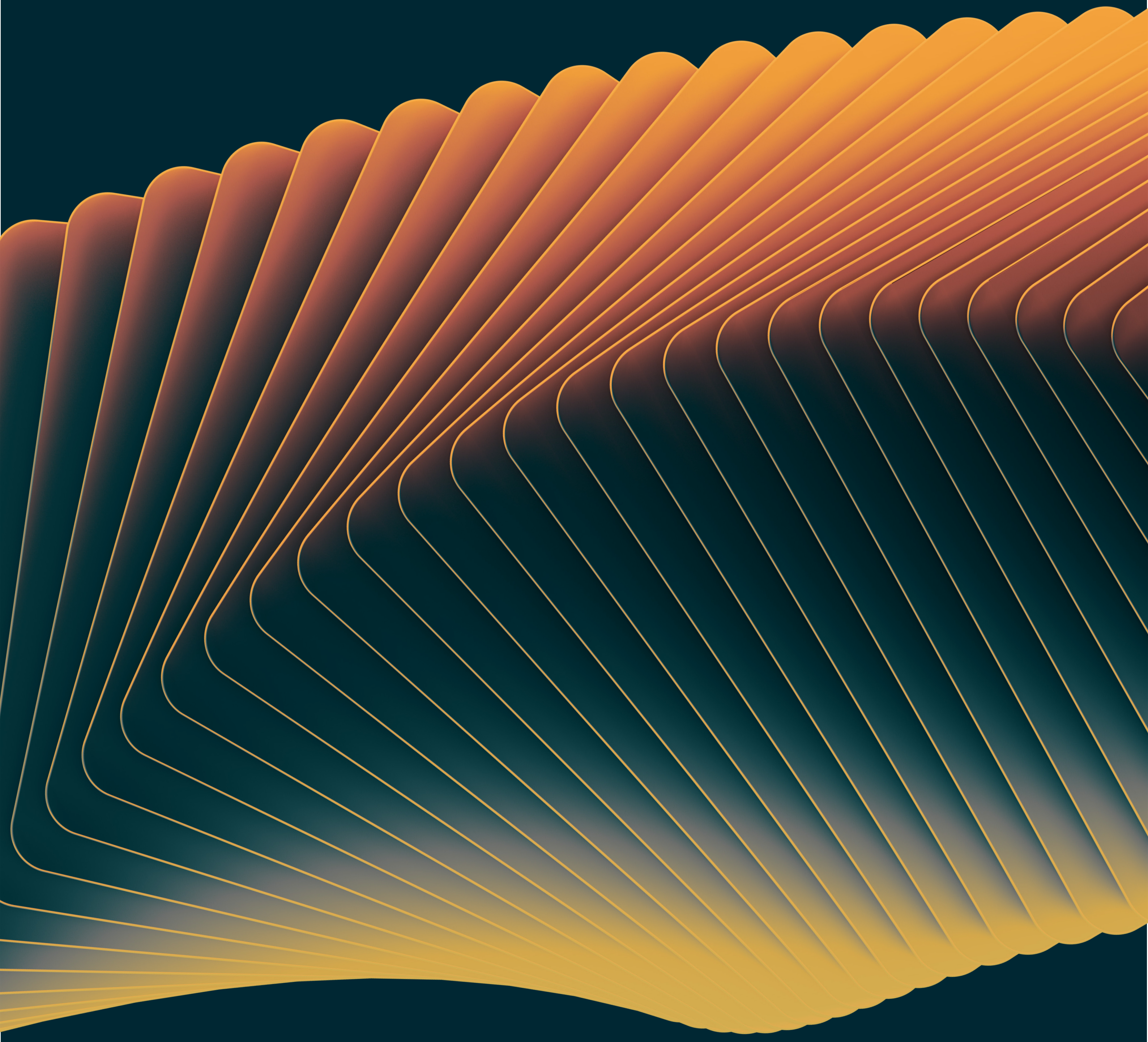
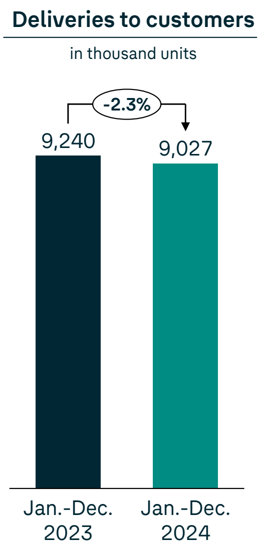
VOLKSWAGEN
GROUP

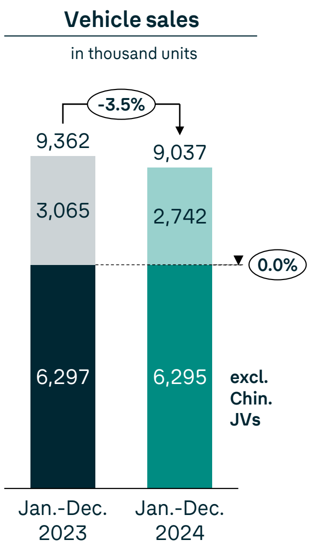


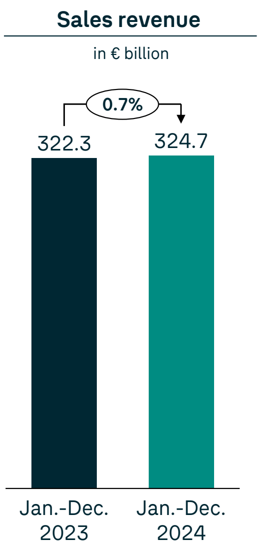
ANNUAL REPORT 2024

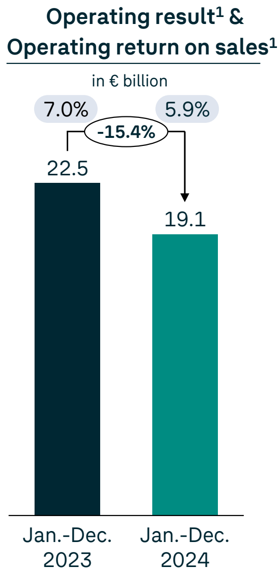
Key Figures

VOLKSWAGEN GROUP



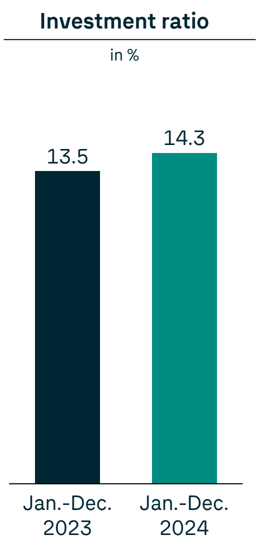


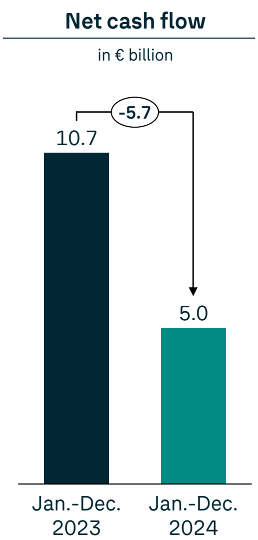


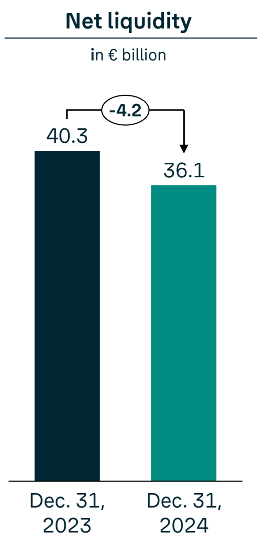


1 Prior-year figures adjusted (see disclosures on IAS 8).

AUTOMOTIVE DIVISION







Volume data also includes the unconsolidated Chinese joint ventures (Chin. JVs); prior-year deliveries have been updated to reflect subsequent statistical trends. The allocation of consolidation adjustments between the Automotive and Financial Services divisions is included in the Automotive Division.

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About this report

The consolidated financial statements of Volkswagen Aktiengesellschaft were prepared in accordance with IFRS Accounting Standards adopted by the European Union. Moreover, requirements of German commercial law pursuant to German Commercial Code (Handelsgesetzbuch, HGB) as well as the German Corporate Governance Code have been complied. Unless otherwise specified, this is the basis for the analysis of financial information.

All figures shown are rounded in accordance with standard commercial practice, so minor discrepancies may arise from addition of these amounts; the same applies to the calculation of percentages. Unless stated otherwise, comparative prior-year figures are presented in parentheses next to the figures for the reporting period.

This annual report contains forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, and in particular for the automotive industry, 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. Risks are associated with the estimates, and actual developments may differ from those forecast. Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates, prices for energy and other commodities or the supply of parts relevant to the Volkswagen Group will have a corresponding effect on the development of our business. In addition, there may be departures from our expected business development if the assessments of the factors influencing sustainable value enhancement and of risks and opportunities presented in this annual report develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business.

We do not update forward-looking statements and do not assume any obligation beyond that required by law to update the forward-looking statements made in this annual report.

Specified vehicle range values correspond to results obtained through the Worldwide Harmonized Light Vehicles Test Procedure (WLTP) on the chassis dynamometer. WLTP range values for series-produced vehicles may vary depending on the equipment. The actual range will deviate in practice depending on various other factors.

The format of this publication is not in line with the uniform electronic reporting format ESEF (European Single Electronic Format). The document in the statutory ESEF format was transmitted to the authority maintaining the German company register and published in that register (www.unternehmensregister.de).

This document is an English translation of the original report written in German. In case of discrepancies, the German version shall take precedence. To conserve resources, both language versions are available in digital format only, and can be accessed in the Investors section at www.volkswagen-group.com.

This Annual Report was published on the occasion of the Annual Media Conference on March 11, 2025.

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To our Shareholders

Letter to our Shareholders

Dear Shareholders,

for Volkswagen Group, 2024 was the year of major strategic decisions in a rapidly changing environment. Volkswagen Group has not let this slow it down. On the contrary. In 2024, we set a decisive course – and drove the change forward in the long term. With innovative, desirable products and clear decisions.

In a year with a wide range of challenges, Volkswagen Group has once again proven that we have a strong substance. At the same time, we are working consistently to optimize our cost structures, increase our profitability and further strengthen our financial robustness.

With around 9 million vehicles delivered, we almost matched the previous year's level. We recorded significant growth in North America (+6%) and South America (+15%). This contrasts with declines in a very competitive market in China (–10%). In our home market of Europe, we have developed steadily and are at the forefront – in combustion engines and electric cars. The large number of model changes gives us a good starting point for the coming years.

The turnover amounts to €325 billion. The operating result is around €19 billion. Net cash flow in the Automotive division reached €5 billion and net liquidity around €36 billion.

These are robust results in a challenging global environment. The fact that we achieved them in a phase of restructuring with the associated considerable costs shows our resilience.

This financial stability gives us the necessary leeway to continue investing in the future and pursuing our strategic goals. We will propose a dividend of €6.36 per preferred share to the Annual General Meeting in May. This corresponds to a distribution of 30% of our net profit.

Our top 10 programs remain the key management instrument for our operational and strategic activities. With measurable milestones, ambitious goals, clear responsibilities and a systematic roadmap.

The power of Volkswagen Group lies in the power of our brands. We inspire customers worldwide with a fascinating product range in all segments. We impressively demonstrated this in 2024: More than 30 new models were launched. The most extensive and powerful product offensive in our company's history.

We have set an example in e-mobility: In our home market of Europe, we are the market leader in all-electric vehicles. The Audi Q6 e-tron and the Porsche Macan have made a successful start on the new Premium Platform Electric (PPE). The most advanced electrical architecture of our Group with modern software. In this way, we are establishing a new generation of high-performance, all-electric models.

The ambitious performance programs help us to make the company even more financially robust. We have to work in a disciplined manner here and pay attention to the framework conditions on the market, react and adapt. This requires perseverance and the consistent work of everyone to secure the target returns through concrete and measurable measures.

Zukunft Volkswagen agreement is the foundation for the economically successful tomorrow at Volkswagen AG and its German locations: a milestone in reconciling competitiveness and job security in the long term. In total, we are sustainably reducing our personnel costs by €1.5 billion per year. In the medium term, we expect cost reductions of more than four billion euros per year through the implementation of all agreements. Our technical capacities at the German plants will be adjusted by around 730,000 units. We are streamlining our workforce by more than 35,000 by 2030. The strategic goal for the profitability of the Volkswagen brand is therefore realistic in the medium term – a significant increase in earnings with a major impact on the Group.

In 2024, we reached milestones for our global software strategy. We have realigned our software activities and strengthened the team with new partners. Together with XPeng for China and our new US partner Rivian for the other regions of the world, we are developing the software solutions of the automotive future with forward-looking zonal architectures. Our own software company CARIAD will focus on central cross-sectional technologies in the future. In addition, we bring the control of the existing software to where it is used: to the brands that are developing it further with CARIAD. This creates clear responsibilities and focus in the use of all resources.

The Chinese market has unprecedented dynamism. In the electrification, digitization and automation of mobility. Volkswagen Group is now consistently following this "China Speed". In 2024, we decisively advanced our "In China, for China" approach.

North America remains a key starting point for Volkswagen Group's growth strategy and a well-balanced regional business in markets worldwide. With our investments in the localization of production and in strategic partnerships, we are sending a clear signal of further growth. A six percent increase in deliveries in North America in 2024 proves us right.

The battery is at the heart of tomorrow's mobility. With the unit cell, we have created a global, cross-brand technology platform. It reduces complexity and ensures economies of scale. On the one hand, we rely on external suppliers. On the other hand, we are also taking this key technology into our own hands with our subsidiary PowerCo.

In all of this, sustainability is the basis of our actions. We stand by our responsibility. And we act with measurable success.

We have achieved a lot in the past year. This is the merit of an extraordinary team. Around 680,000 people at more than 100 locations around the world, who have driven our company forward day after day with passion and enthusiasm. I would like to thank you for this today on behalf of the entire Executive Board team.

We also have big plans for 2025. For our Group, for our brands, for each and every one of us. Our company does not only want to accompany the globally accelerated technological change. We want to shape it. Our vision is clearly defined: "The Global Automotive Tech Driver".

What gives us the strength for this claim? Our unique combination of global presence and local expertise. Our focus on our own qualities in cooperation with strong partners – the best in their field. Our mobility – and our will to change. And: Our strategy of efficiently and powerfully leveraging economies of scale – in the essential fields of transformation: with our software architectures, battery technologies, mechatronics platforms and product concepts.

We will remain on the offensive in 2025: around 30 new models will be launched worldwide. We focus on our strength: our products. Fascinating vehicles with which we position ourselves at the forefront of the competition. Our customers can look forward to the new T-Roc from Volkswagen, the new Audi Q3, the Lamborghini Temerario, highly emotionalizing 911 derivatives from Porsche and much more. We recently celebrated the world premiere of the ID. EVERY1 show car. Our smallest has great potential as a game changer in the ramp-up of e-mobility.

The future of mobility is electric. It is superior to combustion engine technology in terms of its property profile. We stand by that. At the same time, we see that the transformation of global markets is developing at different speeds. In addition to the products, it depends on the charging infrastructure, energy prices, incentive models and regulation.

What Volkswagen Group was recently criticized for is now our competitive advantage: our broad, flexible product portfolio across all drive variants. Whether pure electric vehicles, efficient combustion engines or modern hybrid concepts. We combine plug-in hybrids with our combustion engines. The planned use of range extender technology also shows that we can meet demand in line with the market and in a tailor-made manner.

This year, too, we have set ourselves an ambitious TOP 10 program. In 2025, it will be about thorough cost work, attractive products, and strengthening our presence in the regions.

Europe is our home. We are the market leader in this area and we want to further consolidate this position. Our order intake for all-electric cars in Western Europe almost doubled last year.

Volkswagen Group expects 2025 to be another challenging year in the Chinese market. We are prepared. In 2025, we will introduce the first models of the Audi brand from the cooperation with SAIC, as well as two further Audi models based on PPE. The Volkswagen brand's model offensive will start in 2026. By 2030, Volkswagen Group plans to deliver 30 new electric models tailored to local requirements to customers.

We see great market opportunities in North America. Accordingly, we have an investment and growth focus here. With a product portfolio that is even closer to the expectations of American customers. In doing so, we use local synergies of our strong local brands.

We think globally and act locally: that is the strength of Volkswagen Group.

Our vehicle architectures offer tailor-made property profiles in every segment of our global markets: flexibly positioned with combustion engines, hybrids and electric vehicles.

We are catching up with the vehicle software, convincing in the range and getting good feedback. Our new global software strategy aims to provide a superior digital offering for our customers. We think of the car in development from the point of view of the software. Our Software Defined Vehicles – SDV for short – will set standards. In our joint venture with partner Rivian, we are designing this advanced and powerful SDV architecture and will integrate it into Volkswagen Group's product portfolio from 2027. In the eastern world, we have a strong partner in XPeng, with whom CARIAD China and Volkswagen China Technology Company are developing a competitive zonal architecture. And want to bring it to market as early as the end of 2025.

We focus on implementing a holistic battery strategy - in a balanced, scalable and intelligent relationship between in-house and partner solutions. At the same time, we are working on convincing offers for the entire life cycle of our cars.

We see sustainability as the basis of our actions. With a sharpened strategy, a concrete implementation plan and the new, operational Sustainability Advisory Board, we are taking on corporate responsibility. The decisive factor in all of this is that a strong, international team makes the difference.

Dear Ladies and Gentlemen, with a great deal of dedication and passion, Volkswagen Group has brought itself into shape over the past two years. In 2025, we must and we will unleash the power – and make the reward for these efforts tangible. If we consistently continue on this path, there are great opportunities ahead of us to take off from 2026. We will seize these opportunities. Because we have a responsibility. For our company, our employees, our society and our environment. This group has great potential. We will deliver. The playing field is ready. Our team is set up. Our tactics are strong. We enjoy the game. And now, we are scoring goals.

Sincerely,

Oliver Blume

The Board of Management

of Volkswagen Aktiengesellschaft

Oliver Blume

Chairman of the Board of Management of Volkswagen AG,
Sport Luxury brand group

Dr. Arno Antlitz

Finance and Operations

Ralf Brandstätter

China

Dr. Manfred Döss

Integrity and Legal Affairs

Dr. Gernot Döllner

Progressive brand group

Gunnar Kilian

Human Resources and Trucks brand group

Thomas Schäfer

Core brand group

Thomas Schmall-
von Westerholt

Technology

Hauke Stars

IT

Report of the Supervisory Board

(in accordance with section 171(2) of the AktG)

Ladies and gentlemen,

In fiscal year 2024, the work of the Supervisory Board of Volkswagen AG and its committees focused on the Volkswagen Group's strategic alignment, its further development in the core markets and its transformation. The Supervisory Board regularly deliberated on the Company's position and development in the reporting year. We supervised and supported the Board of Management in its running of the business and advised it on issues relating to the management of the Company, and particularly on sustainability issues, in accordance with our duties under the law, the Articles of Association and the rules of procedure. The Supervisory Board was directly involved in all decisions of fundamental importance to the Group. Additionally, we discussed strategic considerations with the Board of Management at regular intervals.

The Board of Management complied with its disclosure obligations, which are set out in the information policy adopted by the Supervisory Board. The Board of Management provided us with information regularly, promptly and comprehensively both in writing and orally, particularly on all matters of relevance to the Company relating to its strategy, business development and the Company's planning and position. This also included the risk situation and risk management. In this respect, the Board of Management also informed the Supervisory Board of further improvements to the internal control system and the risk and compliance management system. In addition, the Supervisory Board received information about compliance and other topical issues from the Board of Management on an ongoing basis. We were regularly informed about the views and interests of affected stakeholders with regard to sustainability-related impacts within the scope of statutory reporting requirements as well as reporting requirements laid down by the Supervisory Board. We received the documents relevant to our decisions in good time for our meetings. At regular intervals, we also received a detailed report from the Board of Management on the current business position and the forecast for the current year. Any deviations in performance from the plans and targets previously drawn up were explained in detail by the Board of Management, either in person or in writing. Together with the Board of Management we analyzed the reasons for the deviations and determined corresponding countermeasures.

Furthermore, the Chair of the Supervisory Board consulted with the Chair of the Board of Management at regular intervals between meetings to discuss important current issues. These included the Group's strategy and planning, its business development, and the risk situation and risk management, including integrity and compliance issues in the Volkswagen Group and sustainability issues. The Chair of the Supervisory Board regularly discussed Supervisory Board-specific topics with investors and, in consultation with the Board of Management, also non-Supervisory Board-specific topics. One of the focuses of debate was corporate governance and ESG (environment, social and governance) issues. The Chair of the Supervisory Board informed the Supervisory Board of such discussions after they had taken place.

The Supervisory Board held a total of ten meetings in fiscal year 2024. Five of the meetings were held face to face and five as video or conference calls. The attendance rate (calculated for all meetings held during the fiscal year and for all Supervisory Board members in office) was 88%. Where individual members of the Supervisory Board had a lower attendance rate, this was mainly due to urgent professional engagements, especially for persons in public life, and to urgent personal matters. In addition, several meetings had to be called at short notice in fiscal year 2024. Supervisory Board members who did not attend a meeting for reasons other than a possible conflict of interest were able to engage with the meeting topics using the preparatory documents and could participate in the resolutions by means of a written vote. Particularly urgent matters were decided either at meetings convened at short notice as video or conference calls or using the written circulation procedure, i.e., in writing or using electronic means of communication.

COMMITTEE ACTIVITIES

In order to discharge the duties entrusted to it, the Supervisory Board has established four committees: the Executive Committee, the Nomination Committee, the Mediation Committee established in accordance with section 27(3) of the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act) and the Audit Committee. The Executive Committee is comprised of four shareholder representatives and four employee representatives. The shareholder representatives on the Executive Committee make up the Nomination Committee. The Mediation Committee is comprised of two shareholder representatives and two employee representatives, while the Audit Committee is comprised of three shareholder representatives and three employee representatives. The members of these committees as of December 31, 2024 are stated in the Group Corporate Governance Declaration.

The Executive Committee met 16 times in the reporting year. Five of the meetings were held face to face and eleven as video or conference calls. The Executive Committee prepared the resolutions of the Supervisory Board, discussed the composition of the Board of Management and took decisions on matters such as contractual issues concerning the Board of Management other than remuneration, and on consent to ancillary activities by members of the Board of Management. In addition, the Executive Committee dealt with negotiations by the Board of Management with the IG Metall union and the works council about the joint *Zukunft Volkswagen* agreement. The Executive Committee also exercised the function of a "Remuneration Committee", and prepared the Supervisory Board's decisions on questions about Board of Management remuneration.

The Nomination Committee is responsible for proposing suitable candidates for the Supervisory Board to recommend to the Annual General Meeting. In doing so, it takes into account the targets set by the Supervisory Board for its composition, and the diversity concept for the composition of the Supervisory Board, and strives to fill the profile of skills and expertise prepared for the full Board. The Nomination Committee also particularly makes sure that there are no gaps in the skills and expertise of the full Board (Skill Gaps Assessment). The Nomination Committee held one meeting face to face in 2024 and, taking the aforementioned requirements into account, proposed candidates for the Supervisory Board to recommend to the Annual General Meeting.

The Mediation Committee established in accordance with section 27(3) of the MitbestG did not need to convene in the reporting year.

Hans Dieter Pötsch

The Audit Committee held four meetings in fiscal year 2024. Three of the meetings were held face to face and one meeting was held as a video or conference call. The focus was on the annual and consolidated financial statements, the Risk Management System including the appropriateness and effectiveness of the Internal Control System and the Internal Audit System, and the work performed by the Company's Compliance organization. In addition, the Audit Committee concerned itself with the Volkswagen Group's quarterly reports and the half-yearly financial report, as well as with current issues, the supervision of financial reporting and the financial reporting process, and the examination thereof by the auditors. The Audit Committee regularly concerns itself with the quality of the audit. In consultation with the auditors, it discussed the assessment of audit risk, the audit strategy and audit planning and the results of the audit. The Audit Committee also regularly received progress reports on the implementation of sustainability reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD).

Furthermore, the shareholder and employee representatives generally met for separate preliminary discussions before each of the Supervisory Board meetings.

In connection with their seat on the Supervisory Board, members of the Supervisory Board receive support from the Company upon induction as well as with respect to education and training; the Company particularly supports the organization of seminars and bears the costs thereof. In the reporting year, the Supervisory Board members received training on the subject of anti-corruption as well as on software. What is more, Volkswagen AG gives the members of the Supervisory Board the opportunity to become more familiar with the Group's products and with market developments. Here, Volkswagen AG offers the members of the Supervisory Board in-house product and innovation presentations, for example, and encourages attendance at trade fairs. Supervisory Board members appointed for the first time are also provided with a detailed introduction to topics that apply specifically to the Supervisory Board of Volkswagen AG (onboarding).

TOPICS DISCUSSED BY THE SUPERVISORY BOARD

The first Supervisory Board meeting in the reporting year took place on February 16, 2024. The main topic at this meeting was the extension of Ms. Hauke Stars' Board of Management appointment.

The next meeting of the Supervisory Board took place on March 1, 2024. Following a detailed examination, we approved the consolidated financial statements and the annual financial statements of Volkswagen AG for fiscal year 2023 prepared by the Board of Management. We examined the combined management report, the combined separate non-financial report for 2023 and the precautionary Report by the Board of Management on Relationships of Volkswagen AG with Affiliated Companies (dependent company report) in accordance with section 312 of the *Aktiengesetz* (AktG – German Stock Corporation Act). The other items on the agenda included the issue of the audit engagements for the annual and consolidated financial statements and for the 2024 sustainability report as well as other accounting documents, approval of the agenda for the Annual General Meeting on May 29, 2024 and AUDI AG's involvement in the Formula 1 racing series.

On May 6, 2024, the Supervisory Board held a meeting to discuss measures for pursuing strategic Group objectives, including increasing the free float of TRATON SE shares.

At the Supervisory Board meeting on May 28, 2024, we discussed contract adjustments for Board of Management members of Volkswagen AG and elections to the Supervisory Board committees. We also looked at the preparations for the 64th Annual General Meeting of Volkswagen AG. Further topics that we discussed with the Board of Management included business development and the key performance indicators for the first quarter of 2024, developments in the market, the performance program of the Volkswagen Passenger Cars brand, battery technology, the strategy for artificial intelligence and progress in the diesel proceedings.

The Supervisory Board meeting on June 14, 2024 likewise dealt with measures for pursuing strategic Group objectives, including increasing the free float of TRATON SE shares.

Discussions with the Board of Management at the Supervisory Board meeting on June 21, 2024 concentrated on the Group's strategic alignment as well as the development of battery technology and vehicle software.

The Supervisory Board held a meeting on June 25, 2024 that also focused on the development of vehicle software and, in particular, measures to lay the foundations for a possible joint venture with Rivian Automotive, Inc.

On September 26 and 27, 2024, the Supervisory Board discussed issues related to Board of Management remuneration and the allocation of responsibilities for the Board of Management. Together with the Board of Management, we also discussed the general business development, the strategy of Volkswagen Financial Services AG, as well as the current status of the Volkswagen Group's financial planning and the negotiations to establish a joint venture with Rivian Automotive, Inc. In addition, we focused intensively on the business and financial situation of the Volkswagen Passenger Cars brand.

At its meeting on November 12, 2024, the Supervisory Board again discussed the joint venture with Rivian Automotive, Inc. and gave the green light for establishing the joint venture.

On November 15, 2024, the Supervisory Board met to discuss in particular market developments in Europe, the Group's hybrid strategy and development costs. In addition, we addressed issues relating to Board of Management remuneration and, together with the Board of Management, we issued the annual declaration of conformity with the German Corporate Governance Code (the Code).

In the reporting year, we voted in writing on, among other things, a further amendment of the remuneration system for the members of the Board of Management, the extension of Thomas Schäfer's appointment to the Board of Management, the approval of a rental agreement with one member of the Board of Management, questions regarding the reimbursement of expenses, and on consent to ancillary activities of members of the Board of Management.

The following table shows the number of meetings of the full Board and the committees as well as the individual participation of the members of the Supervisory Board in 2024:

	Meetings of the full Supervisory Board	Meetings of the Executive Committee	Meetings of the Audit Committee	Meetings of the Nomination Committee	Meetings of the Mediation Committee
Hans Dieter Pötsch	8 out of 10	13 out of 16	-	1 out of 1	-
Jörg Hofmann	10 out of 10	16 out of 16	-	-	-
Dr. Hessa Sultan Al Jaber	9 out of 10	-	-	-	-
Mansoor Ebrahim Al-Mahmoud	7 out of 10	-	3 out of 4	-	-
Rita Beck	10 out of 10	16 out of 16	-	-	-
Harald Buck	9 out of 10	-	-	-	-
Matías Carnero Sojo	8 out of 10	-	-	-	-
Daniela Cavallo	9 out of 10	16 out of 16	4 out of 4	-	-
Julia Willie Hamburg	10 out of 10	-	-	-	-
Marianne Heiß	10 out of 10	-	4 out of 4	-	-
Dr. Arno Homburg	10 out of 10	-	-	-	-
Günther J. Horvath	9 out of 10	-	-	-	-
Daniela Nowak	10 out of 10	-	-	-	-
Dr. Hans Michel Piëch	9 out of 10	16 out of 16	-	1 out of 1	-
Dr. Ferdinand Oliver Porsche	8 out of 10	-	3 out of 4	-	-
Dr. Wolfgang Porsche	7 out of 10	14 out of 16	-	1 out of 1	-
Gerardo Scarpino	10 out of 10	16 out of 16	4 out of 4	-	-
Karina Schnur	8 out of 10	-	-	-	-
Conny Schönhardt	10 out of 10	-	4 out of 4	-	-
Stephan Weil	5 out of 10	12 out of 16	-	1 out of 1	-

CONFLICTS OF INTEREST

A conflict of interest between Volkswagen AG and TRATON SE could not be ruled out in measures to increase the free float of TRATON SE shares. As a precautionary measure, Mr. Pötsch, who is also the Chair of the Supervisory Board of TRATON SE, and Ms. Schnur, who is also a member of the Executive Committee of TRATON SE, therefore did not participate in the discussions or the resolutions adopted by the Supervisory Board of Volkswagen AG on this matter so that they could participate in potential discussions and resolutions adopted by the Supervisory Board of TRATON SE. As a precautionary measure and out of consideration for the possible involvement of the Emirate of Qatar, Ms. Al Jaber and Mr. Al-Mahmoud did not participate in the discussions or the resolutions adopted by the Supervisory Board on AUDI AG's involvement in Formula 1 on March 1, 2024. In connection with the establishment of the joint venture with Rivian Automotive, Inc., one of the decisions the Supervisory Board was required to make was whether to approve the allocation of costs between Volkswagen AG and Dr. Ing. h.c. F. Porsche AG. As a precautionary measure, since conflicts of interest could not be immediately ruled out, Ms. Schönhardt, Mr. Harald Buck, Mr. Wolfgang Porsche and Mr. Ferdinand Oliver Porsche, who are also members of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG, did not participate in the decision-making by the Supervisory Board of Volkswagen AG on this matter. Meanwhile, as a precaution, Mr. Hans Michel Piëch and Mr. Hans Dieter Pötsch, who are also members of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG, did not participate in the corresponding decision-making by the Supervisory Board of Dr. Ing. h.c. F. Porsche AG. Ms. Daniela Cavallo did not take part in the Executive Committee's resolution on the joint *Zukunft Volkswagen* agreement between the Board of Management, the works council and the IG Metall union as, in view of her being the Chair of the General and Group Works Councils of Volkswagen AG, a conflict of interest could not be ruled out.

CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

Among the topics addressed at the Supervisory Board meeting on November 15, 2024 was the implementation of the recommendations and suggestions of the Code in the Volkswagen Group. We discussed the Code's requirements in detail and issued the annual declaration of conformity with the recommendations of the Code in accordance with section 161 of the AktG together with the Board of Management.

The joint declarations of conformity by the Board of Management and the Supervisory Board are permanently available at www.volkswagen-group.com/declaration. Additional information on the implementation of the recommendations and suggestions of the Code can be found in the Group Corporate Governance Declaration.

The Audit Committee agreed on a suitable procedure with the Board of Management for ongoing monitoring of the Volkswagen Group's related-party transactions. In some cases, related-party transactions are subject to a requirement for the Supervisory Board to provide consent and a disclosure obligation. The procedure for ongoing monitoring of related-party transactions and the approach taken by the Supervisory Board are described in detail in the Group Corporate Governance Declaration. In the reporting year, there were no cases in which a requirement to provide consent or a disclosure obligation arose based on the rules for related-party transactions.

COMPOSITION OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

As of December 31, 2023, Mr. Peter Mosch, Chair of the General Works Council of AUDI AG, stepped down from his position on the Supervisory Board of Volkswagen AG. Ms. Rita Beck, Deputy Chair of the General Works Council of AUDI AG, was appointed by the court as his successor with effect from January 9, 2024.

There were no changes in the composition of the Board of Management in the 2024 reporting year.

We would like to extend our sincere thanks to former Supervisory Board member, Mr. Mosch, for his hard work.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

In line with our proposal, the Annual General Meeting of Volkswagen AG on May 29, 2024 elected EY *GmbH & Co. KG Wirtschaftsprüfungsgesellschaft* (EY) as auditor and Group auditor for fiscal year 2024. The auditors confirmed the annual financial statements of Volkswagen AG, the consolidated financial statements of the Volkswagen Group and the combined management report by issuing unqualified audit reports in each case. The Audit Committee had also agreed with the auditor that the auditor would inform the Audit Committee if, while conducting the audit, matters were identified that constituted an inaccuracy in the Declaration on the Code submitted by the Board of Management and Supervisory Board. The auditor did not inform the Audit Committee of any such matters.

The Supervisory Board also commissioned EY to conduct an external audit of the content of the combined non-financial statement for 2024.

In addition, the auditor analyzed the risk early warning and monitoring system that is integrated into the Risk Management System, concluding that the Board of Management had taken the measures required by section 91(2) of the AktG to ensure early detection of any risks endangering the continued existence of the Company. The Report on Relationships of Volkswagen AG with Affiliated Companies as per section 312 of the AktG (dependent company report) submitted by the Board of Management for the period from January 1 to December 31, 2024 was also audited by the auditor, who issued the following opinion: "In our opinion and in accordance with our statutory audit, we certify that the factual disclosures provided in the report are correct and that the Company's consideration concerning legal transactions referred to in the report was not unduly high."

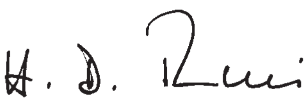
The members of the Audit Committee and the members of the Supervisory Board were provided with the documentation relating to the annual and consolidated financial statements, including the dependent company report, the documentation relating to the combined management report, and also the audit reports prepared by the auditor and the report from EY on the external audit of the content of the combined non-financial statement for 2024 in good time for their meetings on March 6, 2025 and March 7, 2025, respectively. The auditor reported extensively at both meetings on the material findings of the audit and was available to provide additional information. The Chair of the Audit Committee was also in close contact with the auditors, including between the meetings and during the preparation of the Audit Committee meetings, about the progress of the audit, and reported to the Audit Committee on this. The Audit Committee and the auditor also consulted regularly without the Board of Management.

Taking into consideration the audit reports and the discussion with the auditor, and based on its own conclusions, the Audit Committee prepared the documents for the Supervisory Board's examination of the consolidated financial statements, the annual financial statements of Volkswagen AG, the combined management report, the dependent company report and the combined non-financial statement for 2024, and reported on these at the Supervisory Board meeting on March 7, 2025. Following this, the Audit Committee recommended that the Supervisory Board approve the annual and consolidated financial statements. We examined the documents in depth in the knowledge and on the basis of the report by the Audit Committee and the audit report, as well as in talks and discussions with the auditor. We came to the conclusion that the documents were drawn up in accordance with generally accepted accounting principles and that the assessment of the position of the Company and the Group presented by the Board of Management in the combined management report corresponds to the assessment by the Supervisory Board.

