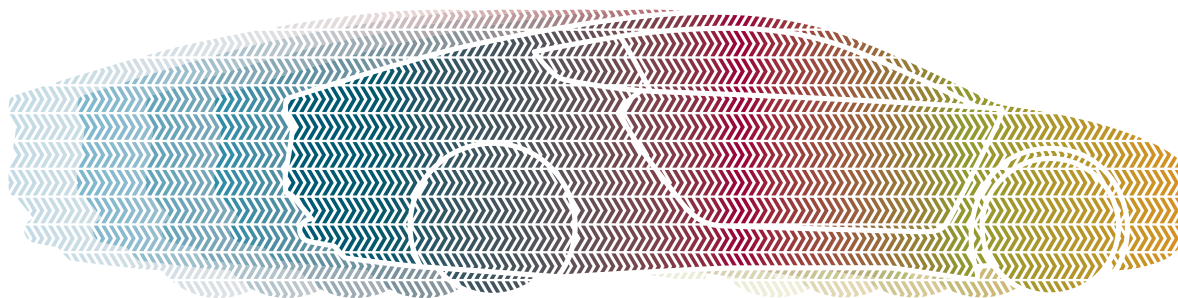


VOLKSWAGEN

AKTIENGESELLSCHAFT



SUSTAINABILITY 2014 AT A GLANCE

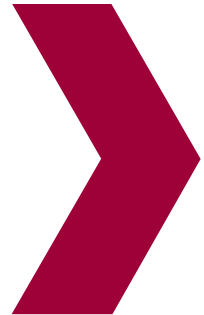
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With its **12 brands** the **Volkswagen Group**, based in Wolfsburg (Germany), is one of the world's leading automakers. In 2014, for the first time ever vehicle sales rose to over **10 million** units. **Almost 600,000 employees** produce an average of **41,000 vehicles** per working day or provide mobility-related services. With **118 production locations** on four continents, by 2018 Volkswagen aims to become the most sustainable automobile manufacturer and the most attractive employer in the world.

BRAND OVERVIEW



Audi



ŠKODA



BENTLEY



PORSCHE



Commercial
Vehicles



SCANIA



VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT

We aspire to shape the mobility of the future – making it responsible, environmentally compatible and beneficial for everyone. As we see it, advancing digitization is not a threat but a major opportunity that we aim to and indeed will leverage. Because we have the expertise, the strength and the people we need to merge the digital world with the world of mobility. This will take a strong team performance on the part of all our employees – which is one reason why commercial success and job security are assigned equal priority as corporate goals at the Volkswagen Group. In this way we intend to continue to add value for everyone associated with us: employees, customers, shareholders, suppliers and the society in which we live and work. This aim is underpinned by our twelve strong brands as well as by our joint commitment to the principles of the United Nations Global Compact for sustainable development.



PROF. DR. MARTIN WINTERKORN
Chairman of the Board of Management
of Volkswagen Aktiengesellschaft



BERND OSTERLOH
Chairman of the General and
Group Works Councils

THE VOLKSWAGEN VALUE CHAIN

The production of automobiles is based on a complex value chain. Sustainability must therefore be demonstrated throughout the entire process, including the upstream and downstream stages. This holistic principle applies to all our activities.



RESEARCH & DEVELOPMENT

Year for year, the Volkswagen Group invests more in research and development than any other company in the world, laying the foundations for new models and innovative concepts with which to master the challenges of the future: digitization, networking and electric mobility.

45,742

employees in Technical Development (2014)



PROCUREMENT

Every year, the Volkswagen Group purchases a wide range of raw materials, components and other goods. A sustainable supply chain and environmentally compatible transportation solutions form an indispensable part of demonstrating comprehensive responsibility for human rights, as well as a commitment to the environment and to the battle against corruption.

€145.5 billion

annual procurement volume (2014)



PRODUCTION

Every working day the Volkswagen Group manufactures an average of 41,000 vehicles. As we do so, efficient production ranks alongside employee health and safety as our core goal. New concepts help prepare employees for the future, covering every step from vocational education and training onwards.

118

production locations on
four continents (2014)



MARKETING & SALES

The Volkswagen Group markets its vehicles in 31 countries. Around the world, comfort and safety are considered the key customer requirements. We continuously reduce the fuel consumption of our models and offer alternative mobility services.

