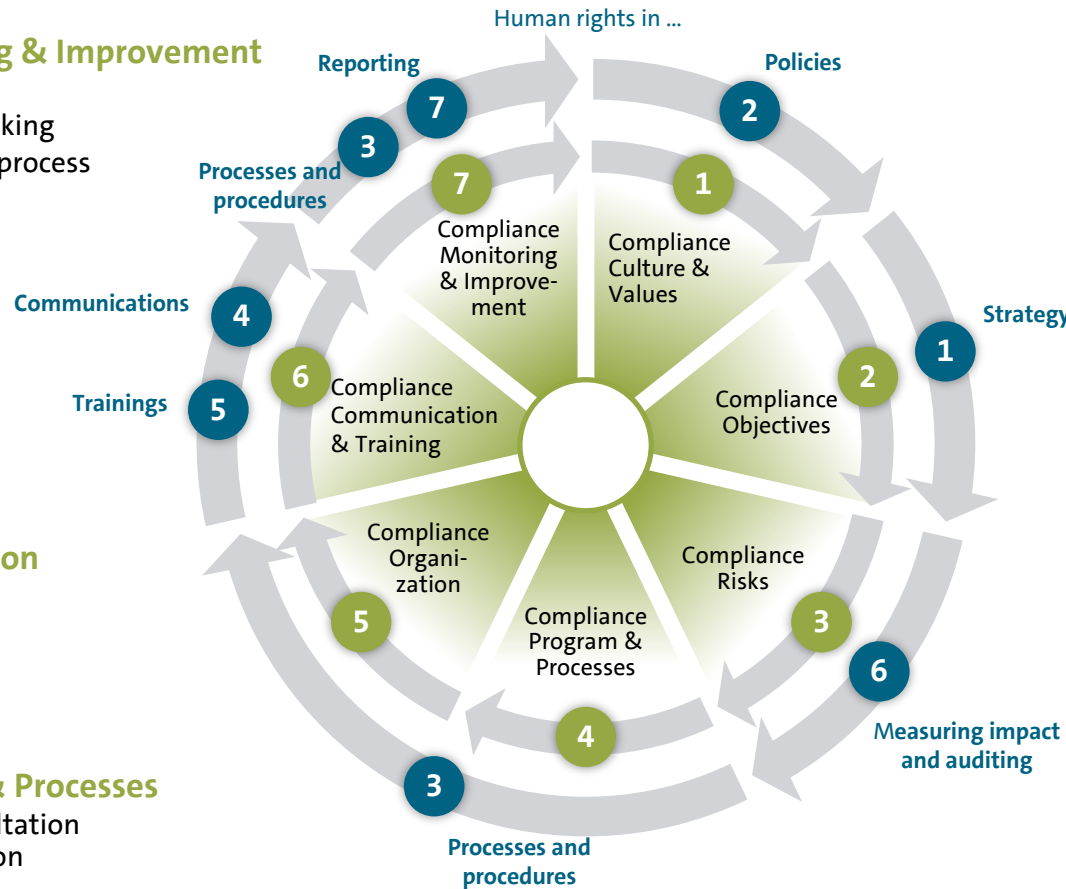
- Training concept, basic & advanced trainings
- Communications concept

5 Compliance Organization

- Defined responsibilities
- Organizational structure
- Network management

4 Compliance Program & Processes

- Grievance mechanisms
- Consultation function



1 Compliance Culture & Values

- Legal stocktaking
- Basic business & human rights document and policies

2 Compliance Objectives

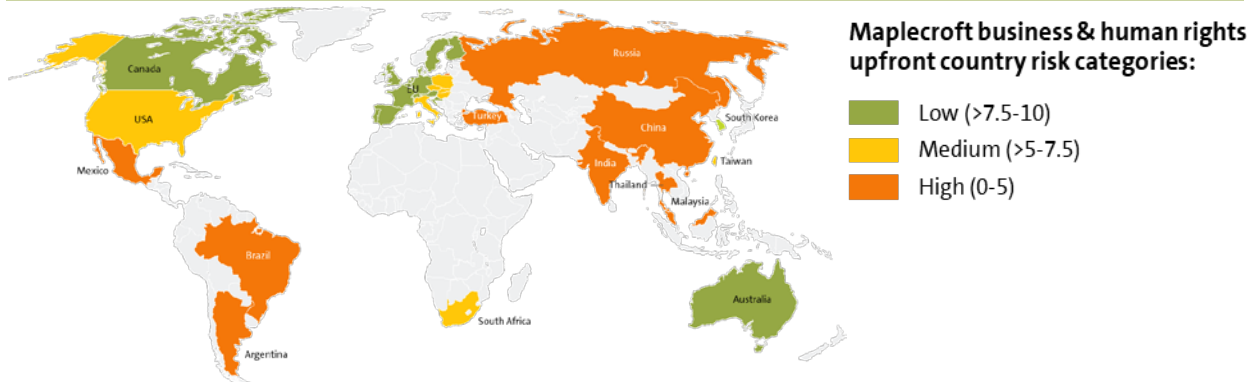
- List of salient business & human rights issues
- List of opportunities (optional)

3 Compliance Risks

Integration of business & human rights into CMS

Key element is a Business and Human Rights Risk Assessment, correlating both country and business model risks

Country Risk based on Maplecroft's meta Index








Business Model Risk

<p>High</p> <ul style="list-style-type: none"> • Production • Logistics • Mobility 	<p>Med.</p> <ul style="list-style-type: none"> • Engineering and Technology • Services • Real estate 	<p>Low</p> <ul style="list-style-type: none"> • Sales • Consulting • Financial services • Investment • Others
--	--	---

Compliance Scope 2020: 772 Entities

- **Status:** Compliance scope
- **Legal status:** Registered or in formation, but not in liquidation
- **Country information:** Especially business & human rights country risks
- **Business models:** Classified regarding higher human rights risk exposure, category overview:
- **Additionally:** New entities in high risk countries increase scoring

Entity Risk Exposure Profile determines the applicable Compliance Measure Set

<p>I. Risk profile is determined based on the BHR Scoring results:</p> <p>Entities will be classified depending on:</p> <ul style="list-style-type: none"> 1 Low exposure to BHR risks 2 Medium exposure to BHR risks 3 High exposure to BHR risks 	<p>II. Risk profile is responded to by adding measures to the respective Compliance Measure Set:</p>			
	<p>Core Measures</p>	<p>Elevated Measures</p>	<p>Special Measures</p>	<p>Compilation of Measure Set to be applied</p>
<p>High Risk Exposure Entity</p>	<ul style="list-style-type: none"> • Policies & Guidelines • Program components 	<ul style="list-style-type: none"> • Reporting requirements • Entity specific measures 	<ul style="list-style-type: none"> • Internal controls relating to compliance management • Organizational set up 	<p>The compilation of measures generates the Compliance Measure Set each entity has to implement depending on individual risk profile</p>
<p>Medium Risk Exposure Entity</p>				 <p>2 Extended Measure Set</p>
<p>Low Risk Exposure Entity</p>				 <p>1 Basic Measure Set</p>