We therefore concurred with the auditor's findings and approved the annual financial statements and the consolidated financial statements prepared by the Board of Management at our meeting on March 7, 2025, which the auditors also attended for the agenda items relating to the annual and consolidated financial statements, the dependent company report and the combined management report. The annual financial statements are thus adopted. Upon completion of our examination of the dependent company report, there are no objections to be raised to the concluding declaration by the Board of Management in the dependent company report. We reviewed the proposal on the appropriation of net profit submitted by the Board of Management, taking into account in particular the interests of the Company and its shareholders, and endorsed the proposal. EY conducted an external limited assurance review of the content of the combined non-financial statement for 2024 and issued an unqualified report; EY conducted a reasonable assurance review of the EU Taxonomy reporting included in the non-financial statement and likewise issued an unqualified report. The non-financial statement for 2024 was prepared for the first time in full application of the European Sustainability Reporting Standards (ESRS) as a framework, as they are based on the rules for sustainability reporting under the Corporate Sustainability Reporting Directive (CSRD) in the European Union. At our meeting on March 7, 2025, EY also took part in the discussions on the agenda items relating to the combined non-financial statement for 2024. Following its own independent examination conducted on the basis of the results of EY's review and the preliminary examination by the Audit Committee, the Supervisory Board did not have any objections to the combined non-financial statement for 2024. We also resolved that, together with the Board of Management, we would prepare the remuneration report for fiscal year 2024. As well as reviewing whether the remuneration report contained all the disclosures required by law, EY went beyond statutory requirements to audit its content and issued an unqualified report.

We would like to offer our warm thanks and particular appreciation to the Board of Management, the Works Council, the management teams and all the employees of Volkswagen AG and its affiliated companies for their work in reporting year 2024, which was another year full of challenges to overcome, some of which were substantial. With hard work and a high level of personal commitment, they all contributed to actively driving forward the transformation of the Volkswagen Group.

Wolfsburg, March 7, 2025



Hans Dieter Pötsch
Chair of the Supervisory Board

2

Divisions

Commercial Vehicles

ŠKODA

SEAT

CUPRA

Audi

BENTLEY

LAMBORGHINI

DUCATI

PORSCHE

TRATON

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

Brands and Business Fields

In 2024, the Volkswagen Group's sales revenue and unit sales figures were similar to the previous year, despite the demanding market environment. The operating result was negatively impacted by restructuring costs.

GROUP STRUCTURE

The Volkswagen Group consists of two divisions: the Automotive Division and the Financial Services Division. The Automotive Division comprises the Passenger Cars, Commercial Vehicles and Power Engineering business areas. Activities of the Automotive Division comprise in particular the development of vehicles, engines and motors, vehicle software and batteries, the production and sale of passenger cars, light commercial vehicles, trucks, buses and motorcycles, as well as businesses for genuine parts, large-bore diesel engines, turbomachinery and propulsion components. Mobility solutions are gradually being added to the range. The Ducati brand is allocated to the Audi brand and thus to the Passenger Cars Business Area. The Financial Services Division's activities comprise dealer and customer financing, leasing, direct banking and insurance activities, fleet management and mobility services.

REPORTING STRUCTURE OF THE VOLKSWAGEN GROUP

Automotive Division

Passenger Cars Business Area

Core brand group
(Volkswagen Passenger Cars, Škoda, SEAT/CUPRA, Volkswagen Commercial Vehicles, Tech. Components)

Progressive brand group
(Audi, Lamborghini, Bentley, Ducati)

Sport Luxury brand group
(Porsche Automotive)

CARIAD

Battery

Other

Commercial Vehicles Business Area

TRATON Commercial Vehicles

Power Engineering Business Area

MAN Energy Solutions

Financial Services Division

Volkswagen Group Mobility

Others

KEY FIGURES BY BRAND GROUP AND BUSINESS FIELD

Thousand vehicles/€ million	VEHICLE SALES 2024	VEHICLE SALES 2023	SALES REVENUE 2024	SALES REVENUE 2023	OPERATING RESULT 2024	OPERATING RESULT 2023[1]
Core brand group	4,960	4,826	140,004	137,770	6,961	7,242
Progressive brand group	1,123	1,282	64,532	69,865	3,903	6,280
Sport Luxury brand group[2]	313	334	36,438	37,349	5,286	6,938
CARIAD	–	–	1,327	1,078	–2,431	–2,392
Battery	–	–	8	31	–1,053	–417
TRATON Commercial Vehicles	335	339	46,183	45,731	4,204	3,715
Equity-accounted companies in China[3]	2,742	3,065	–	–	–	–
MAN Energy Solutions	–	–	4,333	4,044	337	369
Volkswagen Group Mobility	–	–	54,806	50,765	3,000	3,248
Other[4]	–435	–484	–22,976	–24,350	–1,147	–2,456
Volkswagen Group	**9,037**	**9,362**	**324,656**	**322,284**	**19,060**	**22,528**

1 Prior-year figures adjusted.
2 Including Porsche Financial Services: sales revenue €40,083 (40,530) million, operating result €5,640 (7,284) million.
3 The sales revenue and operating result of the equity-accounted companies in China are not included in the consolidated figures; the share of the operating result generated by these companies amounted to €1,742 (2,621) million.
4 In the operating result, mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation, as well as companies not allocated to the brands.

KEY FIGURES FOR THE CORE BRAND GROUP

Thousand vehicles/€ million	VEHICLE SALES 2024	VEHICLE SALES 2023	SALES REVENUE 2024	SALES REVENUE 2023	OPERATING RESULT 2024	OPERATING RESULT 2023[1]
Volkswagen Passenger Cars	3,109	3,016	88,262	86,382	2,587	3,514
Škoda	1,090	1,056	27,787	26,536	2,305	1,773
SEAT/CUPRA	637	602	14,530	14,333	633	625
Volkswagen Commercial Vehicles	404	423	15,124	15,325	743	869
Tech. Components	–	–	20,645	21,282	703	583
Consolidation	–281	–270	–26,345	–26,088	–11	–121
Core brand group	**4,960**	**4,826**	**140,004**	**137,770**	**6,961**	**7,242**

1 Prior-year figures adjusted.

KEY FIGURES BY DIVISION

Thousand vehicles/€ million	VEHICLE SALES 2024	VEHICLE SALES 2023	SALES REVENUE 2024	SALES REVENUE 2023	OPERATING RESULT 2024	OPERATING RESULT 2023[1]
Passenger Cars Business Area	8,702	9,023	215,371	218,380	11,389	14,663
Commercial Vehicles Business Area	335	339	46,183	45,731	4,218	3,714
Power Engineering Business Area	–	–	4,333	4,044	335	366
Automotive Division[2]	9,037	9,362	265,887	268,156	15,941	18,742
Financial Services Division	–	–	58,769	54,128	3,119	3,786
Volkswagen Group	**9,037**	**9,362**	**324,656**	**322,284**	**19,060**	**22,528**

1 Prior-year figures adjusted.
2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

SALES REVENUE AND OPERATING RESULT BY BRAND GROUP AND BUSINESS FIELD

The Volkswagen Group generated sales revenue of €324.7 (322.3) billion in the period from January to December 2024. The operating result stood at €19.1 (22.5) billion.

The Core brand group sold 5.0 (4.8) million vehicles in fiscal year 2024. Sales revenue amounted to €140.0 (137.8) billion. The operating result fell to €7.0 (7.2) billion.

Unit sales for the Volkswagen Passenger Cars brand in the reporting year were 3.1 (3.0) million vehicles, which was above the previous year's figure. Demand rose for the Polo, Golf, ID.7 and Atlas. The new Passat, the new Tiguan and the ID.7 Tourer were successfully launched on the market. At €88.3 (86.4) billion, sales revenue was above the previous year. The operating result amounted to €2.6 (3.5) billion. This result was negatively affected by an increase in fixed costs as well as the cost of restructuring measures. Positive impacts came from volume and mix effects, optimized cost of materials and the reversal of personnel-related provisions as a result of the collective bargaining agreement.

Škoda sold a total of 1.1 (1.1) million vehicles in the reporting year. Its bestseller remained the Octavia; the Fabia, Kamiq, Karoq and Kodiaq model series also recorded growth. Demand for the all-electric Enyaq continued at a high level. Sales revenue amounted to €27.8 (26.5) billion. The operating result rose to €2.3 (1.8) billion, mainly due to positive volume, mix and exchange rate effects.

Amid a challenging environment, unit sales at SEAT/CUPRA increased to 637 thousand vehicles in the period from January to December 2024, 5.9% more than a year earlier. The figure includes the A1 manufactured for Audi. The new CUPRA Formentor and the SEAT Ibiza were particularly popular. The all-electric CUPRA Tavascan, the CUPRA Terramar and the new CUPRA Leon were successfully launched on the market. At €14.5 billion, sales revenue was up 1.4% year-on-year. The operating result increased by 1.3% year-on-year to €633 million due to volume effects.

In fiscal year 2024, unit sales of Volkswagen Commercial Vehicles declined to 404 (423) thousand units worldwide. The Multivan and Caddy models recorded growth. At €15.1 (15.3) billion, sales revenue was similar to the previous year. The operating result decreased to €743 (869) million, which in addition to volume effects was due in particular to expenses for restructuring measures.

In the period from January to December 2024, Tech. Components generated sales revenue of €20.6 (21.3) billion. At €703 (583) million, the operating result was higher than in the previous year, due, among other factors, to positive effects coming from material costs. Restructuring costs had a negative impact.

Unit sales at the Progressive brand group (Audi, Bentley, Lamborghini, Ducati) came to 1.1 (1.3) million vehicles globally in the reporting year. A further 595 (668) thousand Audi vehicles were sold by the Chinese joint ventures FAW-Volkswagen and SAIC VOLKSWAGEN. Ducati sold 57.4 (58.4) thousand motorbikes in the year under review. Sales revenue amounted to €64.5 (69.9) billion. The operating result fell to €3.9 (6.3) billion. The trend in the volume figures and financial performance indicators of the Progressive brand group is a reflection of the current challenging situation, especially the difficult economic environment, the intense competition, the current model initiative and the costs of restructuring the Brussels site.

The Sport Luxury brand group (Porsche Automotive) sold 313 (334) thousand vehicles globally in fiscal year 2024. The Cayenne was the best-selling series. Sales revenue decreased to €36.4 (37.3) billion and the operating result contracted to €5.3 (6.9) billion. This was mainly due to lower sales volumes attributable to the current model launches, along with higher material costs, the increased impact of development activities on profit or loss and the continuation of the digitalization strategy.

CARIAD pools the Volkswagen Group's software expertise. The business model comprises the development and operation of standardized software platforms for current and future vehicle models. Sales revenue rose to €1.3 (1.1) billion in the period from January to December 2024, mainly attributable to a rise in license fees thanks to higher volumes of vehicles fitted with CARIAD software. The operating result benefited from a year-on-year reduction in upfront expenditures for new software products and in fixed costs. Transformation costs incurred as a result of the strategic realignment of CARIAD had an offsetting effect. Overall, this led to an operating result of €–2.4 (–2.4) billion.

The Battery business field brings together the Group's global battery activities, which relate to the future manufacture of battery cells and other activities along the battery value chain. The operating result in the Battery business field in the reporting year amounted to €–1.1 (–0.4) billion. This was primarily due to the effect of fixed costs incurred during the establishment of the business field.

At 335 (339) thousand vehicles, the number of vehicles sold by TRATON Commercial Vehicles (Scania, MAN, International (formerly Navistar), Volkswagen Truck & Bus) was on a par with the prior-year figure. Nevertheless, sales revenue was up by 1.0% to €46.2 billion. The operating result improved to €4.2 (3.7) billion. The increase is mainly attributable to a favorable market and product mix and strong price positioning.

MAN Energy Solutions generated sales revenue of €4.3 (4.0) billion in the period from January to December 2024. The operating result amounted to €337 (369) million. In particular, expenses in connection with the discontinuation of the new-build business with MGT gas turbines had a negative impact.

The number of new financing, leasing, service and insurance contracts signed with Volkswagen Group Mobility (formerly Volkswagen Financial Services) in the reporting year stood at 10.3 million. Since January 1, 2024, other types of insurance contracts have also been taken into account; the number of contracts as of December 31, 2023 has been adjusted. With credit eligibility criteria remaining unchanged, the penetration rate, expressed as the ratio of leased or financed vehicles to relevant Group delivery volumes, stood at 34.1 (32.6)%. At 26.7 (25.8) million, the total number of contracts at the end of December 2024 was higher than the figure for December 31, 2023. The number of contracts in the customer financing/leasing area amounted to 10.2 (10.2) million, and in the service/insurance area to 16.5 (15.6) million. On December 31, 2024, Volkswagen Bank managed 1.9 (1.8) million deposit accounts. The operating result contracted to €3.0 (3.2) billion. The decline was mainly the result of higher risk costs as well as foreign exchange losses realized in connection with the deconsolidation of Volkswagen Bank Rus.

UNIT SALES AND SALES REVENUE BY MARKET

In the Europe/Other Markets region, the Volkswagen Group's unit sales for the 2024 fiscal year totaled 4.2 (4.2) million vehicles, which was similar to the previous year. Sales revenue rose to €194.1 (187.9) billion, mainly due to higher sales revenue in the Financial Services Division.

In the North American markets, the Volkswagen Group sold 1.1 (1.1) million vehicles in the reporting year. Sales revenue amounted to €67.7 (67.9) billion.

Unit sales in South America rose year-on-year to 606 (513) thousand vehicles in the period from January to December 2024. As a result, sales revenue improved to €19.0 (17.1) billion.

In the Asia-Pacific region, the unit sales of the Volkswagen Group – including those of the equity-accounted companies in China – decreased by 12.6% to 3.1 million vehicles in the reporting year. Sales revenue amounted to €44.1 (50.1) billion. This figure does not include sales revenue from our equity-accounted companies in China.

Hedging transactions relating to the Volkswagen Group's sales revenue in foreign currency made a negative contribution of €–0.2 (–0.8) billion in 2024.

KEY FIGURES BY MARKET

	VEHICLE SALES		SALES REVENUE	
Thousand vehicles/€ million	2024	2023	2024	2023
Europe/Other Markets	4,204	4,169	194,145	187,949
North America	1,080	1,078	67,712	67,908
South America	606	513	18,962	17,139
Asia-Pacific[1]	3,147	3,603	44,057	50,109
Hedges on sales revenue	–	–	–219	–821
Volkswagen Group[1]	**9,037**	**9,362**	**324,656**	**322,284**

1 The sales revenue of the joint venture companies in China is not included in the figures for the Group and the Asia-Pacific market.

3

Corporate Governance

Group Corporate Governance Declaration

The following chapter contains the content of the Group Corporate Governance Declaration required by sections 289f and 315d of the HGB and the recommendations and principles of the German Corporate Governance Code.

THE GERMAN CORPORATE GOVERNANCE CODE – A BLUEPRINT FOR SUCCESSFUL CORPORATE GOVERNANCE

Corporate governance provides the regulatory framework for corporate management and supervision. This includes a company's organization and values, and the principles and guidelines for its business policy. The German Corporate Governance Code (the Code) contains principles, recommendations and suggestions for corporate management and supervision. Its principles, recommendations and suggestions were prepared by a dedicated government commission on the basis of the material provisions and nationally and internationally accepted standards of sound, responsible corporate governance. In the interests of best practice, the government commission regularly reviews the Code's relevance in light of current developments, and updates it as necessary. The Board of Management and the Supervisory Board of Volkswagen AG base their work on the principles, recommendations and suggestions of the Code. We consider good corporate governance to be a key prerequisite for achieving a lasting increase in the Company's value. It helps strengthen the trust of our shareholders, customers, employees, business partners and investors in our work and enables us to meet the steadily increasing demand for information from national and international interest groups.

DECLARATION OF CONFORMITY

(valid as of the date of the declaration)

The Board of Management and the Supervisory Board of Volkswagen AG issued the annual declaration of conformity with the Code as required by section 161 of the *Aktiengesetz* (AktG – German Stock Corporation Act) on November 15, 2024 with the following wording:
"The Board of Management and the Supervisory Board declare the following:
The recommendations of the Government Commission of the German Corporate Governance Code in the version dated 28 April 2022 (the Code) that was published by the German Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*) on 27 June 2022 were complied with in the period from the last Declaration of Conformity dated 17 November 2023 and will continue to be complied with, with the exception of the recommendations listed below for the reasons and the periods stated there.

> a) Recommendation B.3 (Duration of first-time appointments to the Management Board)
  As it has done in the past, the Supervisory Board will determine the duration of first-time appointments to the Board of Management as it deems fit for each individual case and for the good of the Company.

- b) Recommendation B.5 (Age limit for members of the Board of Management)
  Pursuant to Recommendation B.5, an age limit is to be specified for members of the Board of Management and disclosed in the Corporate Governance Declaration. This has been complied with. In September 2023, the Supervisory Board re-appointed Dr Manfred Döss and in so doing exceeded the stipulated age limit by way of exception. The Supervisory Board considered this exception to be in the interest of the Company in order to ensure that the topics in Dr Döss's area of responsibility (Integrity and Legal Affairs) are implemented as effectively and efficiently as possible within the scope of the transformation of the VOLKSWAGEN Group. The Supervisory Board otherwise adheres to the age limit specified for members of the Board of Management. It cannot, however, be ruled out that legal commentators would regard a company as having deviated from Recommendation B.5 even if it had exceeded a specific applicable age limit only once while the age limit as such remained in force. As a precautionary measure, a deviation is therefore being declared.
- c) Recommendation C.2 (Age limit for members of the Supervisory Board)
  In line with Recommendation C.2, the Supervisory Board has stipulated an age limit for its members. According to this provision, proposals for appointments to the Supervisory Board should normally only be made for persons who have not reached the age of 75 on the date of the election. On the date of the 2024 Annual General Meeting, Dr Piëch was 82 years old and at the time of his previous appointment he was 77 years old. Despite this, the Supervisory Board resolved on 1 March 2024 to re-appoint Dr Piëch to the Supervisory Board. Dr Piëch is one of the largest individual indirect shareholders of Volkswagen Aktiengesellschaft and has extensive experience and expertise in the company's business areas, thanks in part to his many years of service for VOLKSWAGEN AG and for numerous other Volkswagen Group companies. The Supervisory Board is confident that he will continue to apply this in the interest of the Company. The Supervisory Board generally adheres to the age limit specified for members of the Supervisory Board. It cannot, however, be ruled out that legal commentators would regard a company as having deviated from Recommendation C.2 if the Supervisory Board were to propose in several cases in close succession that the General Meeting appoint persons who were older than the stipulated age limit. Therefore, a deviation from Recommendation C.2 was declared as of 1 March 2024 as a precautionary measure.
- d) Recommendation C.5 (mandate ceiling regarding Board of Management mandate)
  The Chair of the Supervisory Board is on the supervisory boards of three listed companies of the VOLKSWAGEN Group, namely VOLKSWAGEN AG (as Chair), Dr. Ing. h.c. F. Porsche AG and TRATON SE (as Chair), as well as being on the Supervisory Board of Bertelsmann SE & Co. KGaA. He is also Chair of the Board of Management of Porsche Automobil Holding SE. Porsche Automobil Holding SE is not part of the same group as VOLKSWAGEN AG, Dr. Ing. h.c. F. Porsche AG and TRATON SE within the meaning of German stock corporation law. We are, however, confident that the Chair of the Supervisory Board of VOLKSWAGEN AG has sufficient time at his disposal to fulfil the duties related to his mandates.
- e) Recommendation C. 13 (Disclosure regarding election proposals)
  Under this recommendation, certain circumstances shall be disclosed when the Supervisory Board makes election proposals to the General Meeting, but the requirements are vague and the definitions unclear. Purely as a precautionary measure, we therefore declare a deviation in this respect. Notwithstanding this, the Supervisory Board will make every effort to satisfy the requirements of the recommendation.
- f) Recommendation G.6 (Predominance of long-term variable remuneration)
  On 20 July 2022, Dr Ing. h.c. F. Porsche AG (Porsche AG) agreed upon a so-called IPO bonus with Dr Oliver Blume in the event of the successful IPO of Porsche AG. Since a successful IPO is also in the interest of VOLKSWAGEN AG, we are, as a precaution, treating the IPO bonus agreed upon with Porsche AG as part of Dr Blume's remuneration at VOLKSWAGEN AG (third-party remuneration arrangement). The Supervisory Board of VOLKSWAGEN AG approved the third-party remuneration arrangement for Dr Blume. The IPO bonus was awarded in the form of virtual shares. These virtual shares are converted into monetary sums in three tranches over periods of one, two, and three years depending on the development of the share price of Porsche AG shares during the relevant time period, and these monetary sums are then paid out to Dr Blume. As a precaution, the Supervisory Board assumes that the first two tranches of the IPO bonus, with terms of one and two years, will be allocated

to the short-term variable remuneration of Dr Blume, whilst the last tranche of the IPO bonus, with a term of three years, will be allocated to his long-term variable remuneration. This means that the overall target for the short-term variable remuneration approved for Dr Blume for fiscal year 2022 exceeded the target for the long-term variable remuneration. In the current fiscal year 2024, the IPO bonus granted in fiscal year 2022 has still not been fully settled. As a precautionary measure, we are therefore continuing to declare a deviation from Recommendation G.6 in this respect. Nevertheless, the Board of Management remuneration for Dr Blume on the whole continues to be oriented towards the Company's sustainable and long-term development. The Supervisory Board deems the payment of the IPO bonus to be a purposeful and appropriate incentive for Dr Blume, which is not limited solely to work carried out in preparation for the IPO but which also takes into account how sustained the success of the IPO is.

> g) Recommendation G.7 (Determining performance criteria for the variable remuneration components before the start of the fiscal year)
According to Recommendation G.7 of the Code, the Supervisory Board shall, "referring to the forthcoming financial year, establish the performance criteria for each Management Board member covering all variable remuneration components". It is the general consensus that the Supervisory Board should therefore determine the performance criteria before the start of the fiscal year. Only the targets may be determined at the start of the fiscal year. In April 2024 and thus after the start of fiscal year 2024, one of the performance criteria (sentiment rating) that are used in the remuneration system to determine the annual bonus related to the ESG factor in the subtarget Social was suspended when the method for determining employee satisfaction was changed. As such, a decision was not made before the start of the 2024 fiscal year as to which performance criteria would apply for the variable remuneration and thus for the incentives of Management Board members. In this context, a deviation from Recommendation G.7 of the Code was declared as of 10 April 2024 as a precautionary measure. This deviation is limited to the case described. For the forthcoming 2025 fiscal year, the Supervisory Board has already determined that the Diversity Index performance criteria will be given a 100% weighting in the sub-target Social. Thus, Recommendation G. 7 of the Code will be complied with again in future.

> h) Recommendation G.8 (Subsequent changes to the targets or comparison parameters shall be excluded in the case of variable remuneration components)
According to Recommendation G.8 of the Code, "Subsequent changes to the target values or comparison parameters shall be excluded". On the basis of the remuneration system in place at the time, the Supervisory Board had still used the sentiment rating as a basis for the targets for the current 2024 fiscal year and set specific target values for this. When implementing the adapted remuneration system, the sentiment rating was suspended for the current fiscal year 2024 and as a result, a target or comparison parameter was subsequently changed. As such, a formal deviation from Recommendation G.8 of the Code has been in existence since 10 April 2024. This deviation is limited to the case described. For the forthcoming fiscal year 2025, the Supervisory Board will set specific targets for the Diversity Index performance criterion in the sub-target Social and does not intend to make subsequent modifications to targets. Thus Recommendation G.8 of the Code will be complied with again in future.

> i) Recommendation G.10 sentence 2 (four-year commitment period)
Dr Blume can access the third tranche of the IPO bonus described above under f) as part of the long-term variable remuneration after three years; he does not have to wait for four years.

> j) Recommendation G.13 sentence 1 (severance cap)
At the end of July 2022, the Supervisory Board of VOLKSWAGEN AG resolved by mutual agreement with Dr Diess to terminate his appointment as member and as Chair of the Board of Management with effect from the close of August 31, 2022. According to the agreement reached with Dr Diess, his contract shall continue to run until the end of its regular term, i.e. until the close of October 24, 2025, even following the premature termination of his appointment, provided that Dr Diess does not resign at an earlier date. Dr Diess shall accordingly not receive a severance payment but shall potentially receive his contractual remuneration for a period of more than two years following his departure from the Board of Management. It is not clear to us whether this recommendation refers only to severance payments or also to payments to a retired member of the Board of Man-

agement due to a continuing contract of service. As a precautionary measure, we are therefore continuing to declare a deviation from Recommendation G. 13 sentence 1 in this respect."

The current declaration of conformity and previous declarations of conformity are also published on our website shown hereafter.

The suggestions of the Code are complied with.

Our listed subsidiaries Dr. Ing. h.c. F. Porsche AG and TRATON SE also issued a declaration of conformity with the German Corporate Governance Code. These can be accessed at the websites shown below.

DECLARATION OF CONFORMITY OF VOLKSWAGEN AG
www.volkswagen-group.com/declaration

DECLARATION OF CONFORMITY BY DR. ING. H.C. F. PORSCHE AG
https://investorrelations.porsche.com/en/corporate-governance/

DECLARATION OF CONFORMITY OF TRATON SE
https://ir.traton.com/websites/traton/English/5000/corporate-governance.html

BOARD OF MANAGEMENT

The Volkswagen AG Board of Management has sole responsibility for managing the Company in the Company's best interests, in accordance with the Articles of Association and the rules of procedure for the Board of Management issued by the Supervisory Board.

Accordingly, responsibilities in the Board of Management are currently divided among ten Board functions. In addition to the "Chair of the Board of Management" function, the other Board functions are "Technology", "Finance and Operations", "Human Resources and Trucks brand group", "Integrity and Legal Affairs", "Progressive brand group", "Sport Luxury brand group", "China", "IT" and "Core brand group". The Chair of the Board of Management is also responsible for the "Sport Luxury brand group" Board function.

Directly attached to the Board are a number of Group Management functions that act as an extension to the Board functions. These comprise the "Group Sales", "Group Production", "Group Procurement" and "Group Research and Development" functions.

Further information on the composition of the Board of Management can be found in the "Members of the Board of Management" section.

Working procedures of the Board of Management

In accordance with Article 6 of the Articles of Association, Volkswagen AG's Board of Management consists of at least three people, with the precise number determined by the Supervisory Board. As of December 31, 2024, there were nine members of the Board of Management.

The Board of Management generally meets weekly. Its rules of procedure require it to meet at least twice a month. Meetings of the Board of Management are convened by the Chair of the Board of Management. The Chair is required to convene a meeting if requested by any member of the Board of Management. The Chair of the Board of Management chairs the Board of Management meetings. The full Board of Management decides on all matters unless they have been assigned to a single member of the Board of Management by the rules of procedure for the Board of Management or by a resolution of the Board of Management, on matters assigned to the full Board of Management by law or by the Articles of Association, and on matters of general or fundamental importance in accordance with the rules of procedure for the Board of Management. The Board of Management takes decisions after prior debate or – if no other Board of Management member objects – using the written circulation procedure. Resolutions of the Board of Management are adopted by a majority vote. In the event of a tie, the Chair of the Board of Management casts the deciding vote. The Board of Management is quorate if at least half of the members of the Board of Management participate in passing the resolution. Absent members of the Board of Management may participate in passing the resolution orally, in writing or via customary communications media (e.g., by e-mail). Details of the responsibilities of the full Board of Management and of meetings and resolutions of the Board of

Management are governed by the rules of procedure for the Board of Management issued by the Supervisory Board and published on Volkswagen AG's website at www.volkswagen-group.com/en/corporate-governance.

Each Board of Management member manages their area of responsibility independently, without prejudice to the collective responsibility of the Board of Management. All Board of Management members must inform each other of events within their remit.

All members of the Board of Management must immediately disclose conflicts of interest to the Chairman of the Supervisory Board and the Chair of the Board of Management and inform the other members of the Board of Management accordingly.

The Volkswagen Group companies are managed solely by their respective managements. The management of each individual company takes into account not only the interests of its own company but also the interests of the Group, the relevant brand group and the individual brands in accordance with the framework laid down by law.

Board of Management committees

Board of Management committees exist at Group level for the following areas: products, technologies, investments, digital transformation, integrity and compliance, risk management and management issues. In addition to the responsible Board of Management members, the committees include representatives of the departments relevant to the committee area, and of the brands, brand groups and companies involved.

Cooperation with the Supervisory Board

The Supervisory Board of Volkswagen AG monitors and advises the Board of Management with regard to the management of the Company. Through the requirement for the Supervisory Board to provide consent, it is directly involved, especially in decisions of fundamental importance to the Company. Supervision and advice by the Supervisory Board also cover sustainability topics. In addition, the Supervisory Board and the Board of Management regularly discuss factors affecting the strategic orientation of the Volkswagen Group, including the sustainability strategy. The two bodies jointly assess, at regular intervals, the progress made in implementing the corporate strategy. As part of the statutory reporting obligations and those defined by the Supervisory Board, the Board of Management reports to the Supervisory Board regularly, promptly and comprehensively in both written and oral form on all issues of relevance for the Company particularly with regard to strategy, planning, the development of the business, the risk situation, risk management and compliance.

The Chair of the Board of Management is responsible for dealings with the Supervisory Board. The Chair is in regular contact with the Chair of the Supervisory Board and reports to him on all matters of particular significance without delay.

The Supervisory Board has set out the Board of Management's obligations to provide detailed information and reports in a comprehensive information policy; the information policy has been published as Annex II to the rules of procedure for the Board of Management on Volkswagen AG's website at www.volkswagen-group.com/en/corporate-governance. The Board of Management must report conscientiously and faithfully to the Supervisory Board or its committees. With the exception of the immediate reports from the Chair of the Board of Management to the Chair of the Supervisory Board on matters of particular importance, the Board of Management is required to report to the Supervisory Board in writing as a rule.

The documents required for decision-making purposes must be provided to the Supervisory Board members in good time in advance of the meeting. Further statements about the information provided to the Supervisory Board by the Board of Management can be found in the Report of the Supervisory Board.

Related party transactions

The Audit Committee agreed on a suitable procedure with the Board of Management for ongoing monitoring of the Volkswagen Group's related party transactions. As part of this procedure, the Board of Management ensures that related party transactions are generally at arm's length using the best-price principle. In addition, all transactions with the individual related parties are analyzed to determine whether they exceed the threshold of 1.5% of the Volkswagen Group's total fixed and current assets, above which obligations under the rules on related party transactions apply (RPT threshold). Furthermore, Procurement reports all transactions in which the volume of the contract exceeds the amount of €1 billion; in such cases, it is then checked separately whether the contractual partner is a related party within the meaning of the rules on related party transactions.

The Audit Committee continuously monitors the actions of the Board of Management. To this end, the Audit Committee regularly engages the auditor, most recently for fiscal year 2024, to conduct spot checks of the related parties with whom Volkswagen AG or other Volkswagen Group companies conduct transactions with a total financial value in the fiscal year exceeding the RPT threshold. If and to the extent that the economic value of the related party transactions exceeds the RPT threshold, these transactions are also checked to establish whether they were conducted at arm's length in accordance with proper business practice.

If a transaction between Volkswagen AG and a related party exceeds the RPT threshold, the Supervisory Board's approval is generally required except where exceptional circumstances exist in accordance with section 111a(2) or (3) of the AktG. Insofar as the Supervisory Board's approval is required, the Supervisory Board of Volkswagen AG generally decides as a full Board. There are no plans to form a committee that decides on the approval of related party transactions; however, the Supervisory Board reserves the right to establish such a committee if required in individual cases in accordance with the provisions of the German Stock Corporation Act. Supervisory Board members who are involved in the transaction as related parties or whose relationship with the related party leads to concerns of a conflict of interest do not participate in decisions on the approval of related party transactions.

The rules of procedure for the Board of Management of Volkswagen AG stipulate that transactions between Volkswagen AG and a related party that is also a direct or indirect shareholder of Volkswagen AG and holds at least 5% of the share capital are generally subject to the approval of the Supervisory Board even if the RPT threshold is not exceeded. The Executive Committee decides on such approval.

Diversity concept and succession planning for the Board of Management

The Supervisory Board has laid down the following diversity concept for the composition of the Board of Management (section 289f(2) no. 6 HGB):

The Supervisory Board must also take diversity into account when considering who would be the best persons to appoint to the Board of Management as a body. The Supervisory Board understands diversity, as an assessment criterion, to mean in particular different yet complementary specialist profiles and professional and general experience, also in the international domain, with both genders being appropriately represented. The Supervisory Board will also take the following aspects into account in this regard, in particular:

> Members of the Board of Management should have many years of management experience.
> Members of the Board of Management should, if possible, have experience based on different training and professional backgrounds.
> The Board of Management as a whole should have technical expertise, especially knowledge of and experience in the manufacture and sale of vehicles and engines of any kind as well as other technical products, and experience in the international domain.
> The Board of Management as a whole should have many years of experience in research and development, production, sales, finance and human resources management, as well as law and compliance.
> Efforts are made to achieve a higher proportion of women than the statutory minimum.
> The Board of Management should also have a sufficient mix of ages.

The aim of the diversity concept is for the Board of Management members to embody a range of expertise, experience, perspectives, gender and age. This diversity promotes a good understanding of Volkswagen AG's organizational and business affairs. In particular, it enables the members of the Board of Management to be open to new ideas by avoiding groupthink. It will thus contribute to the successful management of the Company.

When deciding who should be appointed to a specific Board of Management position, the Supervisory Board takes into account the interests of the Company and all the circumstances of the specific case. In taking this decision and in long-term succession planning, the Supervisory Board orients itself around the diversity concept. The Supervisory Board is of the view that the diversity concept is essentially reflected by the current composition of the Board of Management. The members of the Board of Management have many years of professional experience, particularly in an international context, and cover a broad spectrum of educational and professional backgrounds. The Board of Management as a whole has excellent technical expertise and many years of collective experience in research and development, production, sales, finance and human resources management, as well as law and compliance. In addition, the Board of Management has a sufficient mix of ages that corresponds to the requirements set by the Supervisory Board in the diversity concept. The gender balance meets the legal requirements (see also section "Disclosures required by the *Führungspositionen-Gesetz*" (FüPoG – Act on Equal Participation of Women and Men in Leadership positions)). The aforementioned requirements for the Board of Management's composition ensure that it has relevant experience in the sectors, products and geographical locations of the Volkswagen Group.

Long-term succession planning within the meaning of Recommendation B.2 of the Code is achieved through regular discussions between the Chair of the Board of Management and the Chair of the Supervisory Board as well as regular discussions in the Executive Committee. The contract terms for existing Board of Management members are discussed, along with potential extensions and potential successors. In particular, the discussions look at what knowledge, experience and professional and personal competencies should be represented on the Board of Management with regard to the corporate strategy and current challenges, and to what extent the current composition of the Board of Management already reflects this. Long-term succession planning is based on the corporate strategy and corporate culture and takes into account the diversity concept determined by the Supervisory Board. In the rules of procedure for the Supervisory Board, the Supervisory Board specified the following age limit for members of the Board of Management in accordance with Recommendation B.5 of the Code: as a rule, members of the Board of Management should be appointed for a term of office ending no later than their 65th birthday. Board of Management members may be appointed to serve beyond their 65th birthday until no later than their 68th birthday, provided this is agreed by a two-thirds majority of the Supervisory Board.

SUPERVISORY BOARD

The Volkswagen AG Supervisory Board performs its role through its members working together. It advises and monitors the Board of Management with regard to the management of the Company and, through the requirement for the Supervisory Board to provide consent, is directly involved in certain decisions of fundamental importance to the Company.

Information on the composition of the Supervisory Board and the Supervisory Board committees and their chairs as well as on the terms of office of the individual Supervisory Board members can be found in the "Members of the Supervisory Board and Composition of the Committees" section. Further information on the work of the Supervisory Board can be found in the Report of the Supervisory Board.