10.14 million

vehicles sold worldwide (2014)



AFTER-SALES & FINANCIAL SERVICES

Service provision includes supporting dealerships to ensure they can provide quality advice and maintenance; managing the original parts business; and providing innovative vehicle-related financial services. Fuel-economy driver training courses play an effective part in cutting fuel consumption and thus CO₂ emissions.

978

people attended Driving Experience
eco-driving courses (2014)



› STRATEGY

*“Our ambition is to be
the engine that drives
change.”*

Prof. Dr. Martin Winterkorn,
Chairman of the Board of Management

FOCUSING ON THE ESSENTIALS.

By 2018, we aim to be the world's most successful, fascinating and sustainable automobile manufacturer – a goal that means we are constantly facing new tasks and challenges. In line with our corporate values, we will demonstrate that we are as capable of inner renewal as we are responsible.

WHAT OUR GOAL MEANS

For us, being the most sustainable automobile manufacturer means that in everything that we do, we must act in line with the interests of the environment and of climate protection, as well as adding value for everyone associated with the Group and its brands. That includes customers, employees, suppliers, investors and the local communities at our production locations. This applies on all continents and in all regions and throughout the value chain.

WHY WE BEAR A SPECIAL RESPONSIBILITY

As one of the world's largest automakers, we bear a special responsibility for the environment and for humankind, and we intend to put our creative powers to good use. Every year the Volkswagen Group produces more than 10 million vehicles. This gives rise to positive effects such as new jobs, regional prosperity and individual opportunities for participation, but also to emissions and resource consumption.

Our most important tasks, as we see it, are therefore to ensure responsible and efficient production operations, and to make mobility not only as safe, convenient and environmentally compatible as possible, but at the same time affordable for large numbers of people. Through pioneering technologies and social competence we are making our contribution to a sustainable form of development that will give future generations the same opportunities as the present generation has.

WHERE THE FOCUS OF OUR ACTIVITIES LIES

With the advent of digitization, our industry – and with it the Volkswagen Group – is on the cusp of a new era – one we aim to play a major role in shaping. The challenges are immense. They range from climate change, resource availability and demographic trends, via far-reaching changes in society's values, to rapid urbanization and social imbalances. Based on these challenges, we have identified 16 action areas in which we can and must make a special contribution.

› CHALLENGES AND KEY ACTION AREAS FOR THE VOLKSWAGEN GROUP

GLOBAL CHALLENGES AND MEGATRENDS				
Climate change	Environmental impact	Demographic change	Globalization	Digitization
Resource availability	Water supplies	Market shifts	Increasing regulation	Economic uncertainty
Mobility	Energy systems	Traffic safety	Urbanization	Sustainability
Noise	Health	Social uncertainty	Biodiversity	Human rights





› ECONOMY

“One-time certainties are being consigned to the past; uncertainty is becoming our constant companion.”

Hans Dieter Pötsch,

Member of the Group Board of Management responsible for Finance and Controlling

IT'S NOT ABOUT GROWTH AT ALL COSTS.

Growth in every region of the world and high investments in research are making us strong. Our business activities are driven by the aspiration to generate innovations and greater economic stability – for our own strategic future and for the people who work with and for us.

PLANNING NEW GROWTH

With over 10 million vehicles sold we reached a new record level in 2014. Our goal of becoming the world's most successful automobile manufacturer is drawing closer. In order to align our business systematically with new requirements, for the coming years we are planning to invest billions – in research activities, in development projects and in production locations in the various regions.

EXTENDING THE FOUNDATIONS

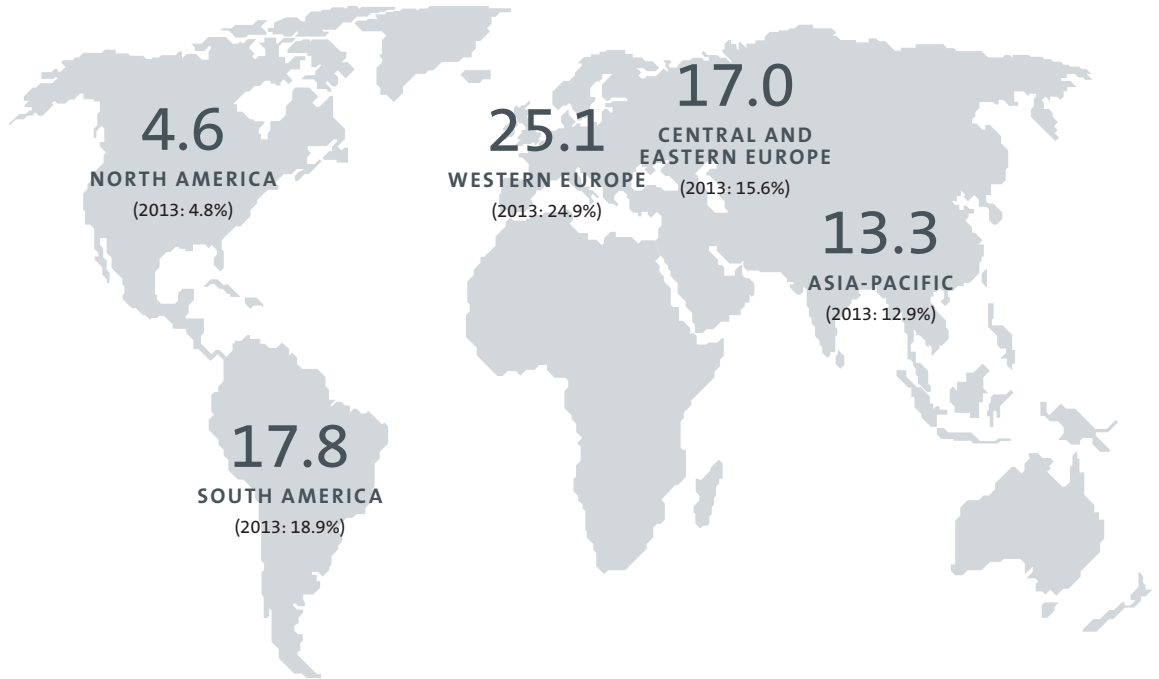
Our reputation is founded on satisfied and indeed delighted customers – the best possible basis for commercial success. Today, though, our renown no longer depends on quality and service alone. More and more customers now ask themselves what goes on in our supply chain and whether we do enough to ensure the quality of life of the people who are dependent on us. By practicing sustainability in supplier management and through our concept of increasing the level of local value added we provide an answer to these concerns. We are committed to the ten principles of the United Nations Global Compact that targets responsible globalization by respecting human rights, improving working conditions, fostering environmental protection and combatting corruption.

FOCUS ON THE FUTURE

Electric mobility represents a paradigm shift for the entire automotive industry. We are convinced that it will soon become a reality on a far wider scale than is currently thought and are ideally prepared for this to happen – not just through the vehicles that we already offer, providing adequate solutions in every class with everything from all-electric cars to sophisticated hybrid models. With the modular transverse matrix – originally developed to enable us to easily replace individual components to adapt our models to specific market requirements – we are now so flexible that we can adjust to new drive systems fast and economically at any time.

VOLKSWAGEN GROUP PASSENGER CAR MARKET SHARES BY REGION

2014, in %



GROUP SALES
REVENUE

2014, in € million

↗
202,458

(2013: €197,007 million)

GROUP PROFIT
BEFORE TAX

2014, in %

↗
7.3

(2013: 6.3%)

GROUP INVESTING ACTIVITIES
ATTRIBUTABLE TO OPERATING
ACTIVITIES

2014, in € million

↗
16,452

(2013: €14,936 million)



› PEOPLE

“We have the opportunity to do away with unergonomic work, increase the proportion of skilled jobs we offer and drive down our production costs, while also safeguarding employment.”

Dr. Horst Neumann,

Member of the Group Board of Management responsible for Personnel Management and Organization

COMMITTED TO EXCELLENCE.

Our aim is to become the most attractive employer in the automotive sector and to achieve long-term success through our high-quality ‘top team’ of almost 600,000 employees. Our personnel management policy is underpinned by the principles of fair treatment for our employees and a balance between performance, pay and participation.

QUALIFICATION WITHIN THE BERUFSFAMILIEN

Qualification and personnel development for Volkswagen Group employees is based on the concept of professional families (“Berufsfamilien”). The Berufsfamilie is the specialist “home” of every individual employee within the Group, from apprentices right up to senior experts. Learning and teaching in Berufsfamilien follow the dual model of vocational education and training, in which theory and practice are closely linked.