Overview

The Supervisory Board of Volkswagen AG consists of 20 members, half of whom are shareholder representatives. In accordance with Article 11(1) of the Articles of Association of Volkswagen AG, the State of Lower Saxony is entitled to appoint two of these shareholder representatives for as long as it directly or indirectly holds at least 15% of the Company's ordinary shares. The remaining shareholder representatives on the Supervisory Board are elected by the general meeting.

The other half of the Supervisory Board consists of employee representatives. These are elected by the employees in accordance with the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act). A total of seven of these employee representatives are employees elected by the workforce. The other three employee representatives are trade union representatives elected by the workforce.

The Chair of the Supervisory Board is generally a shareholder representative, and the Deputy Chair is generally an employee representative. Both are elected by the other members of the Supervisory Board.

The business of the Supervisory Board is managed by a dedicated office of the Supervisory Board Chair. The Chair of the Supervisory Board ensures the independence of the office of the Supervisory Board Chair and its staff and exercises the right to appoint and supervise staff in consultation with the responsible Board of Management members.

The Supervisory Board appoints the Board of Management members and, on the basis of the Executive Committee's recommendations, decides on a clear and comprehensible system of remuneration for the Board of Management members. It presents this system to the general meeting for approval every time there is a material change, but at least once every four years.

Each member of the Supervisory Board of Volkswagen AG is obliged to act in the Company's best interests. Supervisory Board members are not permitted to delegate their responsibilities to others.

In accordance with the rules of procedure for the Supervisory Board, each Supervisory Board member is obliged to disclose any conflicts of interest to the Chair of the Supervisory Board without delay. In its report to the general meeting, the Supervisory Board informs the general meeting of any conflicts of interest that have arisen and how these were dealt with. Material and not merely temporary conflicts of interest on the part of a Supervisory Board member should result in a termination of the member's mandate.

The rules of procedure for the Supervisory Board stipulate that Supervisory Board members should not hold board or advisory positions at major competitors of Volkswagen AG or major competitors of a company dependent on Volkswagen AG and should not be in a personal relationship involving a major competitor.

Members of the Supervisory Board receive appropriate support from the Company upon induction as well as with respect to education and training. Education and training measures are outlined in the "Report of the Supervisory Board".

Working procedures of the Supervisory Board

As a rule, the Supervisory Board adopts its resolutions in meetings of all its members. It must hold at least two meetings in both the first and second halves of the calendar year. The precise number of meetings and the main topics discussed are outlined in the "Report of the Supervisory Board".

The Chair of the Supervisory Board coordinates the work within the Supervisory Board. He represents the interests of the Supervisory Board externally and represents the Company to the Board of Management on behalf of the whole Supervisory Board. Within reason, the Chair of the Supervisory Board discusses Supervisory Board-specific topics with investors and, in consultation with the Board of Management, may also discuss non-Supervisory Board-specific topics. More information on these discussions with investors is provided in the "Report of the Supervisory Board".

To underline the importance of environmental sustainability, social responsibility and good corporate governance, the Supervisory Board has appointed an ESG (environmental, social and governance) officer. This role is currently performed by Mr. Hans Dieter Pötsch.

The Supervisory Board meets regularly also without the Board of Management. Each Supervisory Board meeting generally ends in a debate. Board of Management members are not present during this part of the meeting. The Chair of the Supervisory Board convenes and chairs the Supervisory Board meetings. If the Chair is unable to do so, the Deputy Chair performs these tasks.

The Supervisory Board and its committees may decide to call upon experts and other appropriate individuals to advise on individual matters and also on ESG issues as needed. If the auditor is called to a meeting of the Supervisory Board or one of its committees as an expert, members of the Board of Management do not attend such a meeting if the Supervisory Board or the committee does not deem their attendance necessary.

The Supervisory Board is only quorate if at least ten members participate in passing the resolution. The Chair of the Supervisory Board or of the relevant committee decides the form of the meeting and the voting procedure for the Supervisory Board and its committees. Should the Chair so decide in individual cases, meetings may also be held using telecommunications technology, or members may participate in meetings using this technology. The Chair may also decide that members can participate in the Supervisory Board's or its committees' decision-making in writing, by telephone or in another similar form. Supervisory Board resolutions require a majority of votes cast, unless legislative provisions or the Articles of Association stipulate otherwise. Resolutions on consent to establishing or relocating production sites require a two-thirds majority of the Supervisory Board members. If a vote results in a tie on this item, the vote is repeated. If this vote is also tied, the Chair of the Supervisory Board casts two votes. Minutes must be taken of each meeting of the Supervisory Board and its committees. Minutes of a meeting must record the time and location of the meeting, the participants, the items on the agenda, the material content of the discussions and the resolutions adopted.

Further details on tasks, meetings, resolutions and working procedures of the Supervisory Board are governed by the rules of procedure for the Supervisory Board issued by the Supervisory Board and published on Volkswagen AG's website at www.volkswagen-group.com/en/corporate-governance.

Supervisory Board committees

In order to discharge the duties entrusted to it, the Supervisory Board has established four committees: the Executive Committee, the Nomination Committee, the Mediation Committee established in accordance with section 27(3) of the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act) and the Audit Committee. The Executive Committee is currently comprised of four shareholder representatives and four employee representatives. The shareholder representatives on the Executive Committee make up the Nomination Committee. The Mediation Committee is comprised of two shareholder representatives and two employee representatives, and the Audit Committee is comprised of three shareholder representatives and three employee representatives.

Which tasks the Supervisory Board has generally transferred to the respective committees is described below. This does not rule out that the Supervisory Board will not transfer other tasks to committees in individual cases, where legally admissible.

At its meetings, the Executive Committee meticulously prepares the resolutions of the Supervisory Board, discusses the composition of the Board of Management and takes decisions on matters such as contractual issues concerning the Board of Management other than remuneration and consent to ancillary activities by members of the Board of Management. The Executive Committee also exercises the function of a "Remuneration Committee", preparing the Supervisory Board's decisions on questions about Board of Management remuneration. The Executive Committee supports and advises the Chair of the Supervisory Board. It works with the Chair of the Board of Management to ensure long-term succession planning for the Board of Management.

The Nomination Committee proposes suitable candidates for the Supervisory Board to recommend to the general meeting for election. Before presenting such proposals, it ensures that the candidates can commit the expected time to their role and identifies the personal and business relationships of the candidates to Volkswagen AG and its Group companies, to Volkswagen AG's corporate bodies and to shareholders who directly or indirectly hold more than 10% of the voting shares in Volkswagen AG. In its proposals to the Supervisory Board, the Nomination Committee also takes into account the requirement for the Supervisory Board to adhere, in its proposals to the general meeting, to the specific targets it has set for the composition of the Supervisory Board and to the profile of skills and expertise it has decided on for the Board as a whole; in so doing, the Nomination Committee also particularly makes sure that there are no gaps in the Board's skills and expertise as a whole (Skill Gaps Assessment). The Nomination Committee furthermore takes into account the diversity concept for the composition of the Supervisory Board.

The Mediation Committee has the task of submitting proposals to the Supervisory Board for an appointment or revocation of appointment of Board of Management members if there is no majority for the relevant measure on the Supervisory Board in the first vote. The majority involves at least two-thirds of all Supervisory Board members.

Among other things, the Audit Committee discusses the auditing of the financial reporting, including the annual and consolidated financial statements, the combined management report and the combined non-financial statement of the Volkswagen Group and Volkswagen AG. In addition, the Audit Committee concerns itself with supervising the financial reporting process, supervising the sustainability reporting process, the audit of the financial statements, in particular the selection and independence of the auditor, the quality of the audit, and any additional services provided by the auditor. Moreover, the Audit Committee concerns itself with compliance, the appropriateness and effectiveness of the risk management system and internal control system, including the compliance management system and the internal audit system; it also concerns itself with internal processes within the meaning of section 111a (2) of the AktG for regularly assessing whether related party transactions were conducted in the ordinary course of business and at arm's length. In addition, the Audit Committee particularly concerns itself with the Volkswagen Group's quarterly financial reports and half-yearly financial report.

Further details on tasks, meetings, resolutions and working procedures of the Supervisory Board committees are governed by the rules of procedure issued by the Supervisory Board for the respective Supervisory Board committees and published on Volkswagen AG's website at www.volkswagen-group.com/en/corporate-governance.

Objectives for the composition of the Supervisory Board, profile of skills and expertise and diversity concept

In view of the Company's specific situation, its purpose, its size and the extent of its international activities, the Supervisory Board of Volkswagen AG strives to achieve a composition that takes the Company's ownership structure and the following aspects into account:

- At least three members of the Supervisory Board should be persons who embody the criterion of internationality to a particularly high degree.
- In addition, at least four of the shareholder representatives should be persons who, in line with the criteria of Recommendations C.7 to C.9 of the Code, are independent within the meaning of Recommendation C.6 of the Code.
- At least three of the seats on the Supervisory Board should be held by people who make a special contribution to the diversity of the Board.
- Proposals for election should not normally include persons who have reached the age of 75 on the date of the election.

The Supervisory Board is of the view that the above criteria have been met. Numerous members of the Supervisory Board embody the criterion of internationality to a particularly high degree; various nationalities are represented on the Supervisory Board and numerous members have international professional experience. Several members of the Supervisory Board contribute to the Board's diversity to a particularly high degree, especially Ms. Hessa Sultan Al Jaber, Ms. Daniela Cavallo, Ms. Julia Willie Hamburg, Ms. Marianne Heiß, Mr. Mansoor Ebrahim Al-Mahmoud and Mr. Matías Carnero Sojo. The Supervisory Board comprises members of various generations. Independent Supervisory Board members within the meaning of Recommendation C.6 of the Code currently comprise at least the following: Ms. Hessa Sultan Al Jaber, Ms. Julia Willie Hamburg, Ms. Marianne Heiß, Mr. Mansoor Ebrahim Al-Mahmoud and Mr. Stephan Weil.

With regard to the shareholder representatives' independence from the Company and its Board of Management, the shareholder representatives have come to the following assessment in accordance with C.7, 8 of the Code:

Supervisory Board members Mr. Hans Michel Piëch, Mr. Ferdinand Oliver Porsche, Mr. Wolfgang Porsche and Mr. Stephan Weil have been members of the Supervisory Board for more than 12 years and therefore fulfill one of the indicators regarding a lack of independence from the Company and its Board of Management as set out in C.7 of the Code. However, considering all the circumstances of the case in hand, the shareholder representatives are of the opinion that the aforementioned Supervisory Board members are nevertheless independent from the Company and its Board of Management. This opinion is based in particular on the following reasons:

- Mr. Hans Michel Piëch, Mr. Ferdinand Oliver Porsche and Mr. Wolfgang Porsche, together with other family shareholders, are indirectly controlling shareholders of Porsche Automobil Holding SE, which is the largest single shareholder of Volkswagen AG. The management by the Board of Management of Volkswagen AG therefore economically affects the personal assets of Mr. Hans Michel Piëch, Mr. Ferdinand Oliver Porsche and Mr. Wolfgang Porsche.
- Mr. Stephan Weil was appointed to the Supervisory Board of Volkswagen AG by the State of Lower Saxony by virtue of his office as Minister President. The State of Lower Saxony can revoke the appointment at any time. The State of Lower Saxony holds approximately 11.8% of the capital of Volkswagen AG, in part indirectly. The

management by the Board of Management of Volkswagen AG therefore economically affects assets of the State of Lower Saxony.

- The composition of the Board of Management has changed fundamentally several times during the tenure of Mr. Hans Michel Piëch, Mr. Ferdinand Oliver Porsche, Mr. Wolfgang Porsche and Mr. Stephan Weil. The incumbent Board of Management members have been in office for a maximum of just under seven years. There are therefore no indications that Mr. Hans Michel Piëch, Mr. Ferdinand Oliver Porsche, Mr. Wolfgang Porsche and Mr. Stephan Weil would stop behaving in an impartial manner towards incumbent members of the Board of Management as a result of a long period of collaboration. There is also no other evidence of "tunnel vision" on the part of Mr. Hans Michel Piëch, Mr. Ferdinand Oliver Porsche, Mr. Wolfgang Porsche and Mr. Stephan Weil.
- Mr. Hans Michel Piëch, Mr. Ferdinand Oliver Porsche and Mr. Wolfgang Porsche are not financially dependent on their remuneration as members of the Supervisory Board. Nor is Mr. Stephan Weil financially dependent on his remuneration as a member of the Supervisory Board; moreover, he is required by the Lower Saxony Ministerial Act to pay most of this remuneration to the state of Lower Saxony.

Aside from their Supervisory Board appointments, Mr. Hans Michel Piëch, Mr. Ferdinand Oliver Porsche, Mr. Wolfgang Porsche and Mr. Stephan Weil have no personal relationship with the Company or the Board of Management that could give rise to a material and not merely temporary conflict of interest. The Supervisory Board work of Mr. Hans Michel Piëch, Mr. Ferdinand Oliver Porsche, Mr. Wolfgang Porsche and Mr. Stephan Weil of previous years has also not given rise to any conflicts of interest.

The Supervisory Board member Mr. Hans Dieter Pötsch moved directly from the Board of Management to the Supervisory Board upon his appointment by the court in autumn 2015. This move was less than two years prior to his election as a Supervisory Board member by the subsequent general meeting in 2016, meaning that one of the indicators of a lack of independence from the Company and Board of Management, set out in C.7 of the Code, applies to Mr. Pötsch. It also cannot be ruled out that Mr. Pötsch still fulfills this requirement. However, considering all the circumstances of the case in hand, the shareholder representatives are of the opinion that Mr. Pötsch is nevertheless independent from the Company and its Board of Management: it is now more than nine years since Mr. Pötsch's move from the Board of Management to the Supervisory Board. Mr. Pötsch was again elected as a member of the Supervisory Board for a second time by the general meeting in July 2021. Since his transfer from the Board of Management to the Supervisory Board in October 2015, the composition of the Board of Management has also completely changed.

An indicator for a lack of independence from the Company and the Board of Management as set out in C.7 of the Code is based on whether a Supervisory Board member "currently is maintaining (or has maintained) a material business relationship with the company or one of the entities dependent upon the company in the year up to his/her appointment, directly or as a shareholder, or in a leading position of a non-group entity". Supervisory Board member Ms. Marianne Heiß was Chief Executive Officer of BBDO Group Germany GmbH until April 2023, and companies of the BBDO Group maintained business relationships with companies of the Volkswagen Group. Considering all the circumstances of the case in hand, the shareholder representatives are of the opinion that Ms. Heiß is nevertheless independent from the Company and its Board of Management. This opinion is based in particular on the following reasons:

- Ms. Heiß has not been Chief Executive Officer of BBDO Group Germany GmbH for almost two years. She has now terminated all other functions in companies affiliated with BBDO Group Germany GmbH and no longer receives any subsequent variable remuneration from such companies. The general meeting in 2023 re-elected Ms. Heiß as a member of the Supervisory Board following her departure as Chief Executive Officer of BBDO Group Germany GmbH.
- In the past, there has been no evidence to suggest that Ms. Heiß was influenced in her work on the Supervisory Board by the business relationship between companies in the BBDO Group and companies in the Volkswagen Group.

In addition, the Supervisory Board adopted the following profile of skills and expertise for the full Board: To properly perform its supervisory and advisory duties, the Supervisory Board as a whole must collectively have the required expertise, i.e., knowledge, skills and professional experience. For this, the members of the Supervisory Board must collectively be familiar with the sector in which the Company operates – i.e., the automotive industry – and be able to assess the business conducted by the Company. In addition, the Supervisory Board members as a whole must collectively have expertise relating to sustainability issues relevant to the Company.

The key skills and expertise that the Supervisory Board must have collectively are, in particular, knowledge, skills and professional experience

- in the manufacture and sale of all types of vehicles and engines or other technical products (vehicles – manufacture/sales)
- in the automotive industry and its transformation, particularly with regard to the topics of e-mobility and mobility services, the business model and the markets, customer needs and product expertise (automotive industry)
- in the field of research and development, particularly of technologies with relevance for the Company (research/development)
- in the fields of digitalization and digital transformation, software, artificial intelligence, automation, information technology and security (digitalization/IT)
- in management positions and supervisory bodies of companies, including holding companies and start-ups, or large organizations (management/supervision)
- in the fields of law and compliance (law/compliance)
- in the field of sustainability, particularly with regard to environmental, social and governance aspects (ESG), e.g., in resources, supply chains, energy supply, corporate social responsibility, sustainable technologies and corresponding business models (sustainability/ESG)
- in finance, accounting and auditing, above all special knowledge and experience of the application of accounting principles and internal control and risk management systems, sustainability reporting, the audit of financial statements and the audit and assurance of sustainability reporting (financial experts) (finance/accounting/auditing)
- in human resources (particularly the search for and selection of members of the Board of Management and the succession process) and knowledge of incentive and remuneration systems for the Board of Management (human resources)
- in codetermination, employee matters and the working environment in the Company (employee matters).

The Supervisory Board has also specified the following diversity concept for its composition:

- The Supervisory Board must be comprised such that its members collectively have the knowledge, skills, and professional experience needed to properly perform their duties.
- It has therefore set targets for its composition that also take into account the recommendations of the German Corporate Governance Code. The targets set by the Supervisory Board for its composition also describe the concept through which the Supervisory Board as a whole strives to achieve a diverse composition (diversity concept in accordance with section 289f(2) no. 6 of the HGB). Attention should also be generally paid to diversity when seeking qualified individuals to best strengthen the specialist and managerial expertise of the Supervisory Board as a whole in line with these targets. In preparing proposals for appointments to the Supervisory Board, it should be considered in each case how the work of the Supervisory Board will benefit from a diversity of expertise and perspectives among its members, from professional profiles, professional and general experience that complement one another (including in the international domain) and from an appropriate gender balance. A wide range of experience and specialist knowledge should be represented on the Supervisory Board. In addition, the Supervisory Board should collectively have an extensive range of opinions and knowledge in order to develop a good understanding of the status quo and the longer-term opportunities and risks in connection with the Company's business activities.

> In proposing candidates to the general meeting for the election of shareholder representatives to the Supervisory Board, the Supervisory Board should take its diversity concept into account in such a way that the corresponding election of these candidates by the general meeting would contribute to the implementation of this concept. However, the general meeting is not obliged to accept the candidates nominated.
> The aim of the diversity concept is for the Supervisory Board members to embody a range of expertise and perspectives. This diversity promotes a good understanding of Volkswagen AG's organizational and business affairs. It also enables the Supervisory Board members to challenge the Board of Management's decisions constructively and to be open to new ideas by avoiding groupthink. In this way, it contributes to the effective supervision of the management.

QUALIFICATION MATRIX[1]

	Vehicles – manufacture/ sales	Automotive industry	Research/ development	Digitalization/ IT	Management/ supervision	Law/ compliance	Sustainability/ ESG	Finance/ accounting/ auditing	Human resources	Employee matters
Hessa Sultan Al Jaber	x	x	x	x	x	x		x		
Mansoor Ebrahim Al-Mahmoud		x			x		x	x	x	
Rita Beck	x	x			x			x	x	x
Harald Buck	x	x			x			x	x	x
Matías Carnero Sojo	x	x			x	x			x	x
Daniela Cavallo		x			x	x	x	x	x	x
Julia Willie Hamburg					x		x			
Marianne Heiß		x		x	x	x	x	x	x	
Jörg Hofmann		x			x		x		x	x
Arno Homburg	x	x	x		x	x	x		x	x
Günther Horvath		x			x	x			x	
Daniela Nowak	x	x								x
Hans Michel Piëch	x	x			x	x			x	
Hans Dieter Pötsch	x	x			x	x	x	x	x	
Ferdinand Oliver Porsche	x	x			x	x		x	x	
Wolfgang Porsche	x	x			x	x			x	
Gerardo Scarpino	x	x	x		x			x	x	x
Karina Schnur	x	x			x		x	x	x	x
Conny Schönhardt	x	x			x	x	x	x	x	x
Stephan Weil		x			x	x	x		x	

1 The skills, knowledge and professional experience associated with the respective key words can be found in the profile of skills. A skill can be attributed to a Supervisory Board member even if they have expertise in just one subsection of the skill, i.e., for skill in vehicles, for example, either in the area of manufacture or in sales. The allocation of competencies is based on a self-assessment by the respective Supervisory Board member.

The Supervisory Board and Nomination Committee, in particular, are called upon to implement the profile of skills and expertise and the diversity concept within the context of their candidate proposals to the Annual General Meeting. The Supervisory Board also recommends to employee representatives and unions (which have the right to submit proposals in representative elections) and the State of Lower Saxony (which has a right to appoint Supervisory Board members) that the diversity concept, composition targets and profile of skills and expertise should be taken into account in electing their representatives. The same applies to individuals entitled to make proposals should a court-appointed replacement be necessary.

The current composition of the Supervisory Board implements both the diversity concept and the profile of skills and expertise. The aforementioned requirements of the diversity policy, the profile of skills and expertise and targets for the composition of the Supervisory Board are intended to ensure that the full Board has relevant experience in the business activities and geographical locations of the Volkswagen Group. The qualification matrix shows the extent to which the profile of skills and expertise has been implemented, and indicates which Supervisory Board member has which skills and expertise.

In addition, several Supervisory Board members, including Mr. Mansoor Al-Mahmoud, Ms. Marianne Heiß, Mr. Ferdinand Oliver Porsche and Mr. Hans Dieter Pötsch, have expertise in both financial reporting, including sustainability reporting, and auditing, including the audit and assurance of sustainability reporting.

As the former long-standing CEO of the Qatar Investment Authority and its former Head of Risk Management, and from his management roles at a bank and stock exchange, Mr. Al-Mahmoud has gained particular knowledge and experience in the application of accounting principles and internal control and risk management systems as well as in the field of auditing. This knowledge and experience also relate to sustainability reporting and the auditing and assurance thereof: at the Qatar Investment Authority, Mr. Al-Mahmoud reoriented the investment strategy toward investments with ESG goals and implemented a sustainability agenda, which was also included in the Qatar Investment Authority's sustainability reporting. Mr. Al-Mahmoud therefore also studied companies' sustainability reports in detail with a view to whether they fit the Qatar Investment Authority's sustainability strategy.

Ms. Heiß worked as a CFO for a long time and, prior to that, worked for audit and tax consulting firms for several years; Mr. Ferdinand Oliver Porsche is a long-standing member of audit committees and worked for an audit firm for several years; Mr. Pötsch is a long-standing member and chair of audit committees and worked for many years as CFO of Volkswagen AG and previously as Head of Controlling at BMW AG. As part of their long-standing work in audit committees, Ms. Heiß, Mr. Ferdinand Oliver Porsche and Mr. Pötsch have also been involved in the auditing and assurance of non-financial statements, which relate to sustainability in the form of important environmental and social issues. Ms. Heiß was also involved in sustainability reporting and the auditing and assurance thereof as part of her former activities at BBDO Group Germany GmbH, and Mr. Pötsch as part of his activities at Porsche Automobil Holding SE. Ms. Heiß is also an ESG expert on the Supervisory Board of Porsche Automobil Holding SE. Ms. Heiß, Mr. Al-Mahmoud, Mr. Pötsch and Mr. Ferdinand Oliver Porsche track and monitor the latest developments in the area of sustainability reporting and the auditing and assurance thereof and contribute their expertise to Volkswagen AG's Audit Committee and Supervisory Board.

Further details on the expertise of the Supervisory Board members can be found in their curricula vitae. The curricula vitae of the members of the Supervisory Board, which are updated annually, are available online at www.volkswagen-group.com/executive-bodies.

The Nomination Committee and Supervisory Board also took into account specific composition targets, the diversity concept and the profile of skills and expertise (as amended in each case) in its proposals to the Annual General Meeting in fiscal year 2024 for the election of three Supervisory Board members. The composition targets, diversity concept and profile of skills and expertise were also taken into account in the court appointment of one new Supervisory Board member as an employee representative in fiscal year 2024.

Self-evaluation of the Supervisory Board

On a regular basis every two years, the Supervisory Board internally evaluates how effectively the Board and its committees are performing their tasks. This initially involves distributing a questionnaire to all Supervisory Board members, in which they are able to give their view of the effectiveness of the work of the Supervisory Board and its committees, the exchange of information with the Board of Management, and the depth and quality of the presentations to and discussions in the Supervisory Board and may suggest possible improvements. In particular, the members of the Supervisory Board are also asked to make comparative observations with comparable boards of other companies on which they also serve and, drawing on these, to make specific suggestions for improvement as required. Following analysis of the questionnaires, the findings and potential improvements are usually discussed at the next regular meeting of the full Board. Measures to improve the work of the Supervisory Board are continuously developed and implemented on the basis of the findings. The Supervisory Board members assess whether the measures have achieved the targeted improvements at the latest in the next self-evaluation. The most recent internal self-evaluation took place from late 2023 to early 2024.

DISCLOSURES REQUIRED BY THE FÜHRUNGSPOSITIONEN-GESETZ

The statutory quota of at least 30% women and at least 30% men has applied to new appointments to the Supervisory Board of Volkswagen AG since January 1, 2016 as required by the *Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst* (*Führungspositionen-Gesetz*, FüPoG – German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors). Shareholder and employee representatives have resolved that each side will meet this quota separately. The shareholder representatives have met the quota of at least 30% women and at least 30% men since the end of the 56th Annual General Meeting on June 22, 2016. The employee representatives have met the quota since the end of the 57th Annual General Meeting on May 10, 2017. Both the shareholder and the employee representatives also fulfilled the quota on December 31, 2024. In total, 40% of the members of the Supervisory Board of Volkswagen AG are currently women.

In line with the *Gesetz zur Ergänzung und Änderung der Regelungen für die gleichberechtigte Teilhabe von Frauen an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst* (*Führungspositionen-Gesetz II*, FüPoG II – Second Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors), Volkswagen AG is subject to a mandatory participation requirement under which the Board of Management must have at least one woman and at least one man as members. The participation requirement has applied to the appointment of one or more members of the Board of Management since August 1, 2022. Volkswagen AG complies with this participation requirement.

For the proportion of women in management in accordance with the *Führungspositionen-Gesetz*, Volkswagen AG has set itself the target of 16.5% women in the first level of management and 23.4% women in the second level of management, each as a proportion of the active workforce, to be achieved by the end of 2025. As of December 31, 2024, the proportion of women in the active workforce at the first level of management was 16.8 (15.3)% and at the second level of management it was 22.0 (21.5)%.

REMUNERATION REPORT

The remuneration systems for the members of the Board of Management and Supervisory Board and the Remuneration Report for fiscal year 2024 are available on the website www.volkswagen-group.com/ remuneration. Previous years' remuneration reports can also be found at this address. The remuneration reports contain both extensive explanations and descriptions of the remuneration systems for the members of the Board of Management and Supervisory Board as well as information on and explanations of the individual remuneration of members of the Board of Management and Supervisory Board.

CORPORATE GOVERNANCE PRACTICES APPLIED IN ADDITION TO STATUTORY REQUIREMENTS

Code of Conduct and Volkswagen Group Essentials

The Code of Conduct lays out the shared underlying values for integrity and compliance in the Volkswagen Group for all brands and companies. It serves as the main tool for reinforcing awareness of responsible conduct and decision-making and can be used as an aid and as a way of finding the right contact persons. As part of the Code of Conduct, the Volkswagen Group Essentials define the shared underlying values across all of the Group's brands and companies. They form the basis of the corporate culture and describe what the Volkswagen Group stands for around the world in all its brands and companies: We take on responsibility for the environment and society; we are honest and speak up when something is wrong; we break new ground; we live diversity; we are proud of the work we do; we not me; we keep our word.

Ethics, compliance and risk management

To foster trust in our Company as well as our products, services and innovations, it is essential that we act honestly and with integrity at all times. In all lines of work and all functions we therefore invariably make decisions that are in line with our corporate values, applicable national and international legislation, regulations and in-house voluntary commitments. This includes the following areas:

> Integrity and compliance
  Adherence to statutory provisions, internal company policies, ethical principles and our own values in order to protect the Company and its brands.

> Anti-corruption
  The Volkswagen Group has a zero-tolerance policy on active and passive corruption. This is anchored in both the Group's internal Code of Conduct and its Code of Conduct for Business Partners.

> Risk management and internal control system
  A comprehensive risk management and internal control system (RMS/ICS) helps the Volkswagen Group deal with risks in a responsible manner. The organizational design of the Volkswagen Group's RMS/ICS is based on the internationally recognized COSO framework for enterprise risk management (COSO: Committee of Sponsoring Organizations of the Treadway Commission) and can be accessed on the COSO website. Uniform Group principles are used as the basis for managing risks in a transparent and appropriate manner.

> Whistleblower system
  The whistleblower system is the central point of contact for reporting cases of rule-breaking by employees of the Volkswagen Group or by suppliers. Employees, business partners and other third parties can report misconduct at any time and in many languages. A wide range of channels is available for this purpose, and the information can be lodged completely anonymously, if preferred. An investigation is only initiated after a thorough review and in the event of concrete indications of rule-breaking. Appropriate sanctions are applied where misconduct is proven. The overarching aim is to use binding principles and a clearly governed process to avert damage to the Company and its employees.

> Human rights
  Volkswagen fully recognizes key international conventions and declarations, particularly the International Bill of Human Rights and the Fundamental Conventions of the International Labour Organization (ILO). We align our business activities with the United Nations Guiding Principles on Business and Human Rights (UN Global Compact), which represent crucial pillars for our actions.

> Diversity and inclusion
  The commitment to diversity and inclusion is one of the essential foundations of the Company's economic success. We are convinced of the innovative power of diverse mindsets and backgrounds. This is the reason why we consistently promote diversity and are committed to ensuring an inclusive culture at all levels, in all areas and in all processes.

Voluntary commitments and principles

The Volkswagen Group has committed itself to sustainable, transparent and responsible corporate governance.

We align our activities with the principles, recommendations and suggestions of the German Corporate Governance Code. We coordinate our sustainability activities across the entire Group and have put in place a forward-looking system of risk management and a clear framework for dealing with environmental issues in a future-oriented manner, for employee responsibility and for social commitment across our brands and in the regions in which we operate.

Voluntary commitments and principles that apply across the Group are the basis and backbone of our sustainability management. These documents are publicly accessible on the Volkswagen Group's website in the section entitled "Sustainability."

You can also find a description of the Company's business model and strategy in the "Goals and Strategies", "Structure and Business Activities" chapters of the Group management report and in the Sustainability Report. In the Sustainability Report, we describe in particular the role of the management and supervisory bodies with regard to sustainability matters, and of their knowledge, skills, and professional experience in relation to fulfilling that role or their access to such expertise.

MEMBERS OF THE BOARD OF MANAGEMENT

(appointments as of December 31, 2024)

DR. OLIVER BLUME (*1968)

Chair (since September 1, 2022),
Sport Luxury brand group,
Chair of the Executive Board of
Dr. Ing. h.c. F. Porsche AG
April 13, 2018[1], appointed until 2028
Nationality: German

Appointments:

- ○ CARIAD SE, Wolfsburg (Chair)[3]

DR. ARNO ANTLITZ (*1970)

Finance and Operations,
April 1, 2021[1], appointed until 2027
Nationality: German

Appointments:

- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart[3, 4]
- ○ PowerCo SE, Salzgitter[3]
- ○ Volkswagen Financial Services AG, Braunschweig (Chair)[3]
- ⦿ Porsche Austria Gesellschaft mbH, Salzburg (Deputy Chair)[3]
- ⦿ Porsche Holding Gesellschaft m.b.H., Salzburg (Deputy Chair)[3]
- ⦿ Porsche Retail GmbH, Salzburg (Deputy Chair)[3]
- ⦿ Volkswagen (China) Investment Co., Ltd., Beijing[3]
- ⦿ Volkswagen Group of America, Inc., Herndon, VA (Chair)[3]

RALF BRANDSTÄTTER (*1968)

China,
Chair of the Board of Management (CEO)
of Volkswagen (China) Investment Co., Ltd.
January 1, 2022[1], appointed until 2026
Nationality: German

Appointments:

- ○ CARIAD SE, Wolfsburg[3]
- ⦿ Audi (China) Enterprise Management Co., Ltd., Beijing[3]
- ⦿ CARIAD (China) Co., Ltd., Beijing[3]
- ⦿ FAW-Volkswagen Automotive Co., Ltd., Changchun (Deputy Chair)[2]
- ⦿ SAIC Volkswagen Automotive Co., Ltd., Shanghai (Deputy Chair)[2]
- ⦿ Volkswagen (Anhui) Automotive Co., Ltd., Hefei (Chair)[3]
- ⦿ Volkswagen Group (China) Technology Company, Ltd., Hefei (Chair)[3]

DR. GERNOT DÖLLNER (*1969)

Progressive brand group,
Chair of the Board of Management of AUDI AG
September 1, 2023[1], appointed until 2026
Nationality: German

Appointments:

- ○ CARIAD SE, Wolfsburg (May 1 – December 31, 2024)[3]
- ○ FC Bayern München AG, Munich (Deputy Chair)[2]
- ⦿ Audi (China) Enterprise Management Co., Ltd., Beijing (Chair)[3]
- ⦿ Audi Sport GmbH, Neckarsulm (Chair)[3]
- ⦿ Automobili Lamborghini S.p.A., Sant´Agata Bolognese (Chair)[3]
- ⦿ Bentley Motors Ltd., Crewe (Chair)[3]
- ⦿ FAW-Volkswagen Automotive Co., Ltd., Changchun[2]
- ⦿ Sauber Holding AG, Hinwil (Chair)[3] (since March 1, 2025)
- ⦿ Sauber Motorsport AG, Hinwil (Chair)[3]
- ⦿ Sauber Technologies AG, Hinwil (Chair)[3]
- ⦿ SAIC Volkswagen Automotive Co., Ltd., Shanghai[2]

DR. JUR. MANFRED DÖSS (*1958)

Integrity and Legal Affairs
February 1, 2022[1], appointed until 2028
Nationality: German

Appointments:

- ○ AUDI AG, Ingolstadt (Chair)[3]
- ○ TRATON SE, Munich[3, 4]
- ⦿ Grizzlys Wolfsburg GmbH, Wolfsburg[2]

○ Membership of statutory supervisory boards in Germany.
⦿ Comparable appointments in Germany and abroad.

1 Beginning or period of membership in the Board of Management.
2 Appointment outside the Group.
3 Appointment within the Group.
4 Listed company.

GUNNAR KILIAN (*1975)

Human Resources and Trucks brand group

April 13, 2018[1], appointed until 2026

Nationality: German

Appointments:

- ○ AUDI AG, Ingolstadt[3]
- ○ MAN Energy Solutions SE, Augsburg (Chair)[3]
- ○ MAN Truck & Bus SE, Munich[3]
- ○ PowerCo SE, Salzgitter[3]
- ○ TRATON SE, Munich[3, 4]
- ○ Volkswagen Group Services GmbH, Wolfsburg (Chair)[3]
- ○ Wolfsburg AG, Wolfsburg (Deputy Chair)[2]
- ⊙ Autostadt GmbH, Wolfsburg (Chair)[3]
- ⊙ FAW-Volkswagen Automotive Co., Ltd., Changchun[2]
- ⊙ Scania AB, Södertälje[3]
- ⊙ Scania CV AB, Södertälje[3]
- ⊙ VfL Wolfsburg-Fußball GmbH, Wolfsburg[3]
- ⊙ Volkswagen (China) Investment Co., Ltd., Beijing[3] (since February 1, 2025)
- ⊙ Volkswagen Immobilien GmbH, Wolfsburg (Chair)[3]

THOMAS SCHÄFER (*1970)

Core brand group,

Chair of the Board of Management of the Volkswagen Passenger Cars brand

July 1, 2022[1], appointed until 2030

Nationality: German

Appointments:

- ⊙ FAW-Volkswagen Automotive Co., Ltd., Changchun[2]
- ⊙ SAIC Volkswagen Automotive Co., Ltd., Shanghai[2]
- ⊙ SEAT, S.A., Martorell (Chair)[3]
- ⊙ Škoda Auto a.s., Mladá Boleslav (Chair)[3]
- ⊙ Volkswagen (China) Investment Co., Ltd., Beijing (Chair)[3]

THOMAS SCHMALL-VON WESTERHOLT (*1964)

Technology,

Chair of the Board of Management of Volkswagen Group Components,

January 1, 2021[1], appointed until 2028

Nationality: Brazilian, German

Appointments:

- ○ PowerCo SE, Salzgitter (Chair)[3]
- ⊙ Brose Sitech Sp. Z o.o., Polkowice[2]
- ⊙ Volkswagen Group (China) Technology Company, Ltd., Hefei[3]

HAUKE STARS (*1967)

IT

February 1, 2022[1], appointed until 2028

Nationality: German

Appointments:

- ○ AUDI AG, Ingolstadt[3]
- ○ CARIAD SE, Wolfsburg[3]
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart[3, 4]
- ○ PowerCo SE, Salzgitter[3]
- ○ RWE AG, Essen[2, 4]
- ⊙ Kühne + Nagel International AG, Schindellegi[2, 4]

○ Membership of statutory supervisory boards in Germany.
⊙ Comparable appointments in Germany and abroad.