PERFORMANCE AND PARTICIPATION

Fair pay and an appropriate share in the Company’s success underpin the motivation and performance of our employees but also help to protect jobs and keep us competitive. Employee participation and co-determination rights for employee representatives are further key factors in the Volkswagen Group’s success.

HEALTH AND FITNESS

The Volkswagen Group’s integrated approach to health management goes well beyond traditional preventive health care and occupational safety and also includes aspects such as work organization, ergonomics, health promotion, integration and rehabilitation, leadership styles and prospects for each individual.

ADVANCING WOMEN AND DIVERSITY

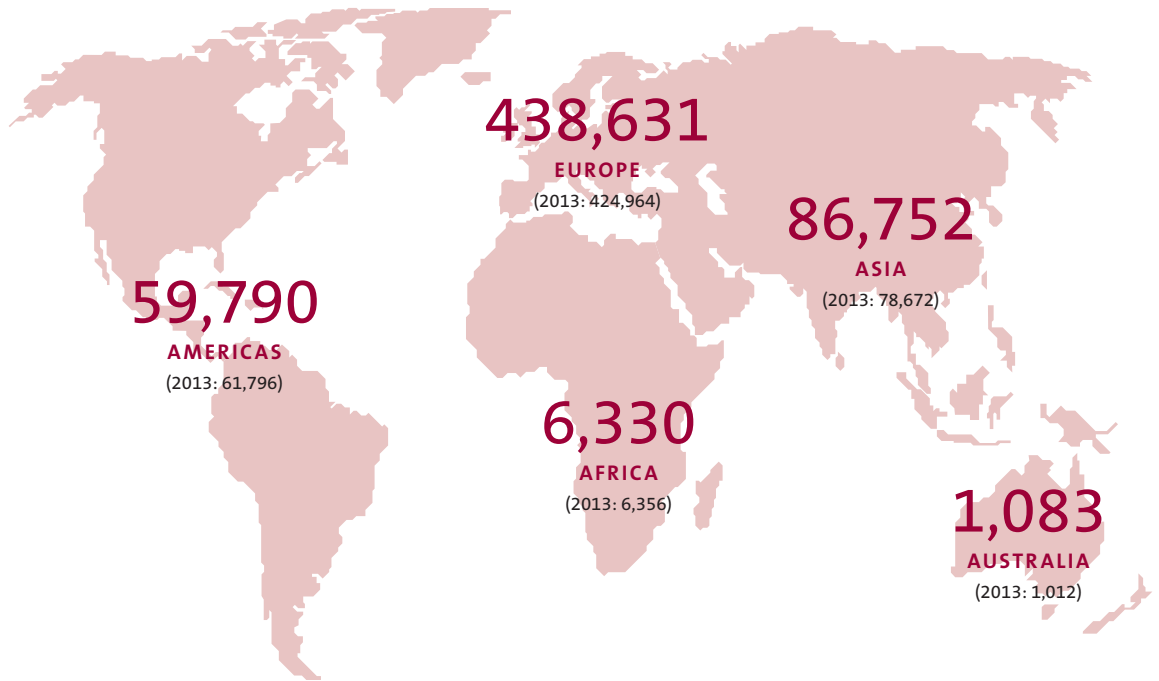
There is enormous potential within the diversity of the workforce. As we move towards becoming top employer, we want to make use of this potential by explicitly advancing women, improving the scope for combining work and family, and making full use of the cultural diversity that exists within our Group.

SOCIAL RESPONSIBILITY

Volkswagen also demonstrates commitment to the well-being of people beyond the factory gates. As well as promoting social, cultural and societal projects, we see ourselves as a source of economic impetus for local structural development and equal opportunities. We have a special focus on promoting employee volunteering.

VOLKSWAGEN GROUP EMPLOYEES BY REGION

2014



EMPLOYEE SATISFACTION INDEX ACROSS THE GROUP

2014

↗
79

(2013: 79)

FEMALE EMPLOYEES ACROSS THE GROUP

2014, in %

↗
15.7

(2013: 15.5%)

APPRENTICES WITH THE GROUP IN GERMANY

2014, in %

↗
4.8

(2013: 4.8%)



› ENVIRONMENT

*“More prosperity in
combination with
a careful management
of resources.”*

Prof. Dr. Jochem Heizmann,
Member of the Group Board of Management responsible for ‘China’

SETTING GLOBAL STANDARDS.