1 Beginning or period of membership in the Board of Management.
2 Appointment outside the Group.
3 Appointment within the Group.
4 Listed company.

MEMBERS OF THE SUPERVISORY BOARD AND COMPOSITION OF THE COMMITTEES

(appointments as of December 31, 2024 or the date of departure from the Supervisory Board of Volkswagen AG or the start date after December 31, 2024)

HANS DIETER PÖTSCH (*1951)

Chair (since October 7, 2015),
Chair of the Board of Management of
Porsche Automobil Holding SE
October 7, 2015[1], elected until 2026
Nationality: Austrian

Appointments:

○ AUDI AG, Ingolstadt[3]
○ Bertelsmann Management SE, Gütersloh[2]
○ Bertelsmann SE & Co. KGaA, Gütersloh[2]
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart[3, 4]
○ TRATON SE, Munich (Chair)[3, 4]
○ Wolfsburg AG, Wolfsburg[2]
⦿ Autostadt GmbH, Wolfsburg[3]
⦿ Porsche Austria Gesellschaft m.b.H., Salzburg (Chair)[3]
⦿ Porsche Holding Gesellschaft m.b.H., Salzburg (Chair)[3]
⦿ Porsche Retail GmbH, Salzburg (Chair)[3]
⦿ VfL Wolfsburg-Fußball GmbH, Wolfsburg (Deputy Chair)[3]

JÖRG HOFMANN (*1955)

Deputy Chair (since November 20, 2015),
IG Metall
November 20, 2015 – March 8, 2025[1]
Nationality: German

DR. HESSA SULTAN AL JABER (*1959)

Former Minister of Information and Communications Technology, Qatar
Member of supervisory bodies
June 22, 2016[1], elected until 2029
Nationality: Qatari

Appointments:

⦿ Malomatia Q.S.C, Doha (Chair)[2]
⦿ MEEZA QSTP-LLC (Public), Doha[2, 4]
⦿ Qatar Satellite Company (Es'hailSat), Doha (Chair)[2]
⦿ Trio Investment, Doha (Chair)[2]

MANSOOR EBRAHIM AL-MAHMOUD (*1974)

Minster of Health, Qatar
May 12, 2022[1], elected until 2025
Nationality: Qatari

Appointments:

⦿ Harrods Ltd., London (Board member) (until January 14, 2025)[2]
⦿ Harrods Group (Holding) Ltd., London (Chair) (until January 14, 2025)[2]
⦿ Qatar Airways, Doha (Deputy Chair)[2]
⦿ Qatar National Bank, Doha (Board member)[2, 4]
⦿ Qatar Stock Exchange, Doha (Deputy Chair)[2]
⦿ Qatari Diar Real Estate Investment Company, Doha (Board member)[2]

RITA BECK (*1970)

Deputy Chair of the Works Council
of AUDI AG, Ingolstadt plant
January 9, 2024[1], appointed until 2027
Nationality: German

Appointments:

○ AUDI AG, Ingolstadt[3]
○ CARIAD SE, Wolfsburg[3]

CHRISTIANE BENNER (*1968)

Chair of IG Metall
March 9, 2025[1], appointed until 2027
Nationality: German

Appointments:

○ Continental AG, Hanover[2,4]

HARALD BUCK (*1962)

Chair of the General and Group Works Councils
of Dr. Ing. h.c. F. Porsche AG
October 4, 2022[1], appointed until 2027
Nationality: German

Appointments:

○ Dr. Ing. h.c. F. Porsche AG, Stuttgart[3, 4]

MATÍAS CARNERO SOJO (*1968)

Chair of the General Works Council of SEAT, S.A.
April 1, 2021[1], appointed until 2027
Nationality: Spanish

DANIELA CAVALLO (*1975)

Chair of the General and Group Works Councils
of Volkswagen AG
May 11, 2021[1], appointed until 2027
Nationality: German, Italian

Appointments:

○ PowerCo SE, Salzgitter (Deputy Chair)[3]
○ TRATON SE, Munich[3, 4]
○ Wolfsburg AG, Wolfsburg[2]
⦿ Volkswagen Financial Services AG, Braunschweig (Deputy Chair) (until June 30, 2024)[2]
⦿ Autostadt GmbH, Wolfsburg[3]
⦿ Brose Sitech Sp. Z o.o., Polkowice[2]
⦿ Porsche Holding Gesellschaft m.b.H., Salzburg[3]
⦿ SEAT, S.A., Martorell[3]
⦿ Škoda Auto a.s., Mladá Boleslav[3]
⦿ VfL Wolfsburg-Fußball GmbH, Wolfsburg[3]
⦿ Volkswagen Group Services GmbH[3]

○ Membership of statutory supervisory boards in Germany.
⦿ Comparable appointments in Germany and abroad.

1 Start of Supervisory Board appointment or period of office.
2 Appointment outside the Group.
3 Appointment within the Group.
4 Listed company.

JULIA WILLIE HAMBURG (*1986)

Minister of Education and Cultural Affairs for the Federal State of Lower Saxony
November 8, 2022[1], delegated until 2028
Nationality: German

MARIANNE HEIß (*1972)

Member of supervisory boards
February 14, 2018[1], elected until 2028
Nationality: Austrian

Appointments:

- ○ AUDI AG, Ingolstadt[3]
- ○ Flix SE, Munich (until October 7, 2024)[2]
- ○ Porsche Automobil Holding SE, Stuttgart[2, 4]
- ⊙ Alfred Ritter GmbH & Co. KG, Waldenbuch (since January 20, 2025)[2]
- ⊙ Paysafe Ltd., London (since September 24, 2024)[2, 4]

DR.-ING. ARNO HOMBURG (*1968)

Chair of the Board of Management of Volkswagen Management Association e.V.
May 12, 2022[1], appointed until 2027
Nationality: German

Appointments:

- ⊙ Volkswagen Pension Trust e.V., Wolfsburg[3]

DR. GÜNTHER HORVATH (*1952)

Managing Director of and self-employed attorney at Dr. Günther J. Horvath Rechtsanwalt GmbH
February 28, 2023[1], elected until 2028
Nationality: Austrian

Appointments:

- ○ Porsche Automobil Holding SE, Stuttgart[2, 4]

DANIELA NOWAK (*1970)

Chair of the Works Council of Volkswagen AG, Braunschweig plant
May 12, 2022[1], appointed until 2027
Nationality: German

DR. JUR. HANS MICHEL PIËCH (*1942)

Member of supervisory boards
August 7, 2009[1], elected until 2029
Nationality: Austrian

Appointments:

- ○ AUDI AG, Ingolstadt[3]
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart[3, 4]
- ○ Porsche Automobil Holding SE, Stuttgart (Deputy Chair)[2, 4]
- ⊙ Porsche Holding Gesellschaft m.b.H., Salzburg[3]
- ⊙ Schmittenhöhebahn AG, Zell am See[2]

DR. JUR. FERDINAND OLIVER PORSCHE (*1961)

Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft
August 7, 2009[1], elected until 2029
Nationality: Austrian

Appointments:

- ○ AUDI AG, Ingolstadt[3]
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart[3, 4]
- ○ Porsche Automobil Holding SE, Stuttgart[2, 4]
- ⊙ Porsche Holding Gesellschaft m.b.H., Salzburg[3]
- ⊙ Porsche Lifestyle GmbH & Co. KG, Ludwigsburg[3]

DR. RER. COMM. WOLFGANG PORSCHE (*1943)

Chair of the Supervisory Board of Porsche Automobil Holding SE;
Chair of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG
April 24, 2008[1], elected until 2028
Nationality: Austrian

Appointments:

- ○ AUDI AG, Ingolstadt[3]
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chair)[3, 4]
- ○ Porsche Automobil Holding SE, Stuttgart (Chair)[2, 4]
- ⊙ Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chair)[2]
- ⊙ Porsche Holding Gesellschaft m.b.H., Salzburg[3]
- ⊙ Schmittenhöhebahn AG, Zell am See (until May 23, 2024)[2]

GERARDO SCARPINO (*1962)

Executive Director of the Volkswagen Group Works Council
April 21, 2023[1], appointed until 2027
Nationality: Italian

Appointments:

- ○ CARIAD SE, Wolfsburg[3]

○ Membership of statutory supervisory boards in Germany.
⊙ Comparable appointments in Germany and abroad.

1 Beginning or period of membership in the Supervisory Board.
2 Appointment outside the Group.
3 Appointment within the Group.
4 Listed company.

KARINA SCHNUR (*1977)

Chair of the General and Group Works Councils of MAN Truck & Bus SE and Chair of the Group Works Council of TRATON SE

July 11, 2023[1], appointed until 2027

Nationality: German

Appointments:

- ○ MAN Truck & Bus SE, Munich[3]
- ○ TRATON SE, Munich[3, 4]
- ⦿ Rheinmetall MAN Military Vehicles GmbH, Munich[2]

CONNY SCHÖNHARDT (*1978)

Union Secretary and Head of the Mobility and Vehicle Construction Unit attached to the IG Metall Board

June 21, 2019[1], appointed until 2027

Nationality: German

Appointments:

- ○ CARIAD SE, Wolfsburg[3]
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart[3, 4] (since June 7, 2024)
- ○ PowerCo SE, Salzgitter[3]
- ○ Volkswagen Bank GmbH (until June 30, 2024)[3]

STEPHAN WEIL (*1958)

Minister President of the Federal State of Lower Saxony

February 19, 2013[1], delegated until 2028

Nationality: German

SUPERVISORY BOARD COMMITTEES

Members of the Executive Committee

Hans Dieter Pötsch (Chair)
Jörg Hofmann (Deputy Chair; until March 8, 2025)
Rita Beck
Daniela Cavallo
Dr. Hans Michel Piëch
Dr. Wolfgang Porsche
Gerardo Scarpino
Stephan Weil

Members of the Mediation Committee established in accordance with section 27(3) of the *Mitbestimmungsgesetz* (German Codetermination Act)

Hans Dieter Pötsch (Chair)
Jörg Hofmann (Deputy Chair; until March 8, 2025)
Daniela Cavallo
Stephan Weil

Members of the Audit Committee

Mansoor Ebrahim Al-Mahmoud (Chair)
Daniela Cavallo (Deputy Chair)
Marianne Heiß
Dr. Ferdinand Oliver Porsche
Gerardo Scarpino
Conny Schönhardt

Members of the Nomination Committee

Hans Dieter Pötsch (Chair)
Dr. Hans Michel Piëch
Dr. Wolfgang Porsche
Stephan Weil

○ Membership of statutory supervisory boards in Germany.
⦿ Comparable appointments in Germany and abroad.

1 Start of Supervisory Board appointment or period of office.
2 Appointment outside the Group.
3 Appointment within the Group.
4 Listed company.

Remuneration Report 2024

The Board of Management and Supervisory Board of Volkswagen AG must prepare a clear and understandable remuneration report in accordance with section 162 of the *Aktiengesetz* (AktG – German Stock Corporation Act). In this report, we explain the main features of the remuneration system for the members of the Board of Management and Supervisory Board. The remuneration report also contains an individualized breakdown of the remuneration components provided to current and former members of the Board of Management and Supervisory Board.

A. REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT

In the reporting year, the Volkswagen Group's business was impacted by the challenging global market environment. In this environment, the Group delivered 9.0 million units to customers. This was 2.3% fewer vehicles than in the previous year. While sales revenue increased by 0.7% year-on-year to €324.7 billion, the operating result of €19.1 billion was 15.4% below the prior-year figure.

I. Principles of Board of Management remuneration

The remuneration of the Board of Management is based on the remuneration system adopted by the Supervisory Board on December 14, 2020 with effect from January 1, 2021, which the Supervisory Board most recently revised in December 2023 and April 2024 with effect from January 1, 2024 in order to better reflect the interests of the capital market in particular. The remuneration system for the members of the Board of Management is clear and transparent. It implements the requirements of the AktG as amended by the *Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie* (ARUG II – German Act on the Implementation of the Second Shareholder Rights Directive) and takes into account the recommendations of the German Corporate Governance Code (the Code).

Since January 1, 2024, the financial indicator "net cash flow in the Automotive Division" has been factored into the calculation of Board of Management remuneration, replacing the previous financial performance target "operating result of the Volkswagen Group, including Chinese joint ventures (proportionate)" in the annual bonus. The Supervisory Board has also been given the option of deferring the sentiment rating as an ESG criterion because the method for measuring the sentiment rating is being restructured and the targets are being recalibrated. The Annual General Meeting approved the modified remuneration system on May 29, 2024 with 99.48% of the votes cast.

The modified remuneration system has applied since January 1, 2024 to all Board of Management members with service contracts newly concluded or renewed after the Annual General Meeting's approval of the remuneration system on May 29, 2024. For the Board of Management members already appointed at the time of the Annual General Meeting's approval of the remuneration system, the new remuneration system has also applied since January 1, 2024. To implement the remuneration system, Volkswagen AG reached an agreement with the members of the Board of Management on corresponding amendments to their service contracts.

For members of the Board of Management already appointed before the Supervisory Board's first resolution on a remuneration system in accordance with section 87a of the AktG on December 14, 2020 and whose service contract has not been renewed since then, the following exceptions applied: the performance share plan continued to have only a three-year performance period, but otherwise corresponded to the performance share plan described in the remuneration system. In these cases, penalty and clawback rules were only to apply on renewal of their contracts. Exceptions in fiscal year 2024 applied solely to Markus Duesmann, who stepped down in fiscal year 2023.

The level of the Board of Management remuneration should be appropriate and attractive in the context of the Company's national and international peer group. Criteria include the tasks of each individual Board of Management member, their personal performance, the economic situation, and the performance of and outlook for the Volkswagen Group, as well as how customary the remuneration is when measured against the peer group and the remuneration structure that applies to other areas of the Volkswagen Group. In this context, comparative studies on remuneration are conducted on a regular basis. In fiscal year 2024, all active Board of Management members decided to make a financial contribution of their own as a sign of their support for a profit improvement program by waiving 5% of their individual gross base salary for fiscal year 2024. The active members of the Board of Management want to continue in future to make a financial contribution of their own to the future-proof realignment of the Volkswagen Group under the *Zukunft Volkswagen* agreement. To this end, all active members of the Board of Management have agreed, for a period of up to five years from fiscal year 2025 onward, to waive part of their individual remuneration, consisting of the annual base salary and the short-term variable remuneration, actually received by them in the respective year as well as the long-term variable remuneration paid out in the respective fiscal year.

In the Remuneration Report for fiscal year 2023, the Board of Management and Supervisory Board reported in detail on the remuneration paid to members of the Board of Management in fiscal year 2023. The Annual General Meeting on May 29, 2024 approved the Remuneration Report for fiscal year 2023 with a majority of 98.59% of the votes cast. Comments by investors and investor representatives were taken into account in the preparation of the Remuneration Report for fiscal year 2024, for example the minimum and maximum achievable amounts in the short-term and long-term variable remuneration of the Board of Management members are presented even more transparently and the link between the non-financial performance criteria in the annual bonus for Board of Management members and the materiality assessment carried out as part of sustainability reporting is described.

In this chapter, we provide an overview of the remuneration system for the Board of Management members in fiscal year 2024 before going into the components of the remuneration in fiscal year 2024.

II. Overview of the remuneration components

The table below provides an overview of the components of the remuneration system applicable for fiscal year 2024 for the members of the Board of Management. The table also outlines the composition of the individual remuneration components and explains their targets, particularly in respect of how the remuneration will promote the Company's long-term performance. A more detailed description of the remuneration system applicable for fiscal year 2024 for the members of the Board of Management is available at www.volkswagen-group.com/remuneration.

REMUNERATION SYSTEM FOR 2024

Component	Composition	Target
Fixed remuneration components		
Base salary	• Twelve equal installments payable at month-end • Chair of the Board of Management: normally[1] €2,600,000 (scope of activity: 100%)[2]; Board of Management member: €1,500,000 (scope of activity: 100%)	The base salary and fringe benefits are intended to reflect the tasks and responsibility of the Board of Management members, provide a basic income and prevent them from taking inappropriate risks
Fringe benefits	• Fringe benefit allowance (Chair of the Board of Management: €350,000; Board of Management member: €175,000) covers certain benefits at the discretion of the Board of Management member, for example: o Company cars o Preventive medical check-ups o Allowances for health and long-term care insurance o Accident insurance • Crediting of benefits against the fringe benefit allowance where these are subject to payroll tax • Payment of the remaining amount	
Occupational retirement provision	• Defined contribution plan by means of direct commitments to retirement, disability and surviving dependents' benefits • Normally when the members reach the age of 65 (or 63 in the case of Board of Management members who took office before January 1, 2020) • Annual pension contribution of up to 50% of the contractually agreed base salary for the Chair of the Board of Management and up to 40% of the contractually agreed base salary for regular members of the Board of Management[3]	The occupational retirement provision is intended to provide Board of Management members with an adequate pension when they retire
Variable remuneration components		
Annual bonus	• Plan type: Target Bonus • Target amount for the Chair of the Board of Management: €3,500,000 (scope of activity: 100%)[2]; target amount for a Board of Management member: €1,500,000 (scope of activity: 100%) • Minimum payment: €0 • Cap: 200% of the target amount, i.e., Chair of the Board of Management: €7,000,000 (scope of activity: 100%); Board of Management member: €3,000,000 (scope of activity: 100%) • Assessment period: fiscal year • Performance criteria: o Financial subtargets: ▪ Net cash flow in the Automotive Division (50%) and operating return on sales (50%) ▪ The Supervisory Board defines minimum, target and maximum values for the financial subtargets for each fiscal year. The minimum corresponds to subtarget achievement of 0% for net cash flow in the Automotive Division or 50% for the operating return on sales, while the target corresponds to subtarget achievement of 100% in each case and the maximum to subtarget achievement of 175%; interim values are interpolated on a linear basis ▪ Overall financial target achievement = subtarget achievement "net cash flow in the Automotive Division" x 50% + subtarget achievement for "operating return on sales" x 50% o ESG factor: ▪ Subtargets of 50% each for the Environment (decarbonization index) and Social (in principle sentiment and diversity index)[4] as well as the Governance factor of between 0.9 and 1.1 (compliance and integrity, standard value of 1.0) ▪ The Supervisory Board defines minimum, target and maximum values for the Environment and Social subtargets for each fiscal year. The minimum, target and maximum values correspond to subtarget achievement of 0.7, 1.0 and 1.3 respectively; interim values are interpolated on a linear basis ▪ The Supervisory Board sets the Governance factor after the end of the fiscal year taking into account the collective performance of the Board of Management as a whole and the performance of each Board of Management member individually ▪ Calculation of the ESG factor: ("Environment" subtarget achievement x 50% + "Social" subtarget achievement x 50%) x "Governance factor" (0.9–1.1) • Annual bonus payment amount = individual target amount x financial target achievement x ESG factor • Payment: in cash in the month following approval of the consolidated financial statements for the fiscal year in question	The annual bonus is designed to motivate Board of Management members to pursue ambitious targets; The financial performance targets support the strategic target of achieving competitive profitability. Integration of ESG factors takes the importance the sustainability targets into account. In this context, the decarbonization index, sentiment rating and diversity index and the compliance and integrity factor provide extensive cover for various sustainability aspects.

1 In fiscal year 2024, all active members of the Board of Management waived 5% of their gross base salary from Volkswagen AG for fiscal year 2024.
2 Mr. Blume receives from Volkswagen AG 50% of the remuneration for the Chair of the Board of Management of Volkswagen AG and from Porsche AG 50% of the remuneration for the Chair of the Executive Board of Porsche AG. The target amount for Mr. Blume thus corresponds to half of the target amount for a Chair of the Board of Management who receives the full remuneration of a Chair of the Board of Management of Volkswagen AG.
3 The waiver by Board of Management members of part of their base salary for fiscal year 2024 is excluded from the measurement of the pension contribution.
4 In view of the options available, the Supervisory Board uses exclusively the diversity index for fiscal years 2024 and 2025; beginning in fiscal year 2026, the Supervisory Board will probably also use the sentiment rating again.

Component	Composition	Target
Long-term incentive (LTI)	• Plan type: phantom performance share plan • Performance period: measured forward over four years[1] • Target amount for the Chair of the Board of Management: €5,900,000 (scope of activity: 100%)[2]; target amount for a Board of Management member: €2,500,000 (scope of activity: 100%) • Minimum payment: €0 • Cap: 250% of the target amount, i.e., Chair of the Board of Management: €11,800,000 (scope of activity: 100%); Board of Management member: €5,000,000 (scope of activity: 100%) • The phantom performance shares are a purely mathematical construct and do not confer any ownership or voting rights in Volkswagen AG • Allocation of performance shares: at the start of each fiscal year, the individually agreed target amount is divided by the arithmetic mean of the closing prices of Volkswagen's preferred shares (German Securities Identification Number: 766403) in the Xetra trading system of Deutsche Börse AG on the last 30 trading days prior to January 1 in the respective performance period ("initial reference price") • Target-setting: at the start of the performance period, the Supervisory Board defines minimum, target and maximum values for EPS as presented in the annual report as audited, fully diluted earnings per Volkswagen preferred share from the Company's continuing and discontinued operations; the EPS minimum corresponds to target achievement of 50%, the EPS target corresponds to target achievement of 100% and the EPS maximum corresponds to target achievement of 175% • Determination of one-quarter of the allocated performance shares at the end of each fiscal year depending on EPS target achievement • Calculation of the payment amount: fixed performance shares are multiplied by the arithmetic mean of the closing prices of Volkswagen's preferred shares in the Xetra trading system of Deutsche Börse AG on the last 30 trading days prior to the end of the performance period ("closing reference price") plus the dividends paid out per Volkswagen preferred share during the performance period ("dividend equivalent") • Payment: in cash in the month following approval of the consolidated financial statements for the last fiscal year of the respective performance period • If the service contract ends before the end of the performance period due to a bad leaver case (extraordinary termination for cause or a breach of a contractual or postcontractual restraint on competition), all performance shares will be forfeited	The long-term incentive serves to align the remuneration of the Board of Management members with the Company's long-term performance. The EPS (earnings per share) financial performance target in conjunction with share price performance and the dividends paid, measured over four years, ensures the long-term effect of the behavioral incentives and supports the strategic target of achieving competitive profitability.
Other benefits		
Benefits agreed with new Board of Management members for a defined period of time or for the entire term of their service contracts	• Only on the basis of a separate contractual agreement with the new Board of Management member • Payments to compensate for declining variable remuneration or other financial disadvantages • Benefits in connection with a relocation	(Compensation) payments are designed to attract qualified candidates

1 For the Board of Management members already appointed prior to December 14, 2020, a three-year performance period continues to apply until their contracts are renewed. In fiscal year 2024, this no longer applied to any active members of the Board of Management. In all other respects, the performance share plan corresponds mutatis mutandis to that described for fiscal year 2024.

2 Mr. Blume receives from Volkswagen AG 50% of the remuneration for the Chair of the Board of Management of Volkswagen AG and from Porsche AG 50% of the remuneration for the Chair of the Executive Board of Porsche AG. The target amount for Mr. Blume thus corresponds to half of the target amount for a Chair of the Board of Management who receives the full remuneration of a Chair of the Board of Management of Volkswagen AG.

Component	Composition	Target
Other remuneration provisions		
Penalty and clawback rules[1]	• The Supervisory Board can reduce or request repayment of the annual bonus and LTI by up to 100% in the event of relevant misconduct during the assessment period • A clawback is not permissible if more than three years have elapsed since the bonus was paid	Penalty and clawback rules are intended to counteract individual misconduct and negligence on the part of the organization
Maximum remuneration	• Relevant components are the base salary paid for the respective fiscal year, fringe benefits granted, the service cost in connection with the occupational retirement provision, the annual bonus granted for the respective fiscal year and paid out in the following year, the performance share plan paid out in the respective fiscal year and for which the performance period ended immediately before the respective fiscal year, any benefits granted to new Board of Management members and any special payment granted by third parties (e.g., other Volkswagen Group companies) for the relevant fiscal year • For the Chair of the Board of Management €15,000,000 (gross) per fiscal year and for Board of Management members €8,500,000 (gross) per fiscal year • If the maximum remuneration is exceeded, the annual bonus will be reduced; if a reduction is not sufficient, the Supervisory Board may, at its discretion, reduce other remuneration components or request repayment of remuneration paid out	The aim of the maximum remuneration is to ensure that the remuneration of Board of Management members is not inappropriately high when measured against the peer group
Cap on cash remuneration	• In addition to maximum remuneration • Cash remuneration includes the base salary paid in the respective fiscal year, the annual bonus granted for the respective fiscal year and paid out in the following year, the performance share plan paid in the respective fiscal year and for which the performance period ended immediately before the respective fiscal year • For the Chair of the Board of Management €12,500,000 (gross) per fiscal year and for Board of Management members €7,000,000 (gross) per fiscal year	The cap on cash remuneration is intended to prevent unacceptably high disbursements in the individual fiscal year

1 For the Board of Management members already appointed prior to December 14, 2020, penalty and clawback rules only apply once their contracts have been renewed. In fiscal year 2024, this no longer applied to any active members of the Board of Management.

III. Remuneration of the Board of Management members appointed in fiscal year 2024

1. Board of Management members in fiscal year 2024

The members of the Volkswagen AG Board of Management in fiscal year 2024 were as follows:

> Oliver Blume, member of the Board of Management since April 13, 2018, Chair of the Board of Management since September 1, 2022, also Chair of the Executive Board of Dr. Ing. h.c. F. Porsche AG
> Arno Antlitz, member of the Board of Management since April 1, 2021
> Ralf Brandstätter, member of the Board of Management since January 1, 2022, also CEO of Volkswagen (China) Investment Company Limited
> Gernot Döllner, member of the Board of Management since September 1, 2023, also Chair of the Board of Management of AUDI AG
> Manfred Döss, member of the Board of Management since February 1, 2022
> Gunnar Kilian, member of the Board of Management since April 13, 2018
> Thomas Schäfer, member of the Board of Management since July 1, 2022
> Thomas Schmall-von Westerholt, member of the Board of Management since January 1, 2021
> Hauke Stars, member of the Board of Management since February 1, 2022

Members generally do not receive additional remuneration for discharging other mandates on management bodies, supervisory boards or similar, especially in other companies of the Volkswagen Group, as part of their Board of Management mandate. If such remuneration is nevertheless granted, it is counted toward the remuneration for their work as a member of the Board of Management of Volkswagen AG. For mandates that Board of Management members do not discharge as part of their Board activities, the Supervisory Board shall decide whether and, if any, how much remuneration the members shall receive in addition to the remuneration for their activities as members of the Board of Management of Volkswagen AG. Any remuneration that Board members receive for such mandates shall be determined by the body responsible for the entity in question and reported by this entity where necessary. Currently, no such remuneration is added to the remuneration that the Board of Management members receive from Volkswagen AG.

A different arrangement has been reached with Mr. Blume with regard to the performance of his duties as Chair of the Executive Board of Dr. Ing. h.c. F. Porsche AG (Porsche AG): since January 1, 2023, Volkswagen AG has granted Mr. Blume 50% of the remuneration for the Chair of the Board of Management based on a newly concluded service contract; an exception is made for fringe benefits – in this respect, Mr. Blume receives the full amount of the fringe benefit allowance for the Chair of the Board of Management of Volkswagen AG. However, Porsche AG reimburses Volkswagen AG for half of the fringe benefits costs. Since January 1, 2023, Porsche AG has granted Mr. Blume 50% of the remuneration for the Chair of the Executive Board of Porsche AG. This remuneration is based on the remuneration system for the members of the Executive Board of Porsche AG. Mr. Blume receives from Porsche AG a base salary, one-year variable remuneration (STI) and multi-year variable remuneration (LTI); Mr. Blume does not receive fringe benefits from Porsche AG. In addition, Porsche AG grants Mr. Blume an occupational retirement provision in the form of a defined contribution plan. In preparation for the IPO completed on September 29, 2022, Porsche AG agreed on an IPO bonus for Mr. Blume. This IPO bonus is structured as a share plan with a one-, two- and three-year term, in each case starting from the time of the IPO. Remuneration granted to Mr. Blume by Porsche AG is counted towards the cap on cash remuneration and Mr. Blume's maximum remuneration at Volkswagen AG. In the overview in the tables of the remuneration granted and owed to Mr. Blume in fiscal year 2024, the remuneration components granted to Mr. Blume by Porsche AG are included and shown separately.

A different arrangement has also been reached with Mr. Brandstätter for his work at Volkswagen (China) Investment Company Limited: Mr. Brandstätter receives separate remuneration for his work as CEO of Volkswagen (China) Investment Company Limited. Mr. Brandstätter's contractual remuneration under his contract of employment with Volkswagen AG is reduced accordingly for the duration of his work at Volkswagen (China) Investment Company Limited.

2. Remuneration granted and owed in fiscal year 2024

In accordance with section 162(1) sentence 1 of the AktG, the remuneration report must report on the remuneration granted and owed to each individual member of the Board of Management in the last fiscal year. These terms are understood as follows:

The term "granted" (*gewährt*) refers to the actual receipt (*Zufluss*) of the remuneration component.

The term "owed" (*geschuldet*) refers to all legally existing liabilities for remuneration components that are due but have not yet been fulfilled.

2.1. Overview in the tables

The following tables show the remuneration actually received by members of the Board of Management in fiscal year 2024. The remuneration reported as granted in fiscal year 2024 thus consists of the base salary paid out in fiscal year 2024, the fringe benefits, the annual bonus paid in the month following the approval of the Company's consolidated financial statements for fiscal year 2024 and the LTI for the performance period 2021–2023 paid in fiscal year 2024. The remuneration components granted to Mr. Blume by Porsche AG and to Mr. Brandstätter by Volkswagen (China) Investment Company Limited are presented in the same way.

The relative shares shown in the tables relate to the remuneration components granted and owed in the respective fiscal year in accordance with section 162(1) sentence 1 of the AktG. They thus include all benefits actually received in the respective fiscal year, regardless of the fiscal year for which the Board of Management members received them. The relative shares indicated here are thus not comparable with the respective relative shares of fixed and variable remuneration components as part of total remuneration in the description of the remuneration system according to section 87a(1) sentence 2 no. 3 of the AktG. The shares indicated in the remuneration system relate to the targets agreed for the relevant fiscal year, irrespective of the time at which the respective remuneration component was paid out.

Pension expense is reported as service cost within the meaning of IAS 19. The service cost in accordance with IAS 19 does not constitute remuneration granted or owed within the meaning of section 162(1) sentence 1 of the AktG as it is not actually received by the Board of Management member in the reporting year.

Maximum remuneration corresponds to maximum remuneration within the meaning of section 87a(1) sentence 2 no. 1 of the AktG in accordance with the remuneration system adopted by the Supervisory Board and approved by the Annual General Meeting. As in the past, in addition to maximum remuneration, a limit on cash remuneration, which includes the base salary paid out for the relevant fiscal year, the annual bonus granted for the relevant fiscal year and paid out in the subsequent year, the performance share plan paid out in the relevant fiscal year and for which the performance period ended immediately before the respective fiscal year has been agreed with the members of the Board of Management.

On December 14, 2020, the Supervisory Board adopted a remuneration system for the members of the Board of Management based for the first time on the requirements of ARUG II. Service contracts of Supervisory Board members newly concluded or renewed after this date include the penalty and clawback rules provided for in this remuneration system. Accordingly, only the service contract of former Board of Management member Mr. Duesmann, which was concluded before December 14, 2020, does not contain a penalty and clawback provision. Volkswagen AG did not make use of the existing penalty and clawback rules in fiscal year 2024.

	OLIVER BLUME[1]	
	Chair, Sport Luxury brand group, Chair of the Executive Board of Porsche AG	
	2024	
	€	%
Fixed remuneration components		
Base salary		
Volkswagen AG[2]	1,235,000.00	13.4
Porsche AG	1,085,000.00	11.8
Fringe benefits		
Volkswagen AG	363,363.00	4.0
Porsche AG	–	–
Total	**2,683,363.00**	**29.2**
Variable remuneration components		
One-year variable remuneration/annual bonus		
Volkswagen AG	2,002,000.00	21.8
Porsche AG	1,334,116.00	14.5
Multi-year variable remuneration/long-term incentive (LTI)[3]		
LTI (performance share plan) 2021–2023	2,714,878.97	29.5
Other remuneration		
Special benefits paid to new Board of Management members	–	–
Porsche AG IPO bonus	461,610.00	5.0
Total remuneration granted and owed	**9,195,967.97**	**100.0**
Pension expenses		
Volkswagen AG	710,470.00	x
Porsche AG	439,239.00	x
Total remuneration including pension expenses	**10,345,676.97**	**x**
Maximum remuneration	15,000,000.00	x
Clawback in accordance with section 162(1) sentence 2 no. 4 of the AktG	-	x

1 Mr. Blume receives from Volkswagen AG 50% of the remuneration for the Chair of the Board of Management of Volkswagen AG and from Porsche AG 50% of the remuneration for the Chair of the Executive Board of Porsche AG. The table shows the remuneration components granted to Mr. Blume separately according to whether they were granted by Volkswagen AG or by Porsche AG.
2 In fiscal year 2024, all active members of the Board of Management waived 5% of their gross base salary for fiscal year 2024.
3 The LTI paid out in fiscal year 2024 was for work performed in fiscal year 2021. Mr. Blume did not receive any long-term variable remuneration from Porsche AG in fiscal year 2021 that would have to be counted towards the remuneration he receives from Volkswagen AG. Mr. Blume received 100% of the 2021 LTI from Volkswagen AG.

	ARNO ANTLITZ	
	Finance and Operations	
	2024	
	€	%
Fixed remuneration components		
Base salary[1]	1,425,000.00	42.8
Fringe benefits	186,852.00	5.6
Total	**1,611,852.00**	**48.4**
Variable remuneration components		
One-year variable remuneration/annual bonus	1,716,000.00	51.6
Multi-year variable remuneration/long-term incentive (LTI)		
LTI (performance share plan) 2021–2023[2]	–	–
Other remuneration		
Special benefits paid to new Board of Management members	–	–
Total remuneration granted and owed	**3,327,852.00**	**100.0**
Pension expenses	624,360.00	x
Total remuneration including pension expenses	**3,952,212.00**	**x**
Maximum remuneration	8,500,000.00	x
Clawback in accordance with section 162(1) sentence 2 no. 4 of the AktG	-	x

1 In fiscal year 2024, all active members of the Board of Management waived 5% of their gross base salary for fiscal year 2024.
2 The Supervisory Board appointed Mr. Antlitz as a member of the Board of Management in fiscal year 2021 and allocated him a performance share plan with a four-year performance period for fiscal year 2021 in accordance with the 2021 remuneration system in force at the time. Mr. Antlitz therefore did not yet receive a payout from this performance share plan in fiscal year 2024.

	RALF BRANDSTÄTTER	
	China, Chair of the Board of Management (CEO) of Volkswagen (China) Investment Co., Ltd.	
	2024	
	€	%
Fixed remuneration components		
Base salary		
Volkswagen AG[1]	142,500.00	3.8
VCIC[2]	1,282,500.00	34.3
Fringe benefits		–
Volkswagen AG	27,214.00	0.7
VCIC[3]	567,421.00	15.2
Total	**2,019,635.00**	**54.1**
Variable remuneration components		
One-year variable remuneration/annual bonus		
Volkswagen AG	171,600.00	4.6
VCIC[2]	1,544,400.00	41.3
Multi-year variable remuneration/long-term incentive (LTI)		
LTI (performance share plan) 2021–2023	–	–
Other remuneration		
Special benefits paid to new Board of Management members	–	–
Total remuneration granted and owed	**3,735,635.00**	**100.0**
Pension expenses	604,090.00	x
Total remuneration including pension expenses	**4,339,725.00**	**x**
Maximum remuneration	8,500,000.00	x
Clawback in accordance with section 162(1) sentence 2 no. 4 of the AktG	-	x

1 In fiscal year 2024, all active members of the Board of Management waived 5% of their gross base salary for fiscal year 2024.
2 Mr. Brandstätter receives 90% of the remuneration of a regular Board of Management member of Volkswagen AG from Volkswagen (China) Investment Company Limited (VCIC) for his work as CEO of VCIC. VCIC accounts for Mr. Brandstätter as if he received his remuneration from Volkswagen AG in Germany. These amounts are disclosed here. The actual gross expense incurred by VCIC may differ on account of Chinese tax law.
3 The fringe benefits presented by VCIC include, in particular, the benefits paid by VCIC for Mr. Brandstätter's assignment to China (such as accommodation, flight expenses). Assignment-specific fringe benefits are not counted against the fringe benefit allowance provided by VCIC.

	GERNOT DÖLLNER	
	Progressive brand group, Chair of the Board of Management of AUDI AG	
	2024	
	€	%
Fixed remuneration components		
Base salary[1]	1,425,000.00	42.9
Fringe benefits	183,787.00	5.5
Total	**1,608,787.00**	**48.4**
Variable remuneration components		
One-year variable remuneration/annual bonus	1,716,000.00	51.6
Multi-year variable remuneration/long-term incentive (LTI)		
LTI (performance share plan) 2021–2023	–	–
Other remuneration		
Special benefits paid to new Board of Management members	–	–
Total remuneration granted and owed[2]	**3,324,787.00**	**100.0**
Pension expenses	641,502.00	x
Total remuneration including pension expenses	**3,966,289.00**	**x**
Maximum remuneration	8,500,000.00	x
Clawback in accordance with section 162(1) sentence 2 no. 4 of the AktG	-	x

1 In fiscal year 2024, all active members of the Board of Management waived 5% of their gross base salary for fiscal year 2024.
2 Mr. Döllner received remuneration of €60,417.00 (gross) from FC Bayern München AG for his mandate on its Supervisory Board in fiscal year 2024 and €6,666.67 (gross) from Bentley Motors Ltd. for his mandate on its Board of Directors. The full amount of remuneration from each company was counted toward the reported base salary granted by Volkswagen AG.

	MANFRED DÖSS[1]	
	Integrity and Legal Affairs	
	2024	
	€	%
Fixed remuneration components		
Base salary[2]	1,068,750.00	42.9
Fringe benefits	134,957.00	5.4
Total	**1,203,707.00**	**48.3**
Variable remuneration components		
One-year variable remuneration/annual bonus	1,287,000.00	51.7
Multi-year variable remuneration/long-term incentive (LTI)		
LTI (performance share plan) 2021–2023	–	–
Other remuneration		
Special benefits paid to new Board of Management members	–	–
Total remuneration granted and owed	**2,490,707.00**	**100.0**
Pension expenses	445,500.00	x
Total remuneration including pension expenses	**2,936,207.00**	**x**
Maximum remuneration	6,375,000.00	x
Clawback in accordance with section 162(1) sentence 2 no. 4 of the AktG	-	x

1 Mr. Döss receives remuneration in the amount of 75% of the remuneration of a regular member of the Board of Management of Volkswagen AG.
2 In fiscal year 2024, all active members of the Board of Management waived 5% of their gross base salary for fiscal year 2024.

	GUNNAR KILIAN	
	Human Resources and Trucks brand group	
	2024	
	€	%
Fixed remuneration components		
Base salary[1]	1,425,000.00	24.3
Fringe benefits	183,648.00	3.1
Total	**1,608,648.00**	**27.4**
Variable remuneration components		
One-year variable remuneration/annual bonus	1,716,000.00	29.2
Multi-year variable remuneration/long-term incentive (LTI)		
LTI (performance share plan) 2021–2023[2]	2,551,270.16	43.4
Other remuneration		
Special benefits paid to new Board of Management members	–	–
Total remuneration granted and owed	**5,875,918.16**	**100.0**
Pension expenses	649,229.00	x
Total remuneration including pension expenses	**6,525,147.16**	**x**
Maximum remuneration	8,500,000.00	x
Clawback in accordance with section 162(1) sentence 2 no. 4 of the AktG	-	x

1 In fiscal year 2024, all active members of the Board of Management waived 5% of their gross base salary for fiscal year 2024.
2 Mr. Kilian's service contract was renewed with effect from December 10, 2021. The performance share plan allocated to Mr. Kilian for fiscal year 2021 therefore has a three-year performance period on a pro rata temporis basis up until the date of contract renewal and a four-year performance period on a pro rata temporis basis starting from the date of renewal. Only the portion with a three-year performance period that was paid out in fiscal year 2024 is reported here.

	THOMAS SCHÄFER	
	Core brand group, Chair of the Board of Management of the Volkswagen Passenger Cars brand	
	2024	
	€	%
Fixed remuneration components		
Base salary[1]	1,425,000.00	42.8
Fringe benefits	184,575.00	5.6
Total	**1,609,575.00**	**48.4**
Variable remuneration components		
One-year variable remuneration/annual bonus	1,716,000.00	51.6
Multi-year variable remuneration/long-term incentive (LTI)		
LTI (performance share plan) 2021–2023	–	–
Other remuneration		
Special benefits paid to new Board of Management members	–	–
Total remuneration granted and owed	**3,325,575.00**	**100.0**
Pension expenses	627,866.00	x
Total remuneration including pension expenses	**3,953,441.00**	**x**
Maximum remuneration	8,500,000.00	x
Clawback in accordance with section 162(1) sentence 2 no. 4 of the AktG	-	x

1 In fiscal year 2024, all active members of the Board of Management waived 5% of their gross base salary for fiscal year 2024.

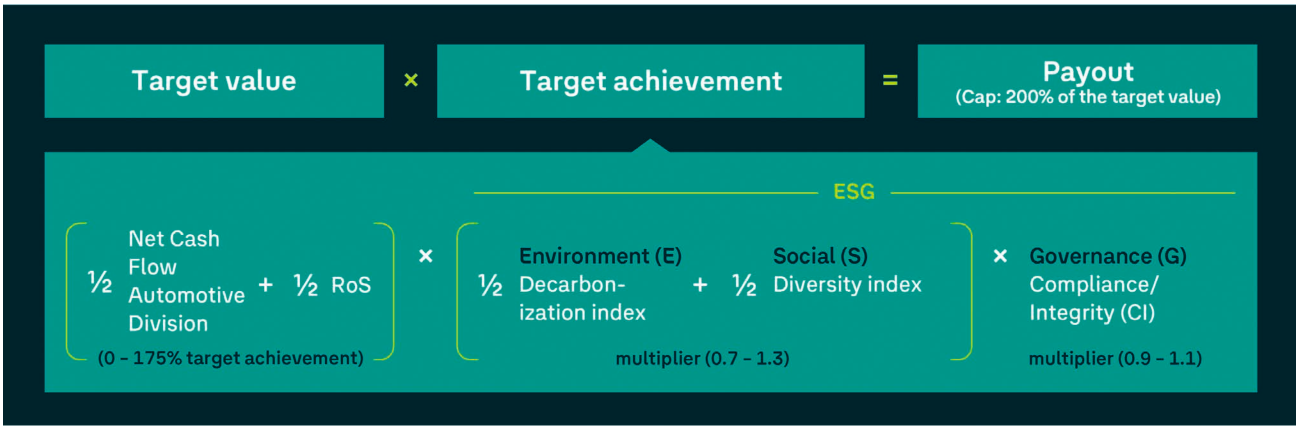
	THOMAS SCHMALL-VON WESTERHOLT	
	Technology, Chair of the Board of Management of Volkswagen Group Components	
	2024	
	€	%
Fixed remuneration components		
Base salary[1]	1,425,000.00	42.8
Fringe benefits	185,558.00	5.6
Total	**1,610,558.00**	**48.4**
Variable remuneration components		
One-year variable remuneration/annual bonus	1,716,000.00	51.6
Multi-year variable remuneration/long-term incentive (LTI)		
LTI (performance share plan) 2021–2023[2]	–	–
Other remuneration		
Special benefits paid to new Board of Management members	–	–
Total remuneration granted and owed	**3,326,558.00**	**100.0**
Pension expenses	613,113.00	x
Total remuneration including pension expenses	**3,939,671.00**	**x**
Maximum remuneration	8,500,000.00	x
Clawback in accordance with section 162(1) sentence 2 no. 4 of the AktG	-	x

1 In fiscal year 2024, all active members of the Board of Management waived 5% of their gross base salary for fiscal year 2024.
2 The Supervisory Board appointed Mr. Schmall-von Westerholt to the Board of Management in fiscal year 2021 and allocated him a performance share plan with a four-year performance period for fiscal year 2021 in accordance with the 2021 remuneration system in force at the time. Mr. Schmall-von Westerholt therefore did not yet receive a payout from this performance share plan in fiscal year 2024.

	HAUKE STARS	
	IT	
	2024	
	€	%
Fixed remuneration components		
Base salary[1]	1,425,000.00	42.8
Fringe benefits	185,186.00	5.6
Total	**1,610,186.00**	**48.4**
Variable remuneration components		
One-year variable remuneration/annual bonus	1,716,000.00	51.6
Multi-year variable remuneration/long-term incentive (LTI)		
LTI (performance share plan) 2021–2023	–	–
Other remuneration		
Special benefits paid to new Board of Management members	–	–
Total remuneration granted and owed	**3,326,186.00**	**100.0**
Pension expenses	631,968.00	x
Total remuneration including pension expenses	**3,958,154.00**	**x**
Maximum remuneration	8,500,000.00	x
Clawback in accordance with section 162(1) sentence 2 no. 4 of the AktG	-	x

1 In fiscal year 2024, all active members of the Board of Management waived 5% of their gross base salary for fiscal year 2024.

ANNUAL BONUS



2.2 Explanation
2.2.1 Performance criteria for the variable remuneration
a) Performance criteria for the annual bonus
aa) Financial subtargets

The following overviews show the threshold values, target values and maximum values set by the Supervisory Board for fiscal year 2024 for the financial subtargets net cash flow in the Automotive Division and operating return on sales (RoS), along with the actual figures and target achievement levels in percent in fiscal year 2024.

COMPONENT 1: NET CASH FLOW IN THE AUTOMOTIVE DIVISION

€ billion	2024
Maximum value (175%)	7.25
100% target level	5.0
Threshold value (0%)	3.5
Actual[1]	5.0
Target achievement (in %)	100

1 The actual figure presented includes the effects of the Rivian acquisition. Adjusted for the effects of the Rivian acquisition, the net cash flow in the Automotive Division amounts to €6.035 billion.

The Supervisory Board may adjust the actual calculated target achievement level for the net cash flow in the Automotive Division subtarget in justified exceptional cases in order to ensure a performance-related assessment in this subtarget. Justified exceptional cases are acquisitions with an impact of over €1 billion on the net cash flow in the Automotive Division. For fiscal year 2024, the Supervisory Board made use of this option and adjusted the subtarget achievement for the net cash flow subtarget in the Automotive Division from 100% to 135%. This adjustment is based on the agreement entered into in fiscal year 2024 to establish a joint venture between Volkswagen AG and Rivian Automotive, LLC. The Supervisory Board believes that the transactions recognized as the purchase of an equity investment in the financial statements constitute an acquisition, which had the effect of reducing the net cash flow in the Automotive Division by a total of €1.022 billion. This reduction in cash flows does not permit any conclusions about the financial situation of Volkswagen AG or the performance of the members of the Board of Management in fiscal year 2024. To ensure a performance-related assessment, the Supervisory Board took account of the effects of the Rivian acquisition and set the subtarget achievement for the net cash flow subtarget in the Automotive Division for fiscal year 2024 to 135%.

COMPONENT 2: OPERATING RETURN ON SALES

%	2024
Maximum value (175%)	9.5
100% target level	6.5
Threshold value (50%)	4.5
Actual	5.9
Target achievement (in %)	85

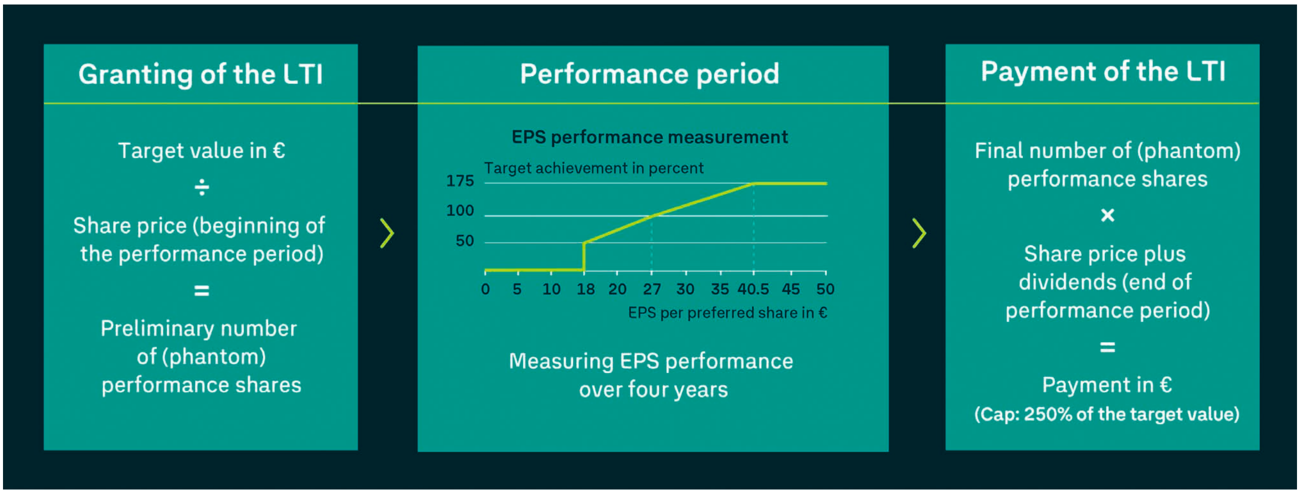
ab) ESG factor

The Supervisory Board used the option provided to apply the diversity index only and suspend the sentiment rating as an ESG criterion with respect to the social subtarget for 2024, as the measurement method for the sentiment rating is currently being revised. The following overview shows the minimum values, target values and maximum values set by the Supervisory Board for fiscal year 2024 for the environmental (decarbonization index) and social (diversity index) subtargets along with the actual figures and target achievement levels in fiscal year 2024. The decarbonization index measures the emissions of CO_2 and CO_2 equivalents by the passenger car- and light commercial vehicle-producing brands over the entire life cycle and documents the progress in improving our carbon footprint. The diversity index is used worldwide to determine the development of the proportion of women in management and the internationalization of top management. The indicator provides incentives for an exemplary leadership and corporate culture. The governance factor is a means for the Supervisory Board to express its satisfaction with the expected and actual behavior of the Board of Management with regard to the criteria of integrity and compliance. As a rule, the governance factor should be 1.0 and may only be reduced to 0.9 or raised to 1.1 in exceptional circumstances based on the professional judgment of the Supervisory Board. For fiscal year 2024, the Supervisory Board has set the governance factor at the standard value of 1.0 for all Board of Management members; it takes into account and assesses the collective performance of the Board of Management as a whole and the performance of each Management Board member individually.

	ENVIRONMENT		SOCIAL
	Decarbonization index		Diversity index
in tCO_2e/vehicle	2024	Points	2024
Maximum value	42.5	Maximum value	157.0
100% target level	44.3	100% target level	150.0
Minimum value	47.1	Minimum value	143.0
Actual	46.4	Actual	168.0
Target achievement (factor)	0.78	Target achievement (factor)	1.30

The ESG factors underlying the remuneration system are described in the management report and sustainability report within the 2024 Annual Report. They are included in the strategic non-financial key performance indicators and allocated to the matters identified as material in the double materiality assessment of the Volkswagen Group conducted for this reporting year for the first time.

LONG-TERM INCENTIVE (LTI): (PHANTOM) PERFORMANCE SHARE PLAN (PSP)



The illustration relates to the LTI with the performance periods 2024–2026 and 2024–2027. The LTI with the performance period 2021–2023 that was paid out in fiscal year 2024 and reported in this remuneration report as remuneration granted and owed had a maximum value for the EPS performance measurement of 150%.

b) Performance criteria for the long-term incentive (LTI)

The four-year performance share plan has applied since January 1, 2021 to all Board of Management members with service contracts newly concluded or renewed after the Supervisory Board resolution of December 14, 2020. For the Board of Management members already appointed at the time of the Supervisory Board resolution of December 14, 2020, a three-year performance period continued to apply until their contracts were renewed. In fiscal year 2024, this no longer applied to any active members of the Board of Management. For the description of the remuneration granted and owed under the performance share plan with the 2021–2023 performance period, this means the following for the active members of the Board of Management already appointed in fiscal year 2021: The performance share plan of the Chair of the Board of Management, Mr. Blume, had a three-year performance period in fiscal year 2021 and is therefore to be reported in full as remuneration granted. For the Board of Management members Mr. Antlitz and Mr. Schmall-von Westerholt, who already had a performance share plan with a four-year performance period in fiscal year 2021, no LTI payment amount is to be reported in the Remuneration Report 2024. For the Board of Management member Mr. Kilian, whose contract was renewed in fiscal year 2021 and whose performance share plan therefore had a three-year performance period on a pro rata temporis basis, the payment amount attributable to the three-year performance period 2021–2023 is shown.

ba) Information on the performance shares

€	PERFORMANCE PERIOD 2021–2023 Number of performance shares allocated at the grant date	PERFORMANCE PERIOD 2021–2024 Number of performance shares allocated at the grant date	PERFORMANCE PERIOD 2022–2024 Number of performance shares allocated at the grant date	PERFORMANCE PERIOD 2022–2025 Number of performance shares allocated at the grant date	PERFORMANCE PERIOD 2023–2026 Number of performance shares allocated at the grant date	PERFORMANCE PERIOD 2024–2027 Number of performance shares allocated at the grant date
Oliver Blume	12,069	–	6,828	7,264	22,393	26,617
Arno Antlitz	–	9,052	–	10,242	18,977	22,557
Ralf Brandstätter	–	–	–	10,242	18,977	22,557
Gernot Döllner	–	–	–	–	6,326	22,557
Manfred Döss	–	–	–	7,041	14,233	16,918
Gunnar Kilian	11,342	727	–	10,242	18,977	22,557
Thomas Schäfer	–	–	–	5,121	18,977	22,557
Thomas Schmall-von Westerholt	–	12,069	–	10,242	18,977	22,557
Hauke Stars	–	–	–	9,388	18,977	22,557
Total	**23,411**	**21,848**	**6,828**	**69,782**	**156,814**	**201,434**

bb) EPS performance

The following overview shows the minimum value, target value and maximum value set by the Supervisory Board at the beginning of the performance period for the performance share plan 2021–2023, which was paid out in fiscal year 2024, along with the actual figure and target achievement level in percent.

PERFORMANCE PERIOD 2021–2023

€	2021	2022	2023
Maximum value (150%)	30.0	30.0	30.0
100% target level	20.0	20.0	20.0
Minimum value (50%)	10.0	10.0	10.0
Actual	29.65	29.69	31.85
Target achievement (in %)	148	148	150

The following overviews show the minimum values, target values and maximum values set by the Supervisory Board at the beginning of the performance periods 2021–2024, 2022–2024 or 2022–2025, 2023–2025 or 2023–2026 and 2024–2026 or 2024–2027 along with the actual figures and target achievement levels attained in percent so far for the individual years of the assessment period up to and including 2024. The performance share plans for the performance periods 2021–2024, 2022–2024 or 2022–2025, 2023–2025 or 2023–2026 and 2024–2026 or 2024–2027 were not due in fiscal year 2024 and have not yet been paid out; they therefore do not constitute remuneration granted or owed in fiscal year 2024.

PERFORMANCE PERIOD 2021–2024

€	2021	2022	2023	2024
Maximum value (150%)	30.0	30.0	30.0	30.0
100% target level	20.0	20.0	20.0	20.0
Minimum value (50%)	10.0	10.0	10.0	10.0
Actual	29.65	29.69	31.85	21.42
Target achievement (in %)	148	148	150	107

PERFORMANCE PERIOD 2022–2024

€	2022	2023	2024
Maximum value (150%)	30.0	30.0	30.0
100% target level	20.0	20.0	20.0
Minimum value (50%)	10.0	10.0	10.0
Actual	29.69	31.85	21.42
Target achievement (in %)	148	150	107

PERFORMANCE PERIOD 2022–2025

€	2022	2023	2024
Maximum value (150%)	30.0	30.0	30.0
100% target level	20.0	20.0	20.0
Minimum value (50%)	10.0	10.0	10.0
Actual	29.69	31.85	21.42
Target achievement (in %)	148	150	107

PERFORMANCE PERIOD 2023–2025

€	2023	2024
Maximum value (175%)	40.5	40.5
100% target level	27.0	27.0
Minimum value (50%)	18.0	18.0
Actual	31.85	21.42
Target achievement (in %)	127	69

PERFORMANCE PERIOD 2023–2026

€	2023	2024
Maximum value (175%)	40.5	40.5
100% target level	27.0	27.0
Minimum value (50%)	18.0	18.0
Actual	31.85	21.42
Target achievement (in %)	127	69

PERFORMANCE PERIOD 2024–2026

€	2024
Maximum value (175%)	40.5
100% target level	27.0
Minimum value (50%)	18.0
Actual	21.42
Target achievement (in %)	69

PERFORMANCE PERIOD 2024–2027

€	2024
Maximum value (175%)	40.5
100% target level	27.0
Minimum value (50%)	18.0
Actual	21.42
Target achievement (in %)	69

In fiscal year 2024, Volkswagen AG corrected the provision for time assets for the previous year in accordance with IAS 8. As a result, the audited, fully diluted earnings per Volkswagen preferred share from continuing and discontinued operations (EPS) for fiscal year 2023 amounts to €31.85 instead of €31.98 per Volkswagen preferred share. The corrected figure for fiscal year 2023 is reported in the 2024 remuneration report. The correction of the audited EPS for fiscal year 2023 to €31.85 per Volkswagen preferred share results in an adjustment of the target achievement level to 127% instead of 128% for the performance periods 2023–2025 and 2023–2026. No other changes have been made to the target achievements levels reported in previous remuneration reports.

bc) Reference prices/dividend equivalent for the performance periods

The relevant initial reference price, closing reference price and dividend equivalent for the performance period 2021–2023 can be found in the following overview.

	PERFORMANCE PERIOD
	2021–2023
Initial reference price	149.14
Closing reference price	110.83
Dividend equivalent	
2021	4.86
2022	7.56
2023	27.82

The following overview shows the initial reference price, closing reference price and dividend equivalent for the performance share plans not yet due and not yet paid out for the performance periods 2021–2024, 2022–2024 or 2022–2025, 2023–2025 or 2023–2026 and 2024–2026 or 2024–2027.

	PERFORMANCE PERIOD						
	2021–2024	2022–2024	2022–2025	2023–2025	2023–2026	2024–2026	2024–2027
Initial reference price	149.14	175.75	175.75	131.74	131.74	110.83	110.83
Closing reference price	84.13[1]	84.13[1]	–[1]	–[1]	–[1]	–[1]	–[1]
Dividend equivalent							
2021	4.86	–	–	–	–	–	–
2022	7.56	7.56	7.56	–	–	–	–
2023	27.82	27.82	27.82	27.82	27.82	–	–
2024	9.06	9.06	9.06	9.06	9.06	9.06	9.06

1 Determined at the end of the performance period.

2.2.2 Conformity with the remuneration system

The remuneration granted and owed to the Board of Management members in fiscal year 2024 meets the requirements of the remuneration system for the members of the Board of Management. There was no deviation from the applicable remuneration system in fiscal year 2024. There was no need to reduce the payments related to the annual bonus and performance share plan based on the maximum values of the individual remuneration components being exceeded, as they did not exceed 200% of the target amount for the annual bonus or 250% of the target amount for the performance share plan. The total remuneration granted and owed to the Board of Management members in fiscal year 2024 did not exceed the maximum remuneration envisaged by the remuneration system. Since January 1, 2023, Volkswagen AG has granted Mr. Blume 50% of the remuneration for the Chair of the Board of Management of Volkswagen AG on the basis of the newly concluded service contract. In derogation of this, Volkswagen AG grants Mr. Blume the full amount of the fringe benefit allowance for the Chair of the Board of Management of Volkswagen AG. Mr. Blume is also Chair of the Executive Board of Porsche AG. Since January 1, 2023, Porsche AG has granted Mr. Blume 50% of the remuneration for a Chair of the Executive Board of Porsche AG. In preparation for the IPO completed on September 29, 2022, Porsche AG agreed on an IPO bonus for Mr. Blume. This IPO bonus is structured as a share plan with a one-, two- and three-year term, in each case starting from the time of the IPO. Mr. Blume was allocated a total of 19,290 phantom preferred shares in Porsche AG in fiscal year 2022, divided into three tranches of 6,430 phantom preferred shares each. Any remuneration granted and owed from this IPO bonus will be reported in the remuneration report for the fiscal year in which the relevant tranche is paid out to Mr. Blume. The second tranche was paid out in fiscal year 2024. As a precaution, Volkswagen AG approved the remuneration from Porsche AG as a third-party remuneration arrangement. The remuneration granted to Mr. Blume by Porsche AG is counted towards the maximum remuneration and the cap on cash remuneration of Volkswagen AG.

2.2.3 Benefits and pension commitments in connection with termination of service

a) Benefits and pension commitments to Board of Management members for early termination of service

The remuneration system for the members of the Board of Management and the service contracts of the Board of Management members provide for severance payments in the event that an appointment as member of the Board of Management is revoked. In such cases – except where there is good cause entitling the Company to terminate the service contract prematurely or where the appointment is revoked due to a gross breach of duty – the Board of Management member receives a gross severance payment in the amount of the total remuneration of the past financial year up to the end of the regular term of the appointment, for a maximum of two years, calculated as of the date of the termination of the appointment as member of the Board of Management. Any temporary benefits for new Board of Management members are excluded from the calculation. Should a Board of Management member leave during the course of the first fiscal year of the appointment, the calculation may by way of exception be based on the expected total remuneration for the current fiscal year. The severance payment will be paid as a one-off payment or in a maximum of 24 monthly installments from the time of the termination of the appointment as a member of the Company's Board of Management. Contractual remuneration paid by the Company for the period from the termination of the appointment until the end of the service contract will be offset against the severance payment. Should Board of Management members take up other work after the termination of their appointment, the amount of the severance payment will be reduced by the amount of the income earned from that work. Should a post-contractual non-compete covenant be agreed, the severance payment will be offset against the compensation received for observing the post-contractual non-compete covenant.

The members of the Board of Management are also entitled to a pension and to a surviving dependents' pension as well as the use of company cars for the period in which they receive their pension in the event of early termination of their service on the Board of Management.

Also in the case of early termination, the variable remuneration components will generally be paid at the contractually agreed maturity dates in accordance with the terms of the contract. There will be no early calculation and payout – except where the employment relationship ends due to permanent disability or death.

In line with the recommendation under G.14 of the 2022 Code, the service contracts do not provide for change of control clauses. Members of the Board of Management are therefore not entitled to payments agreed in the event of a change of control or to other special benefits (for example a commitment to grant shares) from Volkswagen AG.

PENSIONS OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2024 IN ACCORDANCE WITH IAS 19

€	Present value	Pension expenses in fiscal year 2024
Oliver Blume	4,678,014.00	710,470.00
Arno Antlitz	2,436,687.00	624,360.00
Ralf Brandstätter	1,927,705.00	604,090.00
Gernot Döllner	838,650.00	641,502.00
Manfred Döss	1,614,590.00	445,500.00
Gunnar Kilian	4,473,562.00	649,229.00
Thomas Schäfer	1,637,514.00	627,866.00
Thomas Schmall-von Westerholt	2,650,261.00	613,113.00
Hauke Stars	1,826,533.00	631,968.00
Total	**22,083,516.00**	**5,548,098.00**

b) Pension commitments to Board of Management members for regular termination of service

In the event of regular termination of their service on the Board of Management, the members of the Board of Management are entitled to a pension, including a surviving dependents' pension, as well as the use of company cars for the period in which they receive their pension. The agreed benefits are paid or made available when the Board of Management member reaches the age of 65, or in Mr. Blume's and Mr. Kilian's case, when they reach the age of 63.

The Board of Management members received a defined contribution plan, which is based in principle on a works agreement that also applies to the employees of Volkswagen AG covered by collective agreements and includes retirement, invalidity and surviving dependents' benefits. A pension contribution in the amount of 40% of the base salary is paid to Volkswagen Pension Trust e.V. at the end of the calendar year for each year they are appointed to the Board of Management. Since fiscal year 2023, the pension contribution for Mr. Blume has been 50% of his base salary. No other changes were made to the defined contribution plans in fiscal year 2024. The annual pension contributions result in modules of what is, in principle, a lifelong pension in line with the arrangements that also apply to employees covered by collective agreements.

The individual pension modules vest immediately upon payment to Volkswagen Pension Trust e.V. Instead of a lifelong pension, benefits can optionally be paid out as a lump sum or in installments when the beneficiary reaches retirement age.

The overview on the previous page shows the pensions earned for the individual members of the Board of Management in fiscal year 2024, indicating the present value and the pension expense for the Company during the last fiscal year.

c) Benefits and pension commitments to Board of Management members who left in fiscal year 2024

No members of the Board of Management stepped down in fiscal year 2024.

2.2.4 No clawback claims in fiscal year 2024

Volkswagen AG did not seek to claw back any variable remuneration components from individual Board of Management members in fiscal year 2024. The prerequisites for a clawback claim did not apply.

IV. Remuneration of former Board of Management members

In accordance with section 162(1) sentence 1 of the AktG, the remuneration granted and owed to former members of the Board of Management must also be reported.

1. Remuneration granted and owed in fiscal year 2024 (individualized)

Under section 162(5) sentence 2 of the AktG, the obligation to report individually on the remuneration granted and owed to former Board of Management members also extends to remuneration granted and owed in the ten years after their most recent term of office on the Board of Management or Supervisory Board at Volkswagen AG.

The following tables show the remuneration granted and owed in fiscal year 2024 to the individual former members of the Board of Management who left after fiscal year 2014. As with the current Board of Management members, the annual bonus paid at the beginning of 2025 to former Board of Management members for the 2024 fiscal year is counted as remuneration granted in fiscal year 2024.

	KARLHEINZ BLESSING	
	2024	
	€	%
Pension payments	189,505.92	96.4
Base salary	–	–
Fringe benefits	7,129.00	3.6
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	–	0.0
Severance payments	–	–
Total remuneration granted and owed	**196,634.92**	**100.0**

	HERBERT DIESS	
	2024	
	€	%
Pension payments	–	–
Base salary	2,600,000.00	26.5
Fringe benefits	190,603.00	1.9
One-year variable remuneration/annual bonus	4,004,000.00	40.9
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	3,007,048.35	30.7
Severance payments	–	–
Total remuneration granted and owed	**9,801,651.35**	**100.0**
Pension expenses	1,362,117.00	x
Total remuneration including pension expenses	**11,163,768.35**	**x**
Maximum remuneration	15,000,000.00	x

	MARKUS DUESMANN	
	2024	
	€	%
Pension payments	–	–
Base salary	1,500,000.00	24.5
Fringe benefits	192,197.00	3.1
One-year variable remuneration/annual bonus	1,716,000.00	28.0
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	2,714,878.97	44.3
Severance payments	–	–
Total remuneration granted and owed[1]	**6,123,075.97**	**100.0**
Pension expenses	614,578.00	x
Total remuneration including pension expenses	**6,737,653.97**	**x**
Maximum remuneration	4,000,000.00	x

1 Mr. Duesmann received remuneration of €12,500.00 (gross) from FC Bayern München AG for his mandate on its Supervisory Board in fiscal year 2024 and €13,333.33 (gross) from Bentley Motors Ltd. for his mandate on its Board of Directors. The full amount of remuneration from each company was counted toward the reported base salary granted by Volkswagen AG.

	FRANCISCO JAVIER GARCIA SANZ	
	2024	
	€	%
Pension payments	786,010.04	98.7
Base salary	–	–
Fringe benefits	10,741.00	1.3
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	–	–
Severance payments	–	–
Total remuneration granted and owed	**796,751.04**	**100.0**

	JOCHEM HEIZMANN	
	2024	
	€	%
Pension payments	814,400.00	99.0
Base salary	–	–
Fringe benefits	8,004.00	1.0
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	–	–
Severance payments	–	–
Total remuneration granted and owed	**822,404.00**	**100.0**

	CHRISTINE HOHMANN-DENNHARDT	
	2024	
	€	%
Pension payments	111,847.80	79.4
Base salary	–	–
Fringe benefits	28,984.50	20.6
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	–	–
Severance payments	–	–
Total remuneration granted and owed	**140,832.30**	**100.0**

	MATTHIAS MÜLLER	
	2024	
	€	%
Pension payments	1,266,360.48	98.3
Base salary	–	–
Fringe benefits	21,479.97	1.7
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	–	–
Severance payments	–	–
Total remuneration granted and owed	**1,287,840.45**	**100.0**

	HORST NEUMANN	
	2024	
	€	%
Pension payments	727,340.00	97.0
Base salary	–	–
Fringe benefits	22,584.00	3.0
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	–	–
Severance payments	–	–
Total remuneration granted and owed	**749,924.00**	**100.0**

	LEIF ÖSTLING	
	2024	
	€	%
Pension payments	253,848.12	100.0
Base salary	–	–
Fringe benefits	–	–
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	–	–
Severance payments	–	–
Total remuneration granted and owed	**253,848.12**	**100.0**

	HANS DIETER PÖTSCH	
	2024	
	€	%
Pension payments	946,501.92	96.9
Base salary	–	–
Fringe benefits	30,643.43	3.1
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	–	–
Severance payments	–	–
Total remuneration granted and owed	**977,145.35**	**100.0**

	ANDREAS RENSCHLER	
	2024	
	€	%
Pension payments	375,377.36	98.8
Base salary	–	–
Fringe benefits	4,744.00	1.2
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	–	–
Severance payments	–	–
Total remuneration granted and owed	**380,121.36**	**100.0**

	ABRAHAM SCHOT	
	2024	
	€	%
Pension payments	–	–
Base salary	–	–
Fringe benefits	–	–
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	2,714,878.97	100.0
Severance payments	–	–
Total remuneration granted and owed	**2,714,878.97**	**100.0**

	RUPERT STADLER	
	2024	
	€	%
Pension payments	–	–
Base salary	–	–
Fringe benefits	8,409.00	100.0
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	–	–
Severance payments	–	–
Total remuneration granted and owed	**8,409.00**	**100.0**

	HILTRUD DOROTHEA WERNER	
	2024	
	€	%
Pension payments	–	–
Base salary	–	–
Fringe benefits	–	–
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	2,714,878.97	100.0
Severance payments	–	–
Total remuneration granted and owed	**2,714,878.97**	**100.0**

	MARTIN WINTERKORN	
	2024	
	€	%
Pension payments	1,321,356.96	97.7
Base salary	–	–
Fringe benefits	30,422.00	2.3
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	–	–
Severance payments	–	–
Total remuneration granted and owed	**1,351,778.96**	**100.0**

	FRANK WITTER	
	2024	
	€	%
Pension payments	473,547.30	25.6
Base salary	–	–
Fringe benefits	17,526.00	0.9
One-year variable remuneration/annual bonus	–	–
Multi-year variable remuneration/long-term incentive (LTI, performance share plan 2021–2023)	1,357,666.09	73.4
Severance payments	–	–
Total remuneration granted and owed	**1,848,739.39**	**100.0**

2. Total remuneration granted to former Board of Management members

Section 162(5) sentence 2 of the AktG does not require the Company to report individually on the remuneration granted and owed in 2024 to former members of the Board of Management whose most recent term of office on the Board of Management or Supervisory Board of Volkswagen AG came to an end before the beginning of 2015 and thus more than ten years before this remuneration report was prepared. A total of €9.0 million was granted and owed to such former Board of Management members and their surviving dependents in fiscal year 2024. Obligations for pensions for this group of persons measured in accordance with IAS 19 amounted to €98.5 million.