We have set ourselves ambitious targets with regard to environmental protection, because we are aiming to be the leading player in ecological terms. The Volkswagen Group's Environmental Strategy embraces all of our brands and regions, and extends throughout every stage of the value chain – from research all the way to sales.

THE CHALLENGES ARE GETTING TOUGHER

Climate change, resource availability and urbanization are some of the major global challenges that we are facing. These challenges are reflected in growing demands, with emissions legislation tightening up worldwide and customers displaying a rising interest in fuel-efficient vehicles. Back in 2013, we were the world's first automobile manufacturer to commit to reaching the European Union's emissions target of an average of 95 grams of CO₂ per kilometer for new cars by 2020. To this end we are deliberately pursuing several different drive technologies in the interests of resource-efficient mobility.

ENVIRONMENTALLY COMPATIBLE MANUFACTURING

Implementation of the Group-wide Environmental Strategy is binding and measurable across all brands and business units at every stage of the value chain, from product planning and development, to supplier management, logistics and production, through to sales, marketing and recycling. To ensure that, by 2018, our production activities become 25 percent more eco-friendly per vehicle manufactured in terms of energy, water consumption, emissions and waste for disposal, all of our brands have launched ambitious environmental programs. These include ensuring that the environmental performance of every new model is better than that of its predecessor.

A HOLISTIC APPROACH TO PROTECTING THE ENVIRONMENT

Our intensive and long-standing collaboration with the German Nature and Biodiversity Conservation Union generates momentum that reaches well beyond product- and production-related environmental protection to target a change of mindset in society. We are committed to the protection of biodiversity and as a signatory to the United Nations CEO Water Mandate have undertaken to make conservative use of the resource water. In the context of our membership of the World Business Council for Sustainable Development we are working on solutions for the sustainable urban mobility of the future.


AVERAGE NEW VEHICLE FLEET CO₂ EMISSIONS FOR THE VOLKSWAGEN GROUP BY REGION

2014, in g/km



REDUCTION IN CO₂ EMISSIONS FROM GROUP PRODUCTION OPERATIONS³

2014, in %


-23.2
(2013: -19.5%)

REDUCTION IN ENERGY CONSUMPTION BY GROUP PRODUCTION OPERATIONS³

2014, in %


-18.5
(2013: -12.5%)

REDUCTION IN WASTE FOR DISPOSAL FROM GROUP PRODUCTION OPERATIONS³

2014, in %


-21.7
(2013: -13.8%)

¹ Preliminary internal figure

² Subject to official publication by the European Commission

³ Reduction per vehicle manufactured compared to 2010



› INDICATORS

*By 2018
the Volkswagen Group aims
to be the most successful,
fascinating and sustainable
automobile manufacturer
in the world.*

BECAUSE PERFORMANCE IS WHAT COUNTS.

Ambitious goals are the key to self-improvement. The Volkswagen Group aims to reduce any negative impact of its business activities and create demonstrable value – for the Company, for society and for the people associated with us. We measure our progress and are transparent about the results.

› GOALS AT A GLANCE

ECONOMY

- › Leader in customer satisfaction (2018)
- › Group return on sales before tax > 8% (2018)
- › Annual sales of more than 10 million vehicles (2018)

PEOPLE

- › Top employer in the automotive sector (2018)
- › Provide excellent qualification within all the “Berufsfamilien” (professional families) (ongoing). Strengthen dual vocational education and training internationally (2018)
- › Establish three-part pay system with basic pay, performance-related component and entitlement to profit-sharing as Group standard (ongoing)
- › Promote health, fitness and ergonomics (ongoing)
- › Increase the proportion of women to 30% at all levels of management in the Volkswagen Group in Germany (in the long term)

ENVIRONMENT

- › Reduce energy and water consumption, waste and emissions per unit produced across the Group by 25% (2018)
 - › Be the market leader in electric mobility (2018)
 - › Cut European new car fleet CO₂ emissions to 95 g CO₂/km (2020)
 - › Every new model generation to demonstrate better environmental properties than its predecessor (ongoing)
-

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Volkswagen Group and its brands

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on the Internet at:
www.volkswagenag.com/sustainability

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The full contents of the report, further information, brand portraits and links to the brands can be found on the microsite:
sustainabilityreport2014.volkswagenag.com