V. Comparative presentation

The following table shows a comparison of the year-on-year percentage change in the remuneration of current and former Board of Management members with the earnings performance of Volkswagen AG and with the average remuneration of employees on a full-time equivalent basis. For members of the Board of Management, the remuneration granted and owed in the reporting year is placed in relation to the equivalent figure for the previous year.

Earnings performance is shown on the basis of Volkswagen AG's net income or loss for the year. However, the remuneration of the Board of Management members is based on Group KPIs. In order to demonstrate more transparently how the remuneration of the Board of Management members has changed compared with earnings performance, the earnings after tax, operating result and operating return on sales of the Volkswagen Group, as reported in the consolidated financial statements, are also used in determining earnings performance. This means that Group KPIs are not only applied in calculating the remuneration of the Board of Management members but also in determining earnings performance. The Group KPIs used in determining earnings performance show the overall effect of the business activities for which the Board of Management is responsible.

The comparison with the growth in average employee remuneration is based on the personnel expenses of Volkswagen AG reported in the notes to the annual financial statements of Volkswagen AG, adjusted for the remuneration of the members of the Board of Management. These adjusted personnel expenses are divided by the number of full-time equivalent employees of Volkswagen AG as of December 31, 2024, excluding the members of the Board of Management.

VI. Peer group

The Supervisory Board regularly reviews and, if necessary, adjusts the level of the remuneration, the total remuneration cap and the individual targets. Among other things, the Supervisory Board performs a vertical comparison with the remuneration and employment terms of the Company's employees and a horizontal comparison with the remuneration and employment terms of other companies' management board members. The Supervisory Board conducts a comparison with what it considers to be a suitable peer group to assess whether the specific total remuneration paid to the members of the Board of Management is customary when measured against that paid in other companies. This peer group is regularly reviewed – most recently at the beginning of 2024 – and adjusted if necessary. The peer group currently comprises the following companies: BMW, Mercedes-Benz Group, Ford, General Motors, Stellantis, Nissan Motor Corporation, Toyota, BYD, Tesla (excluding CEO), hp, IBM, Uber, SAP, Samsung, General Electric, Siemens, Hitachi and Boeing. The companies in the peer group were chosen to reflect the Volkswagen Group's strategic business fields. Technology and services companies, especially in the battery/electronics, IT/software and mobility services segments, have also been included in the peer group along with the global automotive manufacturers. In addition, the peer group includes selected global industrial corporations that, in the view of the Supervisory Board, appear comparable with the Volkswagen Group in terms of their development focus, vertical integration, global orientation and level of complexity. In the view of the Supervisory Board, the composition of this peer group is representative of the Volkswagen Group's specific competitive environment in the sales market and in the recruitment market for top executives.

Annual change in %	2024 compared with 2023[1]	2023 compared with 2022[1]	2022 compared with 2021[1]	2021 compared with 2020[1]
Board of Management remuneration[2]				
Oliver Blume	+5.4%	+36.1%	+49.1%	+74.8%
Arno Antlitz	-9.5%	-3.5%	+28.8%	–
Ralf Brandstätter	-11.4%	+3.8%	–	–
Gernot Döllner	+164.9%	–	–	–
Manfred Döss	-9.6%	+5.3%	–	–
Gunnar Kilian	+5.1%	-1.6%	+6.6%	+128.3%
Thomas Schäfer	-9.6%	+92.9%	–	–
Thomas Schmall-von Westerholt	-9.6%	-3.5%	-3.4%	–
Hauke Stars	-9.5%	+5.2%	–	–
Karlheinz Blessing	-90.7%	-30.2%	+346.3%	-83.0%
Herbert Diess	-14.8%	+12.5%	+19.0%	+40.1%
Markus Duesmann	+19.8%	+33.4%	-3.5%	-56.6%
Francisco Javier Garcia Sanz	+1.0%	-59.2%	+56.5%	-43.8%
Jochem Heizmann	+2.0%	-5.7%	-31.4%	-50.7%
Christine Hohmann-Dennhardt	-5.1%	+2.7%	+2.0%	+2.7%
Matthias Müller	-34.4%	-72.6%	+408.4%	-71.4%
Horst Neumann	+4.7%	+3.0%	+0.3%	+0.1%
Leif Östling	–	+3.1%	+1.0%	+1.0%
Hans Dieter Pötsch	+9.6%	+3.3%	+2.5%	-1.5%
Andreas Renschler	-73.5%	-74.3%	-0.5%	-0.2%
Abraham Schot	+41.8%	-32.4%	–	–
Rupert Stadler	-63.8%	+2.853.9%	-99.8%	-73.7%
Hiltrud Dorothea Werner	+41.8%	-37.6%	-46.0%	+6.6%
Martin Winterkorn	+0.1%	+9.2%	+2.3%	+0.2%
Frank Witter	-22.7%	-27.2%	+22.2%	-34.5%
Earnings performance				
Net income or loss for the year of Volkswagen AG	-17.8%	-50.0%	+208.8%	-36.2%
Operating result of the Volkswagen Group	-15.4%	+2.1%	+14.8%	+99.2%
Operating return on sales of the Volkswagen Group	-15.7%	-8.9%	+2.6%	+79.1%
Earnings after tax of the Volkswagen Group	-30.6%	+13.1%	+2.6%	+74.8%
Employees				
Volkswagen AG employees	+2.9%	-14.6%	+26.9%	+9.2%

1 Under the transitional provision of section 26j(2) sentence 2 of the *Einführungsgesetz zum Aktiengesetz* (EGAktG – Introductory Act to the German Stock Corporation Act), the comparative presentation is to be based on the average remuneration in the period since fiscal year 2020 only, rather than the average remuneration for the last five fiscal years; this provision applies until the end of fiscal year 2025.

2 Remuneration "granted and owed" within the meaning of section 162(1) sentence 1 of the AktG.

B. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

I. Principles of Supervisory Board remuneration

Following its regular review of Supervisory Board remuneration, the Supervisory Board proposed an adjustment of the remuneration for the members of the Supervisory Board to the 2023 Annual General Meeting. The proposed adjustment of the Supervisory Board remuneration system was approved by the Annual General Meeting on May 10, 2023 with 99.99% of the votes cast. The remuneration of the members of the Supervisory Board is governed by Article 17 of the Articles of Association of Volkswagen Aktiengesellschaft.

The remuneration of the members of the Supervisory Board of Volkswagen AG and remuneration for supervisory board work at subsidiaries is comprised entirely of non-performance-related remuneration components.

II. Overview of remuneration

The members of the Supervisory Board of Volkswagen AG receive fixed remuneration of €170,000 per fiscal year. The Chair of the Supervisory Board receives fixed remuneration of €510,000; the Deputy Chair receives fixed remuneration of €340,000.

For their work in the Supervisory Board committees, the members of the Supervisory Board also receive additional fixed remuneration of €75,000 per committee and fiscal year provided the committee met at least once that year for the performance of its duties. Membership of the Nomination and Mediation Committees established in accordance with section 27(3) of the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act) are not taken into account. Committee chairs receive double this amount, while the deputy chairs receive one-and-a-half times the committee remuneration listed previously. Remuneration is paid for work on a maximum of two committees, whereby the two most highly remunerated functions are taken into account if this maximum is exceeded. Supervisory Board members who belonged to the Supervisory Board or one of its committees for only part of the fiscal year receive remuneration on a pro rata temporis basis. A value-added tax incurred on the remuneration is reimbursed by the Company.

Supervisory Board members receive an attendance fee of €1,000 for attending a meeting of the Supervisory Board or one of its committees; if several meetings take place on the same day, the attendance fee is paid only once.

The remuneration and attendance fees are each payable after the end of the fiscal year.

The remuneration enables suitable, qualified candidates to be recruited to the Supervisory Board. As such, the remuneration of the members of the Supervisory Board contributes to the ability of the Supervisory Board as a whole to properly and competently perform its duties of monitoring and advising the Board of Management. Restricting the payment to fixed remuneration is also appropriate to the duties of the Supervisory Board. The restriction provides the Supervisory Board members with an incentive in their monitoring and advisory duties to properly scrutinize the activities of the Board of Management without being guided primarily by the performance of key operating ratios.

Former members of the Supervisory Board of Volkswagen AG do not receive any remuneration for the period following the termination of office.

III. Other remuneration

Volkswagen AG reimburses Supervisory Board members for the expenses they incur in the course of their work. In accordance with Article 17(7) sentence 2 of the Articles of Association of Volkswagen AG, the members of the Supervisory Board were also covered in the reporting year by the directors and officers (D&O) insurance taken out by the Company in their interest. The Company paid the premiums for the D&O insurance. There was a deductible equal to the gross annual fixed remuneration amount for Supervisory Board members. There is no voluntary commitment by members of the Supervisory Board to buy and hold shares of Volkswagen AG.

IV. Remuneration to Supervisory Board members in fiscal year 2024

1. Supervisory Board members in fiscal year 2024

The members of the Volkswagen AG Supervisory Board in office during the 2024 fiscal year are listed in the table below.

2. Remuneration granted and owed

The following table shows the remuneration individually granted and owed to each of the Supervisory Board members in fiscal year 2024. This is based on the same understanding of the term "granted and owed" as set out in section "A III. 2. Remuneration granted and owed in fiscal year 2024" of this remuneration report. The remuneration reported in the table therefore reflects the amounts actually received in fiscal year 2024.

€ (%)	FIXED REMUNERATION 2024	WORK IN COMMITTEES 2024	MEETING ATTENDANCE FEES 2024	TOTAL 2024	REMUNERATION FOR SERVING ON THE BOARDS OF OTHER GROUP COMPANIES 2024
Hans Dieter Pötsch	510,000.00 (75.1%)	150,000.00 (22.1%)	19,000.00 (2.8%)	**679,000.00**	681,000.00
Jörg Hofmann[1]	340,000.00 (71.7%)	112,500.00 (23.7%)	22,000.00 (4.6%)	**474,500.00**	–
Hessa Sultan Al Jaber	170,000.00 (95.0%)	– (0.0%)	9,000.00 (5.0%)	**179,000.00**	–
Mansoor Ebrahim Al-Mahmoud	170,000.00 (51.5%)	150,000.00 (45.5%)	10,000.00 (3.0%)	**330,000.00**	–
Rita Beck (since January 9, 2024)[1]	165,819.67 (64.3%)	70,081.97 (27.2%)	22,000.00 (8.5%)	**257,901.64**	116,250.00
Harald Buck[1]	170,000.00 (95.0%)	– (0.0%)	9,000.00 (5.0%)	**179,000.00**	239,000.00
Matías Carnero Sojo[3]	–	–	–	**–**	–
Daniela Cavallo[1]	170,000.00 (44.4%)	187,500.00 (49.0%)	25,000.00 (6.5%)	**382,500.00**	105,000.00
Julia Willie Hamburg[2]	170,000.00 (94.4%)	– (0.0%)	10,000.00 (5.6%)	**180,000.00**	–
Marianne Heiß	170,000.00 (65.6%)	75,000.00 (29.0%)	14,000.00 (5.4%)	**259,000.00**	75,000.00
Arno Homburg[1]	170,000.00 (94.4%)	– (0.0%)	10,000.00 (5.6%)	**180,000.00**	–
Günther Horvath	170,000.00 (95.0%)	– (0.0%)	9,000.00 (5.0%)	**179,000.00**	–
Daniela Nowak[1]	170,000.00 (94.4%)	– (0.0%)	10,000.00 (5.6%)	**180,000.00**	–
Hans Michel Piëch	170,000.00 (63.9%)	75,000.00 (28.2%)	21,000.00 (7.9%)	**266,000.00**	241,500.00
Ferdinand Oliver Porsche	170,000.00 (66.4%)	75,000.00 (29.3%)	11,000.00 (4.3%)	**256,000.00**	291,500.00
Wolfgang Porsche	170,000.00 (64.6%)	75,000.00 (28.5%)	18,000.00 (6.8%)	**263,000.00**	471,500.00
Gerardo Scarpino[1]	170,000.00 (49.3%)	150,000.00 (43.5%)	25,000.00 (7.2%)	**345,000.00**	4,000.00
Karina Schnur[1]	170,000.00 (95.5%)	– (0.0%)	8,000.00 (4.5%)	**178,000.00**	234,450.00
Conny Schönhardt[1]	170,000.00 (65.6%)	75,000.00 (29.0%)	14,000.00 (5.4%)	**259,000.00**	79,211.00
Stephan Weil[2]	170,000.00 (64.9%)	75,000.00 (28.6%)	17,000.00 (6.5%)	**262,000.00**	–
Total	**3,735,819.67**	**1,270,081.97**	**283,000.00**	**5,288,901.64**	**2,538,411.00**

1 These employee representatives have stated that they will transfer their Supervisory Board remuneration to the Hans Böckler Foundation in accordance with the guidelines issued by the *Deutscher Gewerkschaftsbund* (DGB –German Confederation of Trade Unions).

2 Under section 5(3) of the *Niedersächsisches Ministergesetz* (German Act Governing Ministers of the State of Lower Saxony), these members of the Supervisory Board are obliged to transfer their Supervisory Board remuneration to the State of Lower Saxony as soon as and in so far as it exceeds €6,200 per annum. Remuneration is defined for this purpose as Supervisory Board remuneration and attendance fees exceeding the amount of €200.

3 Mr. Carnero Sojo waived his remuneration for fiscal year 2024 in its entirety.

V. Comparative presentation

The following table compares the year-on-year percentage change in the remuneration of the Supervisory Board members with the earnings performance of Volkswagen AG and with the average remuneration of employees on a full-time equivalent basis.

Earnings performance is shown on the basis of Volkswagen AG's net income or loss for the year. The Volkswagen Group's earnings after tax are also used as a Group KPI.

The comparison with the growth in average employee remuneration is based on the personnel expenses of Volkswagen AG reported in the notes to the annual financial statements of Volkswagen AG, adjusted for the remuneration of the members of the Board of Management. These adjusted personnel expenses are divided by the number of full-time equivalent employees of Volkswagen AG as of December 31, 2024, excluding the members of the Board of Management.

Annual change in %	2024 compared with 2023[1]	2023 compared with 2022[1]	2022 compared with 2021[1]	2021 compared with 2020[1]
Supervisory Board remuneration[2]				
Hans Dieter Pötsch	+7.8%	+35.3%	+2.0%	+1.5%
Jörg Hofmann	+1.5%	+49.8%	+7.6%	–3.0%
Hessa Sultan Al Jaber	+1.1%	+59.5%	+4.7%	–2.8%
Mansoor Ebrahim Al-Mahmoud	+0.3%	+189.2%	–	–
Rita Beck (since January 9, 2024)	–	–	–	–
Harald Buck	+0.2%	+105.4%	–	–
Matías Carnero Sojo	–	–	–	–
Daniela Cavallo	+5.0%	+23.9%	+67.9%	–
Julia Willie Hamburg	+2.3%	+965.3%	–	–
Marianne Heiß	+0.9%	+35.7%	–0.7%	+2.6%
Arno Homburg	+1.7%	+136.5%	–	–
Günther Horvath	+19.7%	–	–	–
Daniela Nowak	+1.1%	+137.9%	–	–
Hans Michel Piëch	+1.4%	+33.1%	+5.4%	+13.5%
Ferdinand Oliver Porsche	–	+37.6%	–6.8%	+3.1%
Wolfgang Porsche	+0.7%	+55.0%	–2.3%	+8.9%
Gerardo Scarpino	+50.0%	–	–	–
Karina Schnur	+56.3%	–	–	–
Conny Schönhardt	+32.1%	+51.5%	+4.3%	–3.0%
Stephan Weil	+1.2%	+40.0%	+13.5%	–4.1%
Earnings performance				
Net income or loss for the year of Volkswagen AG	–17.8%	–50.0%	+208.8%	–36.2%
Earnings after tax of the Volkswagen Group	–30.6%	+13.1%	+2.6%	+74.8%
Employees				
Volkswagen AG employees	+2.9%	–14.6%	+26.9%	+9.2%

1 Under the transitional provision of section 26j(2) sentence 2 of the *Einführungsgesetz zum Aktiengesetz* (EGAktG – Introductory Act to the German Stock Corporation Act), the comparative presentation is to be based on the average remuneration in the period since fiscal year 2020 only, rather than the average remuneration for the last five fiscal years; this provision applies until the end of fiscal year 2025.

2 Remuneration "granted and owed" within the meaning of section 162(1) sentence 1 of the AktG.

4

Group Management Report

(Combined Management Report of the Volkswagen Group and Volkswagen AG)

Goals and Strategies

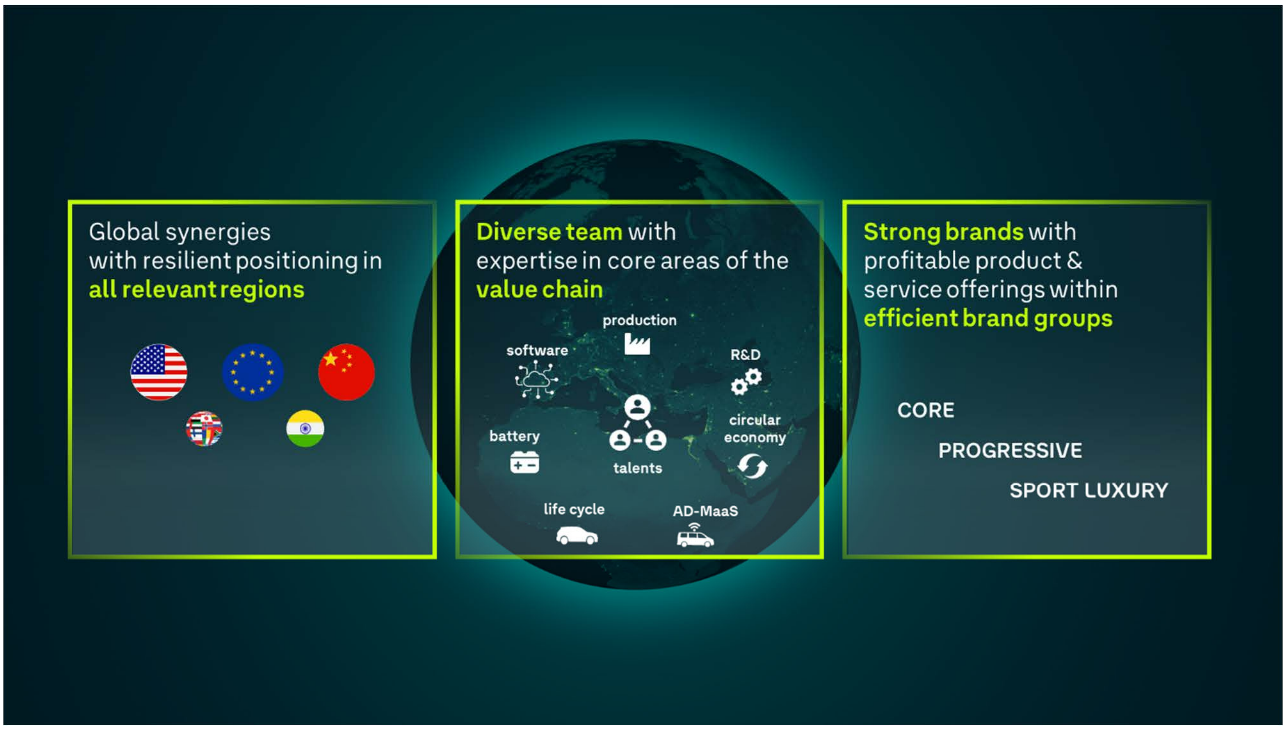
With "The Group Strategy – Mobility for generations", which was rolled out in 2024, we are tackling the challenges facing the automotive industry worldwide. Our vision is to be The Global Automotive Tech Driver.

Fast-moving global megatrends, rapid technological advances, changes in customer requirements and, last but not least, the macroeconomic and political climate and regulatory framework are presenting the automotive industry with historic challenges. Artificial intelligence is creating opportunities that were not even conceivable until recently and bringing about change in nearly all industries and walks of life. Society and its values are also in a state of flux. Awareness of our planet and how our way of life is impacting on it is becoming increasingly important.

Against this backdrop, we scrutinized our own direction in fiscal year 2024 and developed "The Group Strategy – Mobility for generations". This new Group strategy addresses important topics from previous strategies and takes these to the next level.

The first step entailed formulating the main requirements and overarching targets for the strategy. They include resilience, so that we position our global business robustly in times of geopolitical tensions; adaptivity, so that we have the capacity to respond quickly to changes in the course of the transformation of the mobility industry; and financial robustness, so that we can finance the necessary investments in product innovations.

REQUIREMENTS AND OVERARCHING TARGETS OF THE STRATEGY



From these we derive our strategic vision of being The Global Automotive Tech Driver. This aggregates the material areas for action for the Volkswagen Group in three fields:

- Resilient positioning in all relevant regions in order to leverage global synergies;
- Refocusing areas of expertise within the value chain, also increasingly in conjunction with partners
- Strong brands with profitable product and service offerings, to be managed by the Group in efficient brand groups

CORE TOPICS AND IMPERATIVES OF THE GROUP STRATEGY

To realize our vision of becoming The Global Automotive Tech Driver, we defined clearly delineated corporate goals in the form of nine imperatives as part of the Group strategy assigned to three core topics:

- Excite customers globally:
  We aim to excite customers globally by offering a strong product portfolio, an attractive range of services throughout the entire customer and product life cycle and competitive technologies.
- Unleash our full potential:
  We intend to unleash our full business potential by consciously deciding between synergies and implementation speed, making our Company more attractive to talented individuals and unlocking the opportunities provided by artificial intelligence.
- Focus on fundamentals:
  We are focusing on creating a robust company base with reduced cost structures and resilient structures, and we see sustainability as a basic maxim for our actions.

We continue to use the OKR (Objectives and Key Results) method to implement our strategic objectives. Accordingly, strategic objectives and envisaged key results are defined for the individual imperatives. These are to be realized largely through time-limited projects and work packages, each of which can be measured by specific key performance indicators. The degree of achievement is continuously reviewed and the overall picture is presented to the Board of Management twice per year. As such, the relevance of the imperatives, and their objectives, milestones, projects and work packages are regularly reviewed at Group level. Their focus is continuously monitored and adjusted as necessary.

In the following, we describe the individual imperatives and the basic focus of each one.

Focus on iconic and profitable portfolio

Efficient portfolio management and the exploitation of synergies within the Group are a cornerstone of the Group strategy. Direct regional control of our customer-centric and distinctive vehicle portfolio is paramount here, with particular emphasis being placed on the positioning of the vehicles in the individual markets, true to the spirit of the brand. This also entails concentrating on a successful, profitable portfolio for Europe, sharpening our focus on attractive segments in North America, and further localizing and strengthening our activities under our "in China for China" strategy.

Drive life-cycle customer excitement

Customer centricity is an important pillar of our Group strategy. Here, our aim is to put customers front and center of our activities and excite them with our products and services throughout the vehicle's entire life cycle, not just when they are deciding which vehicle to buy. As mobility needs change, we expect to see demand for use-based vehicle and mobility services (for example subscription models and self-driving robotaxis/shuttle services) soar up to 2035. To maximize the potential of the use-phase business, we are striving to create a synergetic and holistic ecosystem that incorporates all of our Group products and services. This will enable us to make our product offering user-centered and to support and gain the loyalty of our customers throughout the entire life cycle.

Boost technology leadership

Software, batteries and mechatronic platforms are the automotive technology areas that will be important in the future and will largely determine the pace of innovation and cost per vehicle.

The "boost technology leadership" imperative prioritizes consistent, coordinated planning of these automotive technology areas for this reason. Our technology strategy envisages a progressive reorganization of the Group over the next ten years, turning it into an efficient, leading global automotive technology player. Here we will concentrate on vehicle software, batteries and our platforms.

More than ever before, the car of the future and the associated customer experience will be shaped by software. That is why the Volkswagen Group is pursuing the vision of a software-defined vehicle (SDV). Whereas in the past the starting point for vehicle development was the hardware, future vehicle development will center more on the software and the related electrical/electronic high-performance architecture. Consequently, our development process should start with the software. We are therefore designing the vehicle with the mobile, digital, smart world of our customers in mind. Our collaboration with Rivian and XPeng will provide us with valuable potential for reaching series production rapidly, thus enabling us to raise the bar in the automotive market of the future.

As the technological and economic centerpiece of electric vehicles, the battery is a decisive factor not only in terms of price, but also in terms of range and charging speed, making it a determining factor for the appeal and market success of e-mobility. The Volkswagen Group bundles business activities along the battery life cycle in the Group's own technology company PowerCo with the aim of developing into a profitable provider of sustainable, competitive battery technology for electric vehicles. Going forward, PowerCo will rely on an integrated value chain and aims to cover the relevant areas – from the procurement and processing of raw materials to cell production and recycling – both independently and in collaboration with partners.

Platform development is a significant area of expertise of the Volkswagen Group. With the Scalable Systems Platform (SSP), we are creating the next generation of an all-electric, fully digital mechatronics platform based on a standardized software architecture. The Volkswagen Group's aim with this scalable platform is to rapidly and efficiently provide its customers with innovative functions and technologies, across all brands. Through the reduction of complexity and the number of variants, the SSP will provide potential to leverage extensive synergies and enable fast, regular technology updates, while ensuring the necessary differentiation between the products of the individual brands in the Group's portfolio.

Balance speed and scale

Implementing the strategic goals by 2035 requires a clear allocation of responsibilities and transparent decision-making structures within the Group. The “balance speed and scale” imperative therefore aims to achieve an optimal balance between Group synergies and decision-making speed in order to achieve cost efficiency while meeting the necessary reaction rates in the global automotive market.

The imperative seeks to optimize the interplay between corporate functions, brand groups and business areas, which in turn will allow major synergies to be leveraged in relation to software, batteries and the use phase in the Group. In addition, this imperative will focus on management of the China and North America regions so as to enable a rapid response to geopolitical changes in these regions. Since the Group has an extensive portfolio of financial investments in addition to its core automotive business, we also continually strive to future-proof and optimize this portfolio.

Empower talent across organization

In order to meet the demanding requirements arising from growing complexity, rapid changes in customer expectations and the unpredictable challenges that lie ahead, we need to ratchet up our performance, becoming more efficient, more agile and more adaptable. As we see it, a key factor here is boosting the efficacy and entrepreneurial spirit of our employees so that we can unleash the full potential that lies within our organization.

This transformation will be holistically aligned and supported: our employees’ skills profiles will be tailored to the requirements of their jobs in a forward-looking manner. Here, emphasis is also placed on being able to react flexibly to changes and hone the necessary skills in specific areas, for example in the use of artificial intelligence. To maximize the effectiveness of individual strengths, we seek to create a framework in which teams can work together effectively, take responsibility for joint results, and develop agile ways of thinking and working to increase our flexibility. Our aim here is not only to contribute to the satisfaction of the employees within our organization, but also to ensure that we remain attractive to skilled workers whose expertise can help us to remain competitive.

Spearhead AI transformation

The breakneck development of artificial intelligence (AI) is opening up huge potential for optimizing processes and products throughout the entire value chain. The Volkswagen Group is committed to fully exploiting this potential and plans to extensively ramp up AI applications throughout the Group in the coming years. To this end, we are working to create the necessary conditions, which includes developing a state-of-the-art IT infrastructure and ensuring data transparency and availability – even beyond the Group’s borders. At the same time, we are using this imperative to adapt our business processes so that they are optimally aligned with the use of AI and can make full use of its potential. Our employees are one of the main drivers of this transformation. We focus on providing selective training and skills development in dealing with AI, ensuring synergetic implementation in the Group so that the advantages of AI transformation can be comprehensively realized in all areas of the Company.

Drive cost disruption

The latest technology developments such as increased automation using artificial intelligence, reduction of product complexity through e-mobility and rising global cost competition are likely to bring about significant changes to automakers' cost structures in the near future. The "drive cost disruption" imperative addresses these challenges by developing possible measures to reduce costs and quantify them using the key components of product manufacturing costs. These measures are then transferred into an overarching cost ambition for 2035.

Increase global resilience

The Volkswagen Group believes it will face, among others, a variety of geopolitical challenges in the coming years and decades. These include a global shift in the political and economic balance of power, systemic rivalry, growing geopolitical conflicts and the ineffectiveness of global governance, which could create more instability and lead to a new world order. In the age of "slowbalization", we expect to see a continued slowdown in the pace of globalization, as measured by world trade flows. We will see an increase in protectionist measures, disruptions to supply chains and divergent regulations in the future, which is likely to cause market fragmentation. In this imperative, in anticipation of continued global decoupling, we assess the risks for the Volkswagen Group, develop solutions for the different regions and provide Group-wide strategic guidelines for orientation.

Elevate sustainability

Sustainability is deeply rooted in the Volkswagen Group and an integral part of our Group strategy. We are providing important and goal-oriented new impetus with our regenerate+ Group sustainability strategy presented in fiscal year 2024. Society needs engagement that generates positive added value in order to help our planet to regenerate and shape a future worth living in for current and future generations. We want to contribute to this and take a broad and comprehensive approach to sustainability – environmentally, socially and economically. Our vision is to become a mobility provider with positive added value for nature and society. To this end, we will seek to work in partnership with all our stakeholders in order to learn and further improve. Together, we follow a vision for the Volkswagen Group and drive sustainable value creation. The regenerate+ Group sustainability strategy features clear measures in four dimensions: nature, our people, society, and business.

THE TOP 10 PROGRAM

The Group Strategy – Mobility for generations sets out our long-term direction with nine initiatives. We continue to develop an annual Top 10 program at the Group level so that the long-term goals of our Group strategy can be implemented swiftly in operations throughout the year. This program defines the action areas with top priority for the Group in the current fiscal year, thus contributing to the long-term target achievement of the strategy.

The action areas of the Group's Top 10 program for fiscal year 2024 covered the areas of performance, products, regions, digitalization, software, platforms, battery, mobility solutions, sustainability as well as teams and organization. We report on the main goals achieved in the fiscal year under the Group's Top 10 program in particular in the chapter "Sustainable Value Enhancement".

Beyond the Group program, the Top 10 program methodology has also been adopted by many business units in their functional area strategies and is being used to accelerate implementation of strategies with a high level of focus.

Internal Management System and Key Performance Indicators

This chapter describes how the Volkswagen Group is managed and the key performance indicators used for this purpose. In addition to financial metrics, our management system also contains non-financial key performance indicators.

The Volkswagen Group's performance and success are expressed in both financial and non-financial key performance indicators.

In the following, we first describe the internal management process and then explain the Volkswagen Group's most significant performance indicators, known as the core performance indicators.

INTERNAL MANAGEMENT PROCESS IN THE VOLKSWAGEN GROUP

Consistent, close integration of the Group and brand strategies with the operational planning process ensures transparency at the Volkswagen Group when it comes to the financial assessment and evaluation of strategic decisions. The operational medium-term planning that is conducted once a year and generally covers a period of five years is incorporated into the strategic planning as a key management element of the Group.

Medium-term planning forms the core of our operational planning and is used to formulate and safeguard the requirements for realizing strategic projects designed to meet Group targets in both technical and economic terms – and particularly in relation to earnings, cash flow and liquidity effects. In addition, this planning also serves as a basis to coordinate all business areas with respect to the strategic action areas concerned, namely functions/processes, products and markets.

When planning the Company's future, the individual planning components are determined on the basis of the timescale involved:

> The long-term unit sales plan, which sets out market and segment growth and then derives the Volkswagen Group's delivery volumes from this
> The product program as the strategic, long-term factor determining corporate policy
> Capacity and utilization planning for the individual sites

The coordinated results of the upstream planning processes are used as the basis for the medium-term financial planning: the Group's financial planning, including the brands and business fields, comprises the income statement, cash flow and balance sheet planning, profitability and liquidity, as well as the upfront investments needed for alternative products and the implementation of strategic options in the future. The first year of the medium-term planning period is fixed and a budget drawn up for the individual months. This is planned in detail down to the level of the operating cost centers.

The budget is reviewed each month to establish the target achievement level. Target/actual and prior-year comparisons, regularly prepared variance analyses and, where necessary, action plans to ensure that targets are met are key internal management instruments in this respect. For the current fiscal year, detailed forecasts are prepared four times per year for the coming quarters and for the full year, taking into account the current risks and opportunities. Adjustments are also made whenever major events occur. The focus of internal management in the course of the year is therefore on adapting ongoing activities. The current forecast serves as the starting point for the subsequent medium-term and budget planning.

CORE PERFORMANCE INDICATORS IN THE VOLKSWAGEN GROUP

In line with our management process, we have defined core performance indicators in the Volkswagen Group for which we provide an estimate for the coming year in the Report on Expected Developments:

- Deliveries to customers
- Sales revenue
- Operating result
- Operating return on sales
- Automotive investment ratio
- Net cash flow in the Automotive Division
- Net liquidity in the Automotive Division

Deliveries to customers (including the Chinese joint ventures) are defined as handovers of new vehicles to the end customer. This figure reflects the popularity of our products and is the measure we use to determine our competitive position in the various markets. One of the most important prerequisites for the Company's long-term success is a strong brand portfolio that – on the basis of outstanding quality – offers tailor-made mobility solutions in the form of safe, connected, resource-efficient and thus largely emission-free vehicles that meet the diverse needs of customers. Demand for our products and mobility services not only forms the basis for unit sales and production, but also ensures full utilization of our sites and safeguards jobs.

Sales revenue, which does not include the figures for our equity-accounted Chinese joint ventures, reflects our market success in financial terms. Following adjustment for our use of resources, the operating result reflects the Company's actual business activity and documents the economic success of our core business. The operating return on sales is the ratio of the operating result to sales revenue.

The automotive investment ratio indicates the ratio of investment to sales revenue and is calculated by adding the research and development ratio (R&D ratio) and the capex to sales revenue ratio. The R&D ratio in the Automotive Division shows total research and development costs as a share of sales revenue. Research and development costs comprise a range of expenses, from futurology to the development of our marketable products. Particular emphasis is placed on the environmentally friendly orientation and digitalization of our product portfolio, the expansion of our battery expertise, the development of software and new platforms and the creation of new technologies. The R&D ratio reflects the activities we have undertaken to safeguard the Company's future viability. The ratio of capex (investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs) to sales revenue in the Automotive Division reflects both our innovative power and our future competitiveness. It shows our capital expenditure – largely for modernizing, expanding, electrifying and digitalizing our product range and for environmentally friendly drivetrains, as well as for adjusting production capacities and improving production processes – in relation to the Automotive Division's sales revenue.

Net cash flow in the Automotive Division represents the excess funds from operating activities available for dividend payments, for example. It is calculated as cash flows from operating activities less cash flows from investing activities attributable to operating activities.

Net liquidity in the Automotive Division is the total of cash, cash equivalents, securities, time deposits and loans not financed by third-party borrowings.

STRATEGIC FINANCIAL PERFORMANCE INDICATORS

We use strategic financial performance indicators to ensure our Group’s long-term success beyond our medium-term planning horizon. Aligned with the Volkswagen Group’s strategic objectives, the aim of these indicators is to enable us to maintain our position as a financially robust Group and to remain competitive both now and in the future. The strategic financial performance indicators that are currently being applied are presented in the table below:

STRATEGIC FINANCIAL PERFORMANCE INDICATORS

	2024	2030 target
Operating return on sales	5.9%	9 to 11%
Automotive investment ratio	14.3%	~9%
Cash conversion rate in the Automotive Division[1]	31.4%	>60%
Net liquidity in the Automotive Division	11.1%	~10% of consolidated sales revenue
Return on investment (ROI) in the Automotive Division	9.7%	>18%

1 Net cash flow as a percentage of the operating result in the Automotive Division

Structure and Business Activities

This chapter describes the legal and organizational structure of the Volkswagen Group and explains the material changes in 2024 with respect to equity investments.

OUTLINE OF THE LEGAL STRUCTURE OF THE GROUP

Volkswagen AG is the parent company of the Volkswagen Group. It develops vehicles and components for the Group brands, and also produces and sells vehicles, in particular passenger cars and light commercial vehicles for the Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands. In its capacity as parent company, Volkswagen AG holds direct or indirect interests in AUDI AG, SEAT S.A., Škoda Auto a.s., Dr. Ing. h.c. F. Porsche AG, TRATON SE, Volkswagen Financial Services AG, Volkswagen Financial Services Overseas AG and a large number of other companies in Germany and abroad. More detailed disclosures are contained in the list of shareholdings in accordance with sections 285 and 313 of the *Handelsgesetzbuch* (HGB – German Commercial Code), which can be accessed at www.volkswagen-group.com/investor-relations and is part of the annual financial statements.

Volkswagen AG is a vertically integrated energy supply company as defined by section 3 no. 38 of the *Energiewirtschaftsgesetz* (EnWG – German Energy Industry Act) and is therefore subject to the provisions of the EnWG. In the electricity sector, Volkswagen AG generates, sells and distributes electricity as a group together with its subsidiaries.

The Volkswagen AG Board of Management has sole responsibility for managing the Company. The Supervisory Board appoints, monitors and advises the Board of Management; it is consulted directly on decisions that are of fundamental significance for the Company.

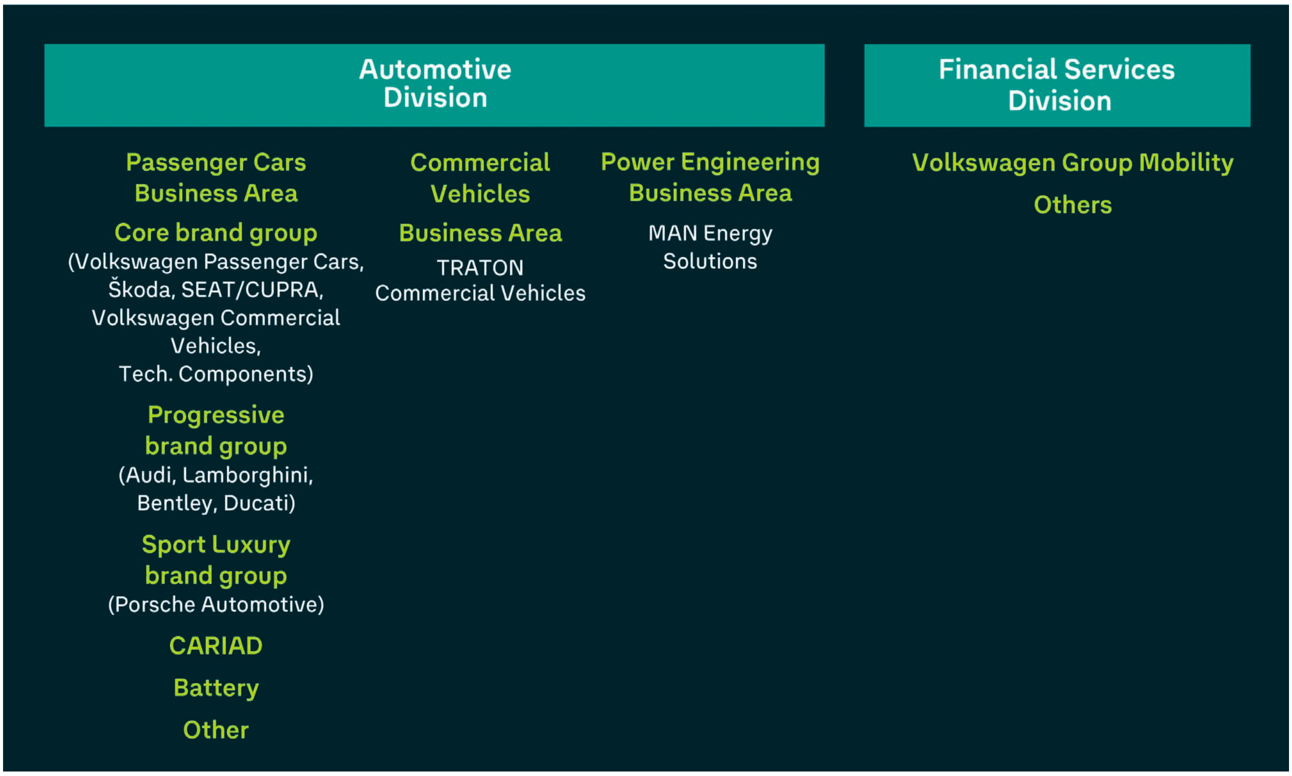
ORGANIZATIONAL STRUCTURE OF THE GROUP

The Volkswagen Group is one of the leading multibrand groups in the automotive industry. The Company's business activities comprise the Automotive and Financial Services divisions. Our core brands within the Automotive Division – with the exception of the Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands – are independent legal entities.

The Automotive Division comprises the Passenger Cars, Commercial Vehicles and Power Engineering business areas.

The Passenger Cars Business Area primarily consolidates the Volkswagen Group's passenger car brands and the Volkswagen Commercial Vehicles brand. Activities focus on the development of vehicles, engines, motors, vehicle software and batteries, the production and sale of passenger cars and light commercial vehicles, and the genuine parts business. The product portfolio ranges from compact cars to luxury vehicles and also includes motorcycles, and is supplemented by mobility solutions.

REPORTING STRUCTURE OF THE VOLKSWAGEN GROUP



The Commercial Vehicles Business Area primarily comprises the development of vehicles, engines, motors, the production and sale of trucks and buses, the genuine parts business and related services. The commercial vehicles portfolio ranges from light vans to heavy trucks and buses. The collaboration between the commercial vehicle brands is coordinated within TRATON SE.

The Power Engineering Business Area combines the large-bore diesel engines, turbomachinery and propulsion components businesses.

The activities of the Financial Services Division comprise dealership and customer financing, leasing, direct banking and insurance activities, fleet management and mobility services.

With its brands, the Volkswagen Group mainly serves individual, corporate and fleet customers in all markets around the world that are relevant for the Group, including Europe and other markets, North America, South America and Asia-Pacific.

Volkswagen AG and the Volkswagen Group are managed by the Volkswagen AG Board of Management in accordance with the Volkswagen AG Articles of Association and the rules of procedure for Volkswagen AG’s Board of Management issued by the Supervisory Board.

Accordingly, responsibilities in the Board of Management are currently divided among ten Board functions. In addition to the “Chair of the Board of Management” function, the other Board functions are “Technology”, “Finance and Operations”, “Human Resources and Trucks brand group”, “Integrity and Legal Affairs”, “Progressive brand group”, “Sport Luxury brand group”, “China”, “IT” and “Core brand group”. The Chair of the Board of Management is also responsible for the “Sport Luxury brand group” Board function.

Directly attached to the Board are a number of Group Management functions that act as an extension to the Board functions. These comprise the “Group Sales”, “Group Production”, “Group Procurement” and “Group Research and Development” functions.

The allocation of responsibilities on the Board of Management is based on the rules of procedure decided by the Supervisory Board. The way this is structured is intended to help the Board of Management to focus on key tasks such as strategy, central decisions on the Company’s direction, capital allocation and financial requirements.

The task of the extended Board-level management functions is to leverage synergies in the Group and to connect the brands and divisions. Board of Management committees exist at Group level for the following areas: products, technologies, investments, digital transformation, integrity and compliance, risk management and management issues. In addition to the responsible Board of Management members, the committees include representatives of the departments relevant to the subject, and of the brands, brand groups and companies involved. We are continually revising and optimizing these and other top management committees in the Group in order to verify that they still align with our Group strategy and to further increase the efficiency of their decision-making. This reduces complexity and reinforces governance within the Group.

The Volkswagen Group’s new leadership model introduced in 2023 is based on a strong customer orientation, entrepreneurship and team spirit and follows the “value over volume” principle, prioritizing sustainable value creation. In this context, the Group’s brand groups also received a new steering model. The Core brand group comprises the Volkswagen Passenger Cars, Škoda, SEAT/CUPRA and Volkswagen Commercial Vehicles brands. The Progressive brand group comprises the Audi, Lamborghini, Bentley and Ducati brands. The Sport Luxury brand group consists of the Porsche brand. The company responsible for this brand, Dr. Ing. h.c. F. Porsche AG (Porsche AG), is listed on the stock market. In the Trucks brand group, TRATON SE acts as the umbrella for the Scania, MAN, Volkswagen Truck & Bus and International (formerly Navistar) commercial vehicles brands. TRATON SE is also a listed company.

We are convinced that our corporate structure, which connects not only the brand groups but also the technology platforms, will enable us to make better use of existing expertise and economies of scale, leverage synergies more systematically and accelerate decision-making. In our view, clear responsibilities and a high degree of business responsibility in the brand groups and technology platforms form the basis for our sustainable success.

Each brand within the Volkswagen Group is managed by a brand board of management, which is responsible for the brand's independent and self-contained development and business operations. To the extent permitted by law, the board adheres to the Group targets and requirements laid down by the Board of Management of Volkswagen AG, as well as to the agreements in the brand groups. This allows Group-wide interests to be pursued, while at the same time safeguarding and reinforcing each brand’s specific characteristics. Matters that are of importance to the Group as a whole are submitted to the Volkswagen AG Board of Management to enable synergetic implementation, to the extent permitted by law. Group policies decided by the Group Board of Management are an important instrument in this regard. Volkswagen AG employs Group policies as steering instruments to communicate its requirements, such as uniform standards and frameworks for action, to the Group companies. The rights and obligations of the statutory bodies of the relevant brand company thereby remain unaffected.

The Volkswagen Group companies are managed solely by their respective managements. The management of each individual company takes into account not only the interests of its own company but also the interests of the Group, the relevant brand group and the individual brands in accordance with the framework laid down by law.

i VOLKSWAGEN AG SHAREHOLDINGS
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MATERIAL CHANGES IN EQUITY INVESTMENTS

Volkswagen Group (Volkswagen) and US electric vehicle manufacturer Rivian Automotive, Inc., Irvine/USA (Rivian), announced their intention to establish a joint venture in June 2024. After reaching technical milestones and obtaining the necessary official approvals, Rivian and VW Group Technology, LLC, Palo Alto/USA (Rivian and Volkswagen Group Technologies) commenced activities on November 13, 2024. The two partners hold equal shares in the joint venture, which functions as an independent company.

The aim of the partnership is to develop the next generation of software-defined vehicle (SDV) architectures to be used in future vehicles of both companies. The joint venture builds on Rivian's software and electrical architecture to facilitate the joint development of best-in-class architectures and software for SDVs of both partners.

Volkswagen is planning to invest up to USD 5.8 billion in Rivian and the Rivian and Volkswagen Group Technologies joint venture by no later than January 2028. An initial investment in Rivian was made in June 2024, taking the form of an unsecured convertible note of USD 1 billion, which was converted into 95,377,269 ordinary shares of Rivian on December 3, 2024. Volkswagen therefore holds around 8.6% of the outstanding class A shares of Rivian, representing a share of around 8% of the voting rights. When the operations of Rivian and Volkswagen Group Technologies commenced, Volkswagen invested an additional approximately USD 1.3 billion, in particular for the acquisition of the licenses in Rivian's existing architecture technology and for the 50-percent share of the joint venture. When certain financial and technical milestones are reached in 2025, 2026 and 2027, Volkswagen expects to make further investments of up to USD 3.5 billion in the form of equity and debt, of which up to USD 2.5 billion will be for ordinary shares of Rivian.

LEGAL FACTORS INFLUENCING BUSINESS

Like other international companies, the business of Volkswagen companies is affected by numerous laws in Germany and abroad. In particular, there are legal requirements relating to services, development, products, production and distribution, as well as supervisory, data protection, financial, company, commercial, capital market, antitrust and tax regulations and regulations relating to labor, banking, state aid, energy, environmental and insurance law.

GROUP CORPORATE GOVERNANCE DECLARATION

The Group Corporate Governance Declaration can be found in this annual report and is permanently available on our website at www.volkswagen-group.com/en/corporate-governance.

GROUP CORPORATE GOVERNANCE DECLARATION
www.volkswagen-group.com/en/corporate-governance

Disclosures Required under Takeover Law

This chapter contains the Volkswagen Group's disclosures relating to takeover law required by sections 289a and 315a of the HGB.

CAPITAL STRUCTURE

Volkswagen AG's share capital amounted to €1,283,315,873.28 (€1,283,315,873.28) on December 31, 2024. It was composed of 295,089,818 ordinary shares and 206,205,445 preferred shares. Each share conveys a notional interest of €2.56 in the share capital.

SHAREHOLDER RIGHTS AND OBLIGATIONS

The shares convey pecuniary and administrative rights. The pecuniary rights include in particular the shareholders' right to participate in profits (section 58(4) of the *Aktiengesetz* (AktG – German Stock Corporation Act)), the right to participate in liquidation proceeds (section 271 of the AktG) and preemptive rights to shares in the event of capital increases (section 186 of the AktG), which can be disapplied by the general meeting with the approval of the special meeting of Preferred Shareholders, where appropriate. Administrative rights include the right to attend the general meeting, to speak there, to ask questions, to propose motions and to exercise voting rights. In 2023, the general meeting adopted a resolution to amend Article 19(3) of the Articles of Association of Volkswagen AG, thus authorizing the Board of Management to decide flexibly and in the interests of the Company and its shareholders on the appropriate format for the general meeting for a period of five years.

Shareholders can enforce their pecuniary and administrative rights in particular through actions seeking disclosure and actions for avoidance.

Each ordinary share grants the holder one vote at the general meeting. The general meeting elects shareholder representatives to the Supervisory Board and elects the auditors; in particular, it resolves on the appropriation of net profit, formally approves the actions of the Board of Management and the Supervisory Board, and resolves on amendments to the Articles of Association of Volkswagen AG, capital measures and authorizations to purchase treasury shares; if required, it also resolves on the performance of a special audit, the removal before the end of their term of office of Supervisory Board members elected by the general meeting and the winding-up of the Company.

Preferred shareholders generally have no voting rights. However, in the exceptional case that they are granted voting rights by law (for example, when preferred share dividends were not paid in one year and not compensated for in full in the following year), each preferred share also grants the holder one vote at the general meeting. Furthermore, preferred shares entitle the holder to a €0.06 higher dividend than ordinary shares (further details on this right to preferred and additional dividends are specified in Article 27(2) of the Articles of Association of Volkswagen AG).

The *Gesetz über die Überführung der Anteilsrechte an der Volkswagenwerk Gesellschaft mit beschränkter Haftung in private Hand* (VW-Gesetz – Act on the Privatization of Shares of Volkswagenwerk Gesellschaft mit beschränkter Haftung) of July 21, 1960, as amended on July 30, 2009, includes various provisions in derogation of the German Stock Corporation Act, for example on the exercising of voting rights by proxy (section 3 of the *VW-Gesetz*) and on majority voting requirements at the general meeting (section 4(3) of the *VW-Gesetz*).

In accordance with the Volkswagen AG Articles of Association (Article 11(1)), the State of Lower Saxony is entitled to appoint two members of the Supervisory Board of Volkswagen AG for as long as it directly or indirectly holds at least 15% of Volkswagen AG's ordinary shares. In addition, resolutions by the general meeting that are required by law to be adopted by a qualified majority require a majority of more than four-fifths of the share capital of the Company represented when the resolution is adopted (Article 25(2)), regardless of the provisions of the *VW-Gesetz*.

SHAREHOLDINGS EXCEEDING 10% OF VOTING RIGHTS

Shareholdings in Volkswagen AG that exceed 10% of voting rights are shown in the notes to the annual financial statements of Volkswagen AG, which are available online at www.volkswagen-group.com/presentations-and-publications. The current notifications regarding changes in voting rights in accordance with the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) are published at www.volkswagen-group.com/distribution-of-voting-rights.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board consists of 20 members, half of whom are shareholder representatives. In accordance with Article 11(1) of the Articles of Association of Volkswagen AG, the State of Lower Saxony is entitled to appoint two of these shareholder representatives for as long as it directly or indirectly holds at least 15% of the Company's ordinary shares. The remaining shareholder representatives on the Supervisory Board are elected by the general meeting.

The other half of the Supervisory Board consists of employee representatives elected by the employees in accordance with the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act). A total of seven of these employee representatives are Company employees elected by the workforce; the other three employee representatives are trade union representatives elected by the workforce.

The Chair of the Supervisory Board is generally a shareholder representative elected by the other members of the Supervisory Board. In the event that a Supervisory Board vote is tied, the Chair of the Supervisory Board has a casting vote in accordance with the MitbestG.

The goals for the composition of the Supervisory Board and information about its composition are described in the Group Corporate Governance Declaration in this annual report.

STATUTORY REQUIREMENTS AND REQUIREMENTS OF THE ARTICLES OF ASSOCIATION WITH REGARD TO THE APPOINTMENT AND REMOVAL OF BOARD OF MANAGEMENT MEMBERS AND TO AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The appointment and removal of members of the Board of Management are governed by sections 84 and 85 of the AktG, which specify that members of the Board of Management are appointed by the Supervisory Board for a maximum of five years. Board of Management members may be reappointed or have their term of office extended for a maximum of five years in each case. In addition, Article 6 of the Articles of Association of Volkswagen AG states that the number of Board of Management members is stipulated by the Supervisory Board and that the Board of Management must consist of at least three persons. The members of the Volkswagen AG Board of Management must include at least one woman and at least one man.

The general meeting resolves amendments to the Articles of Association (section 119(1) of the AktG). In accordance with section 4(3) of the VW-Gesetz as amended on July 30, 2009 and Article 25(2) of the Articles of Association of Volkswagen AG, general meeting resolutions to amend the Articles of Association require a majority of more than four-fifths of the share capital represented.

POWERS OF THE BOARD OF MANAGEMENT, IN PARTICULAR CONCERNING THE ISSUE OF NEW SHARES AND THE REPURCHASE OF TREASURY SHARES

Under German stock corporation law, the general meeting can authorize the Board of Management to issue new shares for a maximum period of five years. A provision in the Articles of Association is required for this. It can also authorize the Board of Management to issue bonds on the basis of which new shares are to be issued, also for a maximum period of five years. The general meeting also decides the extent to which shareholders have preemptive rights to the new shares or bonds. The maximum amount of authorized share capital or contingent capital available for these purposes is determined by Article 4 of the Articles of Association of Volkswagen AG, as amended.

At the Annual General Meeting on May 10, 2023, a resolution was passed authorizing the Board of Management to increase the Company's share capital, subject to the consent of the Supervisory Board, on one or more occasions by a total of up to €227.5 million (corresponding to around 89 million shares) before May 9, 2028 by issuing new non-voting preferred shares against cash contributions.

Further details regarding the option of issuing new shares and how these shares may be used can be found in the notes to the consolidated financial statements.

MATERIAL AGREEMENTS OF THE PARENT COMPANY IN THE EVENT OF A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

At the end of fiscal year 2019, a banking syndicate granted Volkswagen AG a syndicated line of credit amounting to €10.0 billion, which currently runs until December 2026. With the line of credit, the syndicate members were granted the right to call their portion of the syndicated line of credit in the two forms of a change of control described below. Firstly, a call right exists if one individual or several individuals acting jointly, who as of the date of this agreement exercise control over the Company, have legal or economic ownership of shares that together make up more than 90% of the voting rights of the Company. Secondly, a call right also exists if one individual or several individuals acting jointly, who as of the date of this agreement do not exercise control over the Company, obtain control over the Company. Such a call right does not exist, however, if one shareholder or several shareholders of Porsche Automobil Holding SE or one or several legal entities from the Porsche or Piëch family directly or indirectly obtain control over the Company.

Volkswagen AG and the Ford Motor Company entered into a Master Collaboration Agreement in January 2019. This agreement sets out a framework of obligations, which are to apply to the further cooperation agreements entered into between the parties, including those entered into in fiscal year 2021. It also covers the Development Agreement concluded in January 2019 for the development of the current generation of the Amarok. The Master Collaboration Agreement provides for a right of termination with immediate effect in the event of a change of control. A change of control has been defined to mean a change affecting more than 50% of the voting capital of one of the companies or a change in the ability to directly or indirectly control the management of a company through its decision-making bodies. The right of termination must be exercised within 90 days of the company becoming aware of a change of control.

Business Development

The world economy recorded positive growth in 2024. Global demand for vehicles was slightly higher than in the previous year. Amid a challenging market environment, the Volkswagen Group delivered 9.0 million vehicles to customers.

DEVELOPMENTS IN THE GLOBAL ECONOMY

The global economy remained on a growth path in 2024 with somewhat slower momentum than in the previous year. This trend was seen in both the advanced economies and the emerging markets. Declining but in some cases still relatively high inflation rates in many countries, combined with restrictive monetary policies introduced by some central banks, continued to put a damper on economic growth in many places. Since around the middle of the reporting year, a number of these central banks have started to gradually bring down key rates from their comparatively high level.

Europe/Other Markets

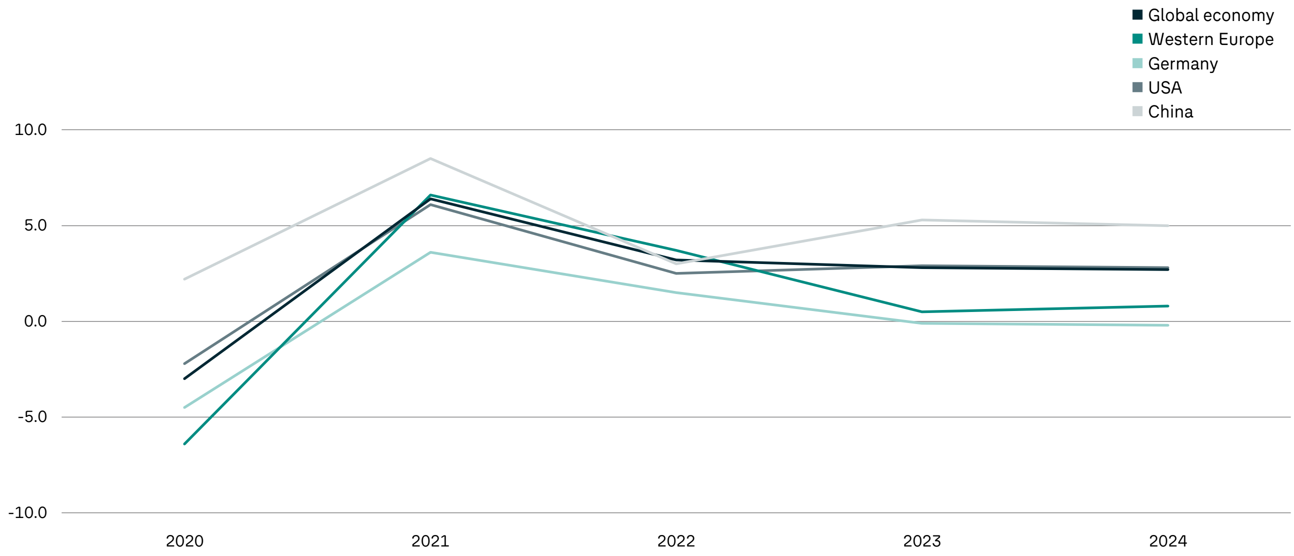
In the reporting year, the economy in Western Europe exhibited positive growth overall, somewhat higher than the prior-year level. Development in the individual countries in Northern and Southern Europe was mixed. In response to declining inflation rates, the European Central Bank lowered its key interest rates in four steps, starting in June 2024. The economies in Central and Eastern Europe recorded overall growth in 2024 that was somewhat higher than in the prior-year period.

Germany

German gross domestic product decreased somewhat in 2024, showing a similar trend to the previous year. Compared with 2023, the seasonally adjusted unemployment figures rose slightly on average over the year. After reaching historically high levels in late 2022, monthly inflation rates have since fallen broadly in step with the Eurozone average.

ECONOMIC GROWTH

Percentage change in GDP



North America

In the USA, gross domestic product in the reporting year grew at a somewhat slower pace than in the previous year. On account of relatively high inflation and a tight labor market, the US Federal Reserve initially maintained its restrictive monetary policy. After the first key rate cut in September, interest rates were reduced twice more before the end of the reporting year. Canada's economic growth was just under the prior-year figure, but in Mexico the slowdown was more pronounced.

South America

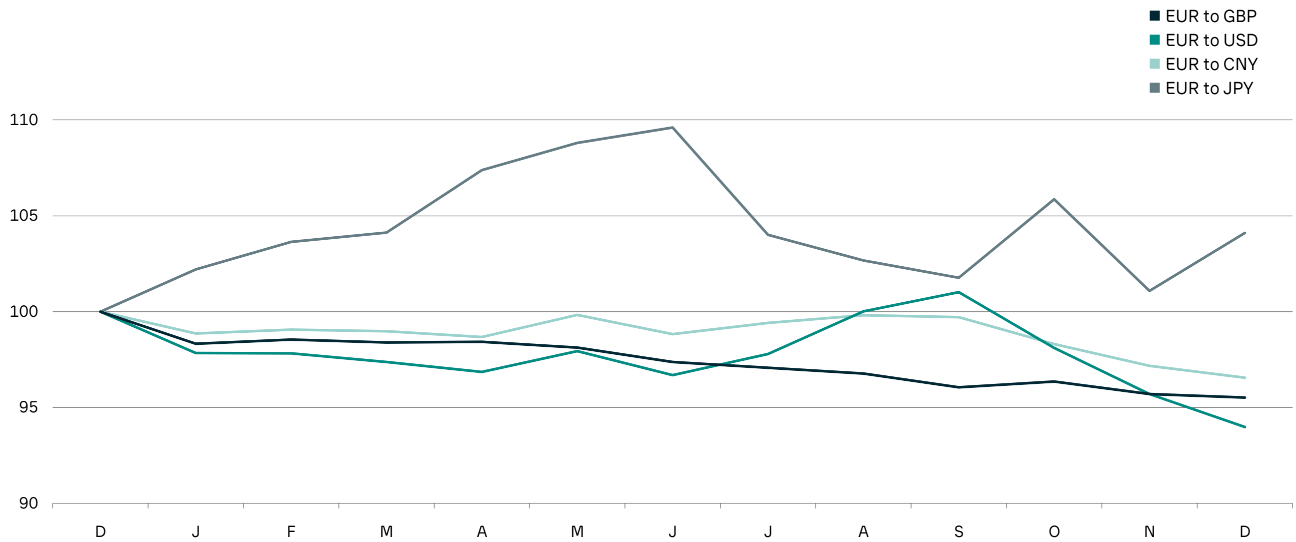
In Brazil, economic output grew at an unchanged pace, while there was a stronger decrease in the pace of growth in Argentina compared with the previous year.

Asia-Pacific

In the reporting year, China's economy expanded at a high level compared with other parts of the world, but fell somewhat short of the prior year. There was relatively sharp growth in India's economy, though also at a slower pace than in 2023, while Japan's economic output decreased somewhat.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2023 TO DECEMBER 2024

Index based on month-end prices: as of December 31, 2023 = 100



EXCHANGE RATE TRENDS

In 2024, the euro remained almost unchanged against the US dollar on an annual average. This followed a prior year in which the euro had already been relatively weak due to the high uncertainty surrounding developments in the global economy. The euro depreciated slightly against sterling on average over the year, but appreciated in most cases against the currencies of the emerging markets. In particular, the Argentinian peso and Turkish lira lost value against the European single currency due to the persistent, extremely high rates of inflation. Compared with 2023, the Brazilian real and the Mexican peso were also weaker than the euro on average. Against the South African rand, the euro's value was virtually unchanged on an annual average. The Chinese renminbi and the currencies of several emerging markets in Asia depreciated slightly against the euro year-on-year.

INTEREST RATE TRENDS

The ongoing trend of falling inflation rates allowed central banks in several countries to cut their key interest rates in the reporting year. On average worldwide, however, key interest rates remained elevated. National central banks in nearly all of the major Western industrialized nations made corresponding adjustments to their key interest rates to prop up the domestic economy. Key interest rate cuts were also recorded in many emerging markets.

COMMODITY PRICE TRENDS

After the commodity markets had largely eased in fiscal year 2023, prices of some industrial metals were at a similar or slightly higher level in the reporting year. Lower prices were commanded for battery materials and precious metals in 2024 than in the previous year, in some cases, considerably lower. Compared with the previous year as a whole, the average prices for the commodities lithium, cobalt, nickel and coking coal fell significantly. The average decline in prices for the commodities iron ore and lead were less pronounced by comparison. By contrast, prices for natural rubber, copper and aluminum rose. The price of crude oil remained virtually unchanged. Averaged over the year, the prices of the precious metals rhodium and palladium also recorded a significant decline, while the price of platinum remained almost unchanged compared with the prior year.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

In 2024, the volume of the passenger car market worldwide was slightly up on the prior-year figure, with most regions developing favorably. Western Europe was on a level with the previous year, while the Middle East region came in slightly lower. The supply situation continued to return to normal levels and the affordability of vehicles improved in some regions of the world.

The global volume of new registrations of light commercial vehicles in fiscal year 2024 was similar to the previous year.

Sector-specific environment

Along with fiscal policy measures, the sector-specific environment was affected by the economic situation, which contributed to the mixed trends in unit sales in the markets in the fiscal year now ended. The fiscal policy measures included tax cuts or increases, the introduction, expiry and adjustment of incentive programs and sales incentives, as well as import duties. In addition, non-tariff trade barriers to protect the respective domestic automotive industries made the movement of vehicles, parts and components more difficult.

Europe/Other Markets

In Western Europe, the number of new passenger car registrations in 2024 was on a level with the previous year. The performance of the large individual passenger car markets in this region was mixed. The United Kingdom registered slight growth and Spain noticeable growth, while Germany and Italy were at the prior-year level and the market volume in France decreased slightly.

In the reporting year, the volume of new registrations for light commercial vehicles in Western Europe was noticeably up year-on-year.

In the Central and Eastern Europe region, there was a significant increase in the volume of the passenger car market in the reporting year. Positive movement was recorded in the number of vehicles sold in the major markets of both Central and Eastern Europe.

In fiscal year 2024, the market volume of light commercial vehicles in Central and Eastern Europe was significantly higher than in the previous year.

Germany

The number of new passenger car registrations in Germany from January to December 2024 was on a level with the previous year. The change in electric vehicle subsidies at the end of 2023 weighed on new registrations of all-electric vehicles, and demand for vehicles with conventional and hybrid drivetrains was unable to offset this effect overall. Production in Germany stagnated at 4.1 million vehicles (–0.0%) in 2024, while passenger car exports rose to 3.2 million units (+2.0%).

The number of light commercial vehicles sold in Germany in the reporting year was noticeably higher than the 2023 figure.

North America

Sales of passenger cars and light commercial vehicles (up to 6.35 tonnes) were up slightly in the North America region in fiscal year 2024. With the availability and affordability of new vehicles improving on average, the volume of the US market was slightly higher than in the previous year. Canada and Mexico both recorded a noticeable improvement year-on-year.

South America

In the South America region, the volume of new vehicle registrations for passenger cars and light commercial vehicles was noticeably higher in the reporting year than for 2023. The number of new registrations in Brazil increased significantly compared with the previous year, while the Argentinian market recorded a noticeable contraction.

Asia-Pacific

In the Asia-Pacific region, the volume of the passenger car market from January to December 2024 was similar to the previous year. The number of new registrations in the Chinese passenger car market was slightly higher than the 2023 figure due to measures including extensive government sales incentives and lower prices. The Indian passenger car market also saw slight growth. In Japan, by contrast, the market declined noticeably and had a dampening effect on growth in the region.

In 2024, the volume of demand for light commercial vehicles in the Asia-Pacific region was slightly below the level for the previous year. Registration volumes in China, the region's dominant market and the largest market worldwide, tapered off noticeably compared with the period one year earlier.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES FROM JANUARY 1 TO DECEMBER 31

	MARKET VOLUME		CHANGE
Thousand units	2024	2023	(%)
Markets for passenger cars			
Western Europe	**11,645,943**	**11,647,426**	**-0.0**
of which: Germany	2,817,331	2,844,609	-1.0
France	1,715,314	1,771,491	-3.2
United Kingdom	1,952,495	1,903,054	+2.6
Italy	1,567,055	1,574,107	-0.4
Spain	1,068,196	982,913	+8.7
Central and Eastern Europe	**2,648,637**	**2,254,182**	**+17.5**
of which: Czech Republic	231,600	221,422	+4.6
Poland	553,070	476,462	+16.1
Other Markets			
of which: Türkiye	980,341	967,341	+2.8
South Africa	344,473	348,929	-1.3
North America	**19,394,230**	**18,681,069**	**+3.8**
of which: USA	16,041,352	15,619,226	+2.7
Canada	1,856,151	1,698,124	+9.3
Mexico	1,496,727	1,363,719	+9.8
South America	**3,926,038**	**3,703,531**	**+6.0**
of which: Brazil	2,487,536	2,180,225	+14.1
Argentina	389,885	424,815	-8.2
Asia-Pacific	**37,134,002**	**36,390,087**	**+2.0**
of which: China	23,411,007	22,340,281	+4.8
India	4,206,814	4,013,741	+4.8
Japan	3,712,473	3,990,092	-7.0
Worldwide	**79,181,505**	**77,044,347**	**+2.8**
Markets for light commercial vehicles			
Western Europe	**1,795,712**	**1,700,426**	**+5.6**
of which: Germany	284,448	266,304	+6.8
Central and Eastern Europe	**321,997**	**285,673**	**+12.7**
Asia-Pacific	**4,952,167**	**5,145,800**	**-3.8**
of which: China	2,300,000	2,470,178	-6.9
Worldwide	**7,908,989**	**7,993,713**	**-1.1**

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

In the markets that are relevant for the Volkswagen Group, demand for mid-sized and heavy trucks with a gross weight of more than six tonnes experienced slightly weaker growth in fiscal year 2024 versus the comparison period. Global truck markets were likewise slightly below the prior-year level.

In the 27 EU states, excluding Malta but including the United Kingdom, Norway and Switzerland (EU27+3), the number of new truck registrations was noticeably down, albeit to differing degrees in the various markets. The significant market recovery seen in 2023 did not continue in the reporting year. New registrations in Germany, the largest market in this region, fell noticeably short of the prior-year level. The United Kingdom saw a slight decline while France remained on a level with the prior-year. Türkiye recorded a significant drop in new registrations. There was a noticeable fall in demand in the South African market. The truck market in North America is divided into weight classes 1 to 8. In the segments relevant for Volkswagen – Class 6 to 8 (8.85 tonnes or heavier) – the level of new registrations was slightly lower than in the previous year. In contrast, in Brazil, the largest market in the South America region, demand for trucks in the reporting year was significantly up year-on-year.

Demand in the bus markets relevant for the Volkswagen Group was on a level with 2023. Demand for buses in the EU27+3 markets was up slightly, with the picture varying from country to country. The school bus segment in the USA and Canada saw a noticeable decline compared with the prior year, while new registrations of buses in Mexico were significantly higher than in the previous year. Brazil reported a noticeable year-on-year growth in demand for buses.

TRENDS IN THE MARKETS FOR POWER ENGINEERING

The markets for power engineering are influenced by varying regional and economic factors. Consequently, the business growth trends of the respective markets develop mostly independently of one another.

In 2024, the marine market increased to a slightly higher level than in the previous year. There was a slight uptrend in demand for merchant ships. In this segment, the markets for LNG tankers, container ships and conventional tankers recorded a positive year-on-year trend, whereas the market for bulk cargo carriers declined. Activity increased in the market for passenger ferries and cruise ships. The special market for government vessels, which is funded by state investments, continued to be active due to the current geopolitical situation. The uncertainty regarding future fuel and emissions regulations persisted in the marine market; however, the trend toward new fuel technologies continued unabated.

There was still reticence in the market for energy generation in fiscal year 2024, particularly in Europe. This was due to the fact that policymakers have not yet completely finalized the strategy and regulations regarding future investments in this area. The current focus on the expansion of renewable energy sources was reflected in corresponding potential in the demand for grid balancing facilities. Such facilities are used to meet additional power requirements if the share of renewables is not sufficient to ensure security of supply. It remains unclear when decarbonized fuels will be available in sufficient volume and at marketable prices. A positive trend was observed in the demand for power-to-hydrogen plants. The engines segment is seeing continuous demand for gas and dual-fuel engines. There is also a clear demand on the market for engines that can be converted for use with future fuels such as hydrogen and green ammonia. Due to the debate surrounding the origin of CO_2 for green e-fuels, restraint can currently be seen with regard to the development of projects for e-methane and e-methanol. Demand for emergency power units (emergency gensets) continued at a stable level in 2024.

There was slightly less movement in the turbomachinery market than in the previous year. Continued high capacity utilization of production plants and good prices for products from the materials and processing industry kept demand for turbo compressors steady again in the reporting year, with unit sales slightly below the prior-year level. Particularly in oil and gas production, demand for turbo compressors was down year-on-year due to the easing of global energy prices. An exception were turbo compressors for gas transport, which saw higher demand than in the previous year. By contrast, in the decarbonization-driven areas of business, the market expanded considerably due to public funding and the trend towards the electrification of heating. Demand for steam turbines used for power generation for decentralized energy generation plants experienced a significant decline worldwide compared with the prior-year period.

In 2024, the after-sales market for engines in the marine and power plant business was at the same high level as in the previous year.

In the after-sales market for turbomachinery, demand in the reporting year was up on the prior-year level.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

There were high levels of demand for automotive financial services in 2024.

In the year under review, the European passenger car market remained at the same level as in the prior year. However, sales of financial services products increased, as a result of which their share in vehicle deliveries exceeded the equivalent figure for 2023 as a percentage. The positive trend in the financing of used vehicles continued once again in 2024. The sale of after sales products such as servicing, maintenance and spare parts agreements likewise continued to expand.

In Germany, the deliveries of new vehicles in the 2024 fiscal year were on a par with the figure for the previous year. However, the number of new contracts in the financial services business increased noticeably, particularly leasing contracts with individual customers. This meant that the penetration level for new vehicles was above expectations and significantly above the prior-year figure. The used car segment remained stable, with a marginally higher number of new contracts than in 2023. The number of new contracts signed for services and insurance also increased, which was a result of the sale of maintenance and servicing products, as well as passenger car and warranty insurance.

In Türkiye, inflation continued to fall on the strength of the government's continuous fiscal tightening. The trend towards longer maturities in refinancing continued, giving a boost to the credit-based financing business with private and commercial customers. This development also had a positive effect on the insurance business to some degree. By contrast, the leasing-based fleet business remained under pressure.

Vehicle sales in South Africa declined year-on-year in the reporting year. As a result, the number of financed purchases also decreased. The decline was due to domestic political uncertainty, the continuing subdued economic conditions and high energy prices. The economic challenges also led to tightening of lending requirements – a disadvantage for people with lower incomes.

On the whole, the markets for financial services in the North America region developed favorably in 2024 compared with the previous year. In the USA, Canada and Mexico, deliveries, the number of leasing and financing contracts, new vehicle penetration and new contracts for insurance and after-sales products were all up on the prior-year figures.

In the South America region, the market for financial services remained strong. In Brazil, the number of new contracts rose thanks to the range of financial services targeted at specific customer groups, as well as increased deliveries. The number of car subscriptions and fleet management programs entered into also rose. In Argentina, the level of financial services contracts was stable in spite of challenging, though slowly improving macroeconomic conditions.

The Chinese automotive market witnessed a further rise in demand for electrified and used vehicles in the reporting year. In addition, banks were increasingly gaining a foothold in the market with their own products. This, in turn, also affected demand for automotive financial services. In Japan, the financial and insurance market remained relatively stable in the reporting year despite waning vehicle demand and rising interest rates; innovations in the insurance sector provided a source of positive impetus.

The financial services business for heavy commercial vehicles was slightly up on the prior-year level in fiscal year 2024. The long delivery times for commercial vehicles normalized over the course of the year thanks to improvements in supply chains.

NEW GROUP MODELS IN 2024

With a total of ten brands, the Volkswagen Group offers its customers a broad selection of vehicles – from vehicles with classic combustion engines to hybrid and all-electric models – that are tailored to their customers' requirements and serve different mobility needs. We expanded this portfolio by adding further models in the fiscal year now ended.

The Golf's 50th anniversary was the highlight of 2024 at Volkswagen Passenger Cars. All equipment packages and derivatives of the brand's bestselling model were updated. In addition to the T-Cross, upgraded versions of the Tiguan and Passat, which are based on the enhanced Modular Transverse Toolkit, were also launched onto the market, including new variants with plug-in hybrid drives. Volkswagen Passenger Cars expanded its SUV portfolio by adding the Tayron, an all-rounder with up to seven seats. The all-electric ID. family gained a new member, the sporty ID.3 GTX. The ID.7 was launched as a Tourer, and GTX variants are now also available for the saloon and the estate car.

Škoda brought out the new Superb and the new Kodiaq in 2024, and the top-of-the-line sporty Kodiaq RS also celebrated its premiere. Its bestselling model, the Octavia, likewise received an extensive update, as did the Scala and Kamiq compact series. Škoda expanded its portfolio in the segment of all-electric compact SUVs with the Elroq and presented its first production model with the new Modern Solid design language.

CUPRA kicked off 2024 with a large-scale product campaign, launching the electrified SUV Terramar and the Tavascan, the brand's first all-electric SUV. Two further additions to the market were the new CUPRA Formentor and the new CUPRA Leon with improved plug-in hybrid drives. The all-electric CUPRA Born is now available in a more powerful version, the CUPRA Born VZ.

SEAT upgraded the Leon in both the 5-door and Sportstourer versions. The new generation of plug-in hybrid drives now offers customers a greater electric range. The SEAT Ibiza celebrated its 40th anniversary with a limited anniversary edition, while the SEAT Arona gained a limited FR edition.

In 2024, Volkswagen Commercial Vehicles celebrated the world premieres of the new California, the new Transporter and the new Caravelle. The ID. Buzz now also comes as a powerful GTX variant and as a long-wheelbase version. The Multivan, Crafter and Caddy in particular received significant updates, with the Multivan and the Caddy now also available as plug-in hybrids.

Audi brought out many new models in the reporting year, starting with the all-electric Q6 e-tron based on the electric PPE platform. This was followed by combustion-engine-vehicle updates of the A5 family as well as the Q5 in the second half of the year. Other highlights from the brand with the four rings included the upgraded A3 model series and the electric spearhead e-tron GT, which received a comprehensive update.

Bentley also celebrated the launch of significant models in 2024: the fourth-generation Continental GT and the new Flying Spur are both powered by Bentley's Ultra Performance Hybrid powertrain.

In the reporting year, the Porsche brand completely revamped four out of its six model series – the Macan, 911, Panamera and Taycan – incorporating numerous technological innovations.

In 2024, the TRATON GROUP pressed ahead with e-mobility, digitalization of its range of models and group-wide coverage with the 13-liter powertrain.

Scania launched new battery-electric trucks for mining and forestry and introduced variants of the Scania Touring that can run on both natural gas and biogas.

MAN presented the MAN eTGL – an electrically powered 12-tonne truck that rounds off the brand's e-truck portfolio for light distribution transport – as well as the hTGX truck powered by a hydrogen combustion engine.

International (formerly Navistar) debuted its redesigned HV Series with an integrated 13-liter powertrain, specifically designed for road construction. The first vehicles from the LT Series were also handed over to fleet customers.

Volkswagen Truck & Bus introduced its eDelivery model and the Meteor truck family in additional markets.

In 2024, Ducati unveiled the 698 Mono, its first single-cylinder Hypermotard. The DesertX family was expanded to include the premium special model Rally. Other highlights were the premium models Multistrada V4 RS and Diavel for Bentley.

VOLKSWAGEN GROUP DELIVERIES

The Volkswagen Group delivered 9,027,424 vehicles to customers worldwide in the fiscal year. This was 2.3% or 212,110 units less than in the previous year. Sales of both passenger cars and commercial vehicles were down year-on-year.

VOLKSWAGEN GROUP DELIVERIES[1]

	2024	2023	%
Passenger Cars	8,693,208	8,901,350	–2.3
Commercial Vehicles	334,216	338,184	–1.2
Total	**9,027,424**	**9,239,534**	**–2.3**

1 The figures include the equity-accounted Chinese joint ventures. Prior-year deliveries have been updated to reflect subsequent statistical trends.

Deliveries of electrified Volkswagen Group vehicles were slightly lower than the prior-year figure due in particular to industry-wide buyer reluctance: we handed over 744,794 all-electric vehicles (including heavy commercial vehicles) to customers worldwide in the reporting year. This was 26,280 fewer units or 3.4% less than in the previous year. Their share of the Group's total deliveries remained stable at 8.3 (8.3)%. Deliveries to customers of our plug-in hybrid models rose to 269,622 (+5.0%) units. Although total electrified vehicle deliveries fell by 1.3%; their share of total Group deliveries remained steady year-on-year at 11.2 (11.1)%. The Group brands' highest-volume all-electric vehicles included the ID.4 and ID.3 from Volkswagen Passenger Cars, the Škoda Enyaq, the CUPRA Born, the ID. Buzz from Volkswagen Commercial Vehicles, the Audi Q4 e-tron as well as the Porsche Taycan.

In the following, we report separately on deliveries in the Passenger Cars Business Area and the Commercial Vehicles Business Area.

GLOBAL DELIVERIES BY THE PASSENGER CARS BUSINESS AREA

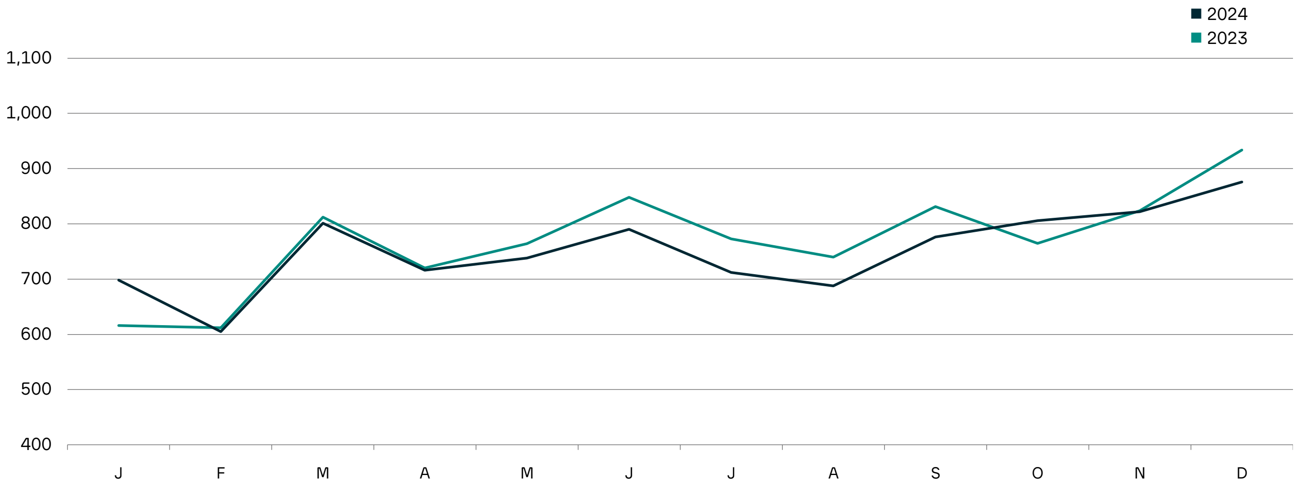
With its passenger car brands, the Volkswagen Group is represented in all relevant automotive markets around the world, including Europe and other markets, North and South America and Asia-Pacific.

Sales of Volkswagen Group passenger cars and light commercial vehicles worldwide amounted to 8,693,208 units in fiscal year 2024 amid challenging market conditions. This was 2.3% or 208,142 vehicles less than in the previous year. The overall market grew slightly. While Škoda, SEAT/CUPRA and Lamborghini increased vehicle deliveries and Volkswagen Commercial Vehicles maintained its prior-year level, Volkswagen Passenger Cars, Audi, Bentley and Porsche did not achieve their respective prior-year figures. At a regional level, we saw demand rise for passenger cars and light commercial vehicles from the Volkswagen Group in Central and Eastern Europe, North America, South America, Africa and the Middle East. Deliveries to customers in Western Europe were on a level with the previous year, while they fell short of the prior-year figures in Asia-Pacific.

In an overall global market that saw noticeable growth, we achieved a passenger car market share of 10.5 (11.1)%.

VOLKSWAGEN GROUP DELIVERIES BY MONTH

Vehicles in thousands



The table at the end of this section gives an overview of passenger car deliveries to customers of the Volkswagen Group in the regions and the key individual markets. The sales figures for Group models in these markets and regions are explained below.

Deliveries in Europe/Other Markets

In Western Europe, the Volkswagen Group delivered 3,144,705 passenger cars and light commercial vehicles to customers in the reporting year, 0.1% more than in the previous year. In the same period, the overall market was on a level with the previous year. Customer interest in the Volkswagen Group's electrified vehicles was strongest in Western Europe, where we delivered more than 50% of our all-electric models or 437,337 units (including heavy commercial vehicles) to customers in the reporting year. The number of all-electric models handed over to customers was down 4.2% year-on-year. Their share of Group deliveries in this region fell to 13.4 (14.0)%. However, incoming orders for Volkswagen Group all-electric models developed encouragingly in Western Europe, increasing by more than 80% year-on-year. The Group vehicles that achieved the highest sales volumes were the T-Roc, Tiguan and Golf hatchback models from the Volkswagen Passenger Cars brand. Other models that recorded encouraging demand included the ID.7 Tourer, ID.7 saloon and Golf Estate from Volkswagen Passenger Cars, the Fabia hatchback and Octavia Combi from Škoda, the SEAT Ibiza and SEAT Leon, the CUPRA Leon and CUPRA Ateca, the Caddy and Multivan from Volkswagen Commercial Vehicles, the Audi Q6 e-tron, as well as the Porsche Cayenne. The T-Cross, Golf, Tiguan, Passat and ID.7 Tourer models from the Volkswagen Passenger Cars brand, the Škoda Scala, Kamiq, Kodiaq, Octavia and Superb, the SEAT Leon, the CUPRA Leon, CUPRA Formentor, CUPRA Tavascan and CUPRA Terramar, the A3, A5, Q6 e-tron and Q7 from Audi and the 911, Taycan, Macan and Panamera from Porsche were among the new or successor models launched on the market during the reporting year. The Volkswagen Group's share of the passenger car market in Western Europe amounted to 24.4 (24.5)%.

In the Central and Eastern Europe region, the number of vehicles handed over to customers in 2024 was up 2.4% year-on-year. The market as a whole recorded significant volume growth at the same time. Demand developed encouragingly for a number of models, including the Tiguan from Volkswagen Passenger Cars, as well as for Škoda's Superb Combi, Octavia saloon and Kodiaq. The Volkswagen Group's share of the passenger car market in the Central and Eastern Europe region declined to 17.0 (19.6)%.

WORLDWIDE DELIVERIES OF THE MOST SUCCESSFUL GROUP MODEL RANGES IN 2024

Vehicles in thousands

In Türkiye, where the overall passenger car market expanded slightly, the Volkswagen Group delivered 7.7% more vehicles to customers in the past fiscal year than in 2023. The Polo from Volkswagen Passenger Cars was the most sought-after Group model. In the South African market, the number of Group models sold decreased by 1.8%, while the overall market was similar to the prior-year level. The Polo Vivo from the Volkswagen Passenger Cars brand was also the most sought-after Group model in this region.

Deliveries in Germany

In Germany, in an overall passenger car market in 2024 that was similar to the previous year, the Volkswagen Group delivered 1,122,422 units to customers, a decrease of 1.7% on the prior-year figure. The volume of all-electric vehicles delivered declined by 11.9% year-on-year to 136,642 units. The Group models that recorded the highest sales volume were the T-Roc, Golf hatchback and Tiguan from the Volkswagen Passenger Cars brand and the Škoda Octavia Combi. In addition, the Golf Estate, ID.7 Tourer and ID.7 saloon from Volkswagen Passenger Cars, the Škoda Karoq and Škoda Fabia hatchback, the SEAT Ibiza, the CUPRA Leon, the Multivan from Volkswagen Commercial Vehicles, the Audi Q6 e-tron and the Porsche Cayenne, among others, saw encouraging demand. Seven Group models led the *Kraftfahrt-Bundesamt* (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments: the Golf, T-Roc, Tiguan, Passat, Touran, Multivan/Transporter and Porsche 911. The Golf was again the most popular passenger car in Germany in terms of registrations in 2024.

Deliveries in North America

In the reporting year, the number of Volkswagen Group models delivered to customers in North America increased by 6.9% year-on-year to 961,916 units in an overall market experiencing slight growth. The volume of all-electric models delivered in North America (including heavy commercial vehicles) declined by 23.4% to 64,707 units compared with the previous year. Their share of total Group deliveries in this region fell to 6.1 (8.5)%. The Tiguan Allspace, Taos and Jetta from the Volkswagen Passenger Cars brand were the most sought-after Group models in North America. The Jetta from the Volkswagen Passenger Cars brand, the A3, Q6 e-tron, Q7 and Q8 from Audi and the Taycan, Macan and Panamera from Porsche were among the new or successor models launched on the market during the reporting year. The Group's share of the market in this region increased to 5.0 (4.8)%.

In the US market, which recorded slight growth, the Volkswagen Group delivered 2.9% more vehicles to customers in fiscal year 2024 than in the previous year. The volume of all-electric vehicles delivered in the United States went down by 30.5% year-on-year to 49,403 units. The Group models to record the greatest increases in absolute terms included the Jetta, Tiguan Allspace and Atlas from Volkswagen Passenger Cars and the Audi Q3.

In Canada, the number of vehicles delivered to Volkswagen Group customers was up 14.7% in the reporting year compared with 2023. The market as a whole recorded noticeable growth at the same time. The Group models with the highest volume of demand were the Taos and Tiguan Allspace from the Volkswagen Passenger Cars brand.

In Mexico, where the market as a whole saw noticeable growth, we sold 18.3% more vehicles to customers in the past fiscal year than in 2023. Demand developed encouragingly for, among others, the Virtus and Taigun from Volkswagen Passenger Cars.

Deliveries in South America

In the South American market for passenger cars and light commercial vehicles, which recorded noticeable growth, the number of Group models handed over to customers in 2024 was up 12.5% on the prior-year figure, at 524,108 units. The Polo, T-Cross and Nivus from Volkswagen Passenger Cars were the Group models with the highest sales volumes. The T-Cross, Nivus and Jetta from Volkswagen Passenger Cars and the Audi A3 and Audi Q6 e-tron, among others, were introduced to the market as new or successor models in the reporting year. The Group's share of the market in South America rose to 13.3 (12.6)%.

In the Brazilian market, which performed significantly better than in the previous year, the Volkswagen Group delivered 15.6% more vehicles to customers in the reporting year. The Polo, T-Cross and Saveiro from Volkswagen Passenger Cars were the Group models with the highest sales volumes.

In Argentina, the number of Volkswagen Group vehicles handed over to customers in 2024 increased by 13.4% year-on-year in a noticeably declining overall market. The Group models with the highest sales volume were the Polo and the Taos from Volkswagen Passenger Cars and the Amarok from Volkswagen Commercial Vehicles.

Deliveries in the Asia-Pacific Region

In the past fiscal year, the Volkswagen Group saw deliveries to customers in the Asia-Pacific region fall by 10.3% to 3,213,816 vehicles compared with 2023, while the total passenger car market volume was on a similar level to the previous year. The volume of all-electric vehicles (including heavy commercial vehicles) delivered in this region rose by 8.2% year-on-year to 224,264 units. Their share of the Group's total deliveries rose to 7.0 (5.8)%. The Group models with the highest sales volume were the Passat, Sagitar and Lavida from the Volkswagen Passenger Cars brand. The Volkswagen Group's share of the passenger car market in the Asia-Pacific region declined to 8.6 (9.8)%.

In China, the overall passenger car market expanded slightly compared with the prior year. The Volkswagen Group's deliveries to customers in this country declined by 9.5% compared with 2023 to 2,926,763 units. The high intensity of competition continued to have a negative impact in the reporting year. At 207,377 units, the number of all-electric vehicles (including heavy commercial vehicles) handed over to customers in China was 8.1% higher than the prior-year figure. Their share of the Group's total deliveries rose to 7.1 (5.9)%. The Group models with the highest sales volume were the Passat, Sagitar and Lavida from Volkswagen Passenger Cars and the Audi A6 saloon. In addition, the Lavida XR, Tayron, T-Cross and ID.3 from Volkswagen Passenger Cars and the Q5 and A7 saloon from Audi were among the models that saw an encouraging increase in demand. The T-Cross, Golf, ID. UNYX, Tiguan Allspace, Passat, Magotan and Touareg models from Volkswagen Passenger Cars, the Audi A3L, Audi Q7 and Audi Q8 and the Porsche Taycan, Porsche Macan and Porsche Panamera were among the new or successor models launched on the market in the reporting year.

In the Indian passenger car market, which registered slight growth, the Volkswagen Group saw demand fall by 15.9% year-on-year in fiscal year 2024. The Virtus and Taigun from the Volkswagen Passenger Cars brand and the Kushaq from Škoda were the most sought-after Group models there.

In Japan, the number of Group vehicles delivered to customers in 2024 was down 16.7% year-on-year in an overall market that experienced a noticeable decline compared with the prior year. The Group vehicles with the highest sales volume were the T-Cross and T-Roc models from the Volkswagen Passenger Cars brand.

PASSENGER CAR DELIVERIES TO CUSTOMERS BY MARKET[1]

	DELIVERIES (UNITS)		CHANGE
	2024	2023	(%)
Europe/Other Markets	**3,993,368**	**3,953,397**	**+1.0**
Western Europe	**3,144,705**	**3,141,434**	**+0.1**
of which: Germany	1,122,422	1,141,418	–1.7
France	277,097	263,643	+5.1
United Kingdom	493,758	489,088	+1.0
Italy	271,868	269,479	+0.9
Spain	252,619	232,483	+8.7
Central and Eastern Europe	**485,615**	**474,357**	**+2.4**
of which: Czech Republic	112,923	123,471	–8.5
Russia	–	3,504	x
Poland	156,867	140,518	+11.6
Other Markets	**363,048**	**337,606**	**+7.5**
of which: Türkiye	178,713	166,001	+7.7
South Africa	67,878	69,150	–1.8
North America	**961,916**	**899,652**	**+6.9**
of which: USA	658,314	639,622	+2.9
Canada	126,207	110,019	+14.7
Mexico	177,395	150,011	+18.3
South America	**524,108**	**465,854**	**+12.5**
of which: Brazil	412,334	356,694	+15.6
Argentina	65,719	57,931	+13.4
Asia-Pacific	**3,213,816**	**3,582,447**	**–10.3**
of which: China	2,926,763	3,233,933	–9.5
India	85,395	101,553	–15.9
Japan	54,667	65,635	–16.7
Worldwide	**8,693,208**	**8,901,350**	**–2.3**
Volkswagen Passenger Cars	4,796,931	4,866,803	–1.4
Škoda	926,567	866,820	+6.9
SEAT/CUPRA	558,159	519,176	+7.5
Volkswagen Commercial Vehicles	408,285	409,418	–0.3
Audi	1,671,218	1,895,240	–11.8
Lamborghini	10,687	10,112	+5.7
Bentley	10,643	13,560	–21.5
Porsche	310,718	320,221	–3.0

1 The figures include the equity-accounted Chinese joint ventures. Prior-year deliveries have been updated to reflect subsequent statistical trends.

COMMERCIAL VEHICLE DELIVERIES

In fiscal year 2024, the Volkswagen Group delivered 1.2% fewer commercial vehicles to customers worldwide than in the previous year. We handed over a total of 334,216 commercial vehicles to customers. Trucks accounted for 278,605 units (–1.0%) and buses for 27,939 units (–7.7%). Deliveries to customers of the MAN TGE van series saw a slight increase compared with the prior year, to 27,672 (+3.9%) vehicles. Overall, the downward trend in the first six months of 2024 was mitigated by a positive trend in the second half of the year.

In the 27 EU states excluding Malta, but including the United Kingdom, Norway and Switzerland (EU27+3) sales in the reporting year were down by 12.2% on the same period of the previous year to a total of 136,700 units, of which 104,533 were trucks and 4,924 were buses. The decrease in truck sales is attributable to continued buyer reluctance in the EU27+3 region. In addition, tighter regulatory requirements for vehicle software systems caused delays in bus sales in this region in the second half of 2024. Here, the MAN brand delivered 27,243 vehicles from the MAN TGE van series to customers.

In fiscal year 2024, deliveries to customers in Türkiye fell significantly year-on-year to 5,133 (5,737) vehicles. Trucks accounted for 4,712 units and buses for 142 units, while 279 vehicles from the MAN TGE van series were sold. In South Africa, the number of Volkswagen Group commercial vehicles delivered to customers fell noticeably year-on-year by 9.5% to a total of 4,425 units. Of the units sold, 3,779 were trucks and 646 were buses.

Sales in North America rose to 95,073 (93,440) vehicles in the reporting year; this included 82,211 trucks and 12,862 buses. Unit sales in the United States registered a noticeable decrease as a result of declining transport activities. Truck sales developed very encouragingly in Mexico and were much stronger than in the same period of the previous year.

Deliveries to customers in South America increased to a total of 70,156 units (+34.1%) in 2024; 62,719 of these were trucks and 7,437 were buses. In Brazil, the biggest market in this region, deliveries to customers increased very strongly in the reporting year mainly due to an economic upswing, rising by 40.8% to 58,546 units. Of the units delivered, 52,762 were trucks and 5,784 were buses.

In the Asia-Pacific region, the Volkswagen Group sold 9,458 vehicles in the reporting year, including 8,545 trucks and 913 buses. Overall, this was 21.6% less than in the previous year.

COMMERCIAL VEHICLE DELIVERIES TO CUSTOMERS BY MARKET[1]

	DELIVERIES (UNITS)		CHANGE
	2024	2023	(%)
Europe/Other Markets	**159,529**	**180,357**	**–11.5**
of which: EU27+3	136,700	155,726	–12.2
of which: Germany	36,168	43,711	–17.3
Türkiye	5,133	5,737	–10.5
South Africa	4,425	4,891	–9.5
North America	**95,073**	**93,440**	**+1.7**
of which: USA	68,805	73,483	–6.4
Mexico	19,007	14,478	+31.3
South America	**70,156**	**52,330**	**+34.1**
of which: Brazil	58,546	41,578	+40.8
Asia-Pacific	**9,458**	**12,057**	**–21.6**
Worldwide	**334,216**	**338,184**	**–1.2**
Scania	102,120	96,568	+5.7
MAN	95,705	115,653	–17.2
International (formerly Navistar)	90,562	88,890	+1.9
Volkswagen Truck & Bus	45,829	37,073	+23.6

1 Prior-year deliveries have been updated to reflect subsequent statistical trends.

DELIVERIES IN THE POWER ENGINEERING SEGMENT

Orders in the Power Engineering segment are usually part of major investment projects. Lead times typically range from just under one year to several years, and partial deliveries as construction progresses are common. Accordingly, there is a time lag between incoming orders and sales revenue from the new construction business.

In 2024, sales revenue in the Power Engineering segment was largely driven by Engines & Marine Systems and Turbomachinery, which together generated more than three quarters of overall sales revenue.

ORDERS RECEIVED IN THE PASSENGER CARS SEGMENT IN WESTERN EUROPE

Orders received in Western Europe in the reporting year were up 16.1% on 2023, with nearly all major markets recording an improvement year-on-year. While Italy and the United Kingdom saw single-digit growth, Germany, France and Spain each achieved growth of over 10% compared with the previous year. Orders received for battery-electric vehicles rose by around 88% versus the prior year. This upward trend was underpinned by the successful launch of new models.

ORDERS RECEIVED FOR COMMERCIAL VEHICLES

Orders received for mid-sized and heavy trucks, for buses, and for commercial vehicles from the MAN TGE van series were down slightly year-on-year, at 263,601 units in 2024, mainly as a result of a decline in the truck business. The biggest drop in truck orders was observed in the EU27+3 region, primarily due to the weak economic situation. Incoming orders for trucks in North America were up slightly year-on-year, with weak demand for heavy trucks more than offset by higher demand for mid-sized trucks and special vehicles. By contrast, in South America order intake increased sharply. Particularly in Brazil, the favorable economic development stimulated orders, whereby the prior-year performance of the Brazilian market had been weighed down significantly by the new emissions regulations that had come into force. MAN TGE recorded a decline in incoming orders.

Order intake in the bus business rose significantly, however. This was mainly thanks to growth in the coach segment in the EU27+3 region and orders placed for school buses in South America. Orders received for buses in North America were up significantly year-on-year despite restrictive acceptance of orders due to the order backlog, which continued to be high.

ORDERS RECEIVED IN THE POWER ENGINEERING SEGMENT

The long-term performance of the Power Engineering business is determined by the macroeconomic environment. Individual major orders lead to fluctuations in incoming orders during the year that do not correlate with these long-term trends.

Orders received in the Power Engineering segment in 2024 amounted to €5.3 (5.0) billion. Engines & Marine Systems and Turbomachinery generated more than three quarters of the order volume in a persistently difficult market environment.

In the marine business, for example, the first delivery of two 14V49/60 methanol-ready engines and the first delivery of three 10L49/60DF engines were ordered for one ship each in 2024. In the power plant business, orders were acquired for 64 engines and component sets for 29 completely knocked down engines of different types with an aggregate output of 1,356 MW. In the area of turbomachinery for new applications, projects for decarbonization and for advancing the energy transition led to an increase in order intakes. These include several carbon capture and storage projects and orders for large-scale heat pumps in Europe, North America and Asia. An order was also recorded for the delivery of compressors and turbines for an energy storage system in England. Noteworthy orders in the traditional business included compressors for nitric acid production and an order for the largest integrally geared centrifugal compressor for the air separation industry.

VOLKSWAGEN GROUP FINANCIAL SERVICES

The activities in the Financial Services Division cover the Volkswagen Group's dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility services. The division comprises the financial services activities of Volkswagen Group Mobility (formerly Volkswagen Financial Services), Scania, International (formerly Navistar) and Porsche Holding Salzburg and also extends to the contracts concluded by our international joint ventures.

There was high demand for the products and services of the Financial Services Division in the 2024 fiscal year. The number of new financing, leasing, service and insurance contracts signed worldwide amounted to 11.1 million contracts. Since January 1, 2024, other types of insurance contracts have been taken into account; the number of contracts as of December 31, 2023 has been adjusted. The ratio of leased and financed vehicles to Group deliveries (penetration rate) increased to 34.1 (32.8)% in the Financial Services Division's markets in the reporting year. The total number of contracts stood at 28.5 (28.1) million on December 31, 2024.

In Europe/Other Markets, 7.9 million new contracts were signed. The total number of contracts at the end of the reporting year was 20.4 (20.1) million, putting it above the figure for December 31, 2023. The customer financing/leasing area was responsible for 7.3 (7.1) million of these contracts.

The number of new contracts signed in North America amounted to 1.5 million in fiscal year 2024. At 4.3 (4.1) million, the number of contracts as of December 31, 2024 was higher than at the end of the previous year. The customer financing/leasing area recorded 1.7 (1.6) million contracts.

In the South America region, 0.9 million new contracts were concluded in the reporting year. Compared with December 31, 2023, the total number of contracts at the end of the reporting year rose to 1.7 (1.4) million, of which 0.7 (0.6) million were related to the customer financing/leasing area.

The number of new contracts signed in the Asia-Pacific region in 2024 amounted to 0.8 million. At the end of December 2024, the total number of contracts stood at 2.2 (2.5) million. The customer financing/leasing area was responsible for 1.2 (1.5) million of these contracts.

SALES TO THE DEALER ORGANIZATION

The Volkswagen Group's unit sales to the dealer organization decreased in the reporting year by 3.5% to 9,036,653 units (including the equity-accounted Chinese joint ventures) in a challenging market environment. Unit sales outside Germany declined by 4.2% to 7,841,792 vehicles. Fewer vehicles were sold primarily in China and in other countries in the Asia-Pacific region. The Volkswagen Group's unit sales to the dealer organization excluding the equity-accounted companies in China amounted to 6,294,998 (6,297,420) vehicles and was on a level with the previous year. Brazil, France and Mexico in particular reported growth. Unit sales in Germany increased by 1.4% year-on-year. The proportion of the Group's total unit sales attributable to Germany increased to 13.2 (12.6)%.

PRODUCTION

The Volkswagen Group produced 8,953,693 vehicles (including the equity-accounted Chinese joint ventures) in the period from January to December 2024, a decrease of 3.8% compared with the prior-year period. Production in Germany declined by 11.9% to 1,686,358 vehicles. The proportion of the Group's total production accounted for by Germany decreased to 18.8 (20.6)%. The Volkswagen Group's production excluding the equity-accounted companies in China totaled 6,213,442 (6,236,786) units and remained at similar levels to the previous year.

INVENTORIES

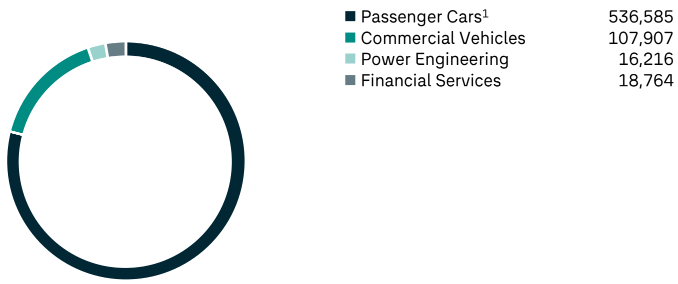
Global inventories of new vehicles at Group companies and in the dealer organization were lower at the end of the reporting year than at year-end 2023.

TOTAL WORKFORCE

Including the Chinese joint ventures, the Volkswagen Group employed an average of 682,724 people in fiscal year 2024 (+0.6%). In Germany, we employed 295,178 people on average; at 43.2 (43.6)%, their share of the total workforce was on a level with the previous year.

The number of active employees in the Volkswagen Group receded by 1.2% to 646,501 as of December 31, 2024. In addition, 15,770 employees were in the passive phase of their partial retirement and 17,201 young people were in vocational traineeships. At the end of the reporting year, the Volkswagen Group's total workforce including the equity-accounted companies in China amounted to 679,472 employees worldwide, 0.7% less than on December 31, 2023. There were 293,338 (–1.8%) employees in Germany, while 386,134 employees worked outside Germany (+0.2%). At the end of 2024, the Volkswagen Group's total workforce excluding the equity-accounted companies in China had a total of 614,082 employees and was 0.2% more than the level at the end of 2023.

EMPLOYEES BY DIVISION/BUSINESS AREA
as of December 31, 2024



1 Including the equity-accounted companies in China.

VOLUME DATA OF THE VOLKSWAGEN GROUP FROM JANUARY 1 TO DECEMBER 31[1]

in thousands	2024	2023	%
Vehicle sales (units)	9,037	9,362	–3.5
Production (units)	8,954	9,309	–3.8
Total workforce (as of December 31)	679.5	684.0	–0.7

1 Including the equity-accounted Chinese joint ventures.

Shares and Bonds

The further intensifying competition in the automotive sector with continued aggressive pricing, particularly in China, put pressure on the price of Volkswagen AG's ordinary and preferred shares in the reporting year.

EQUITY MARKETS AND PERFORMANCE OF THE PRICE OF VOLKSWAGEN'S SHARES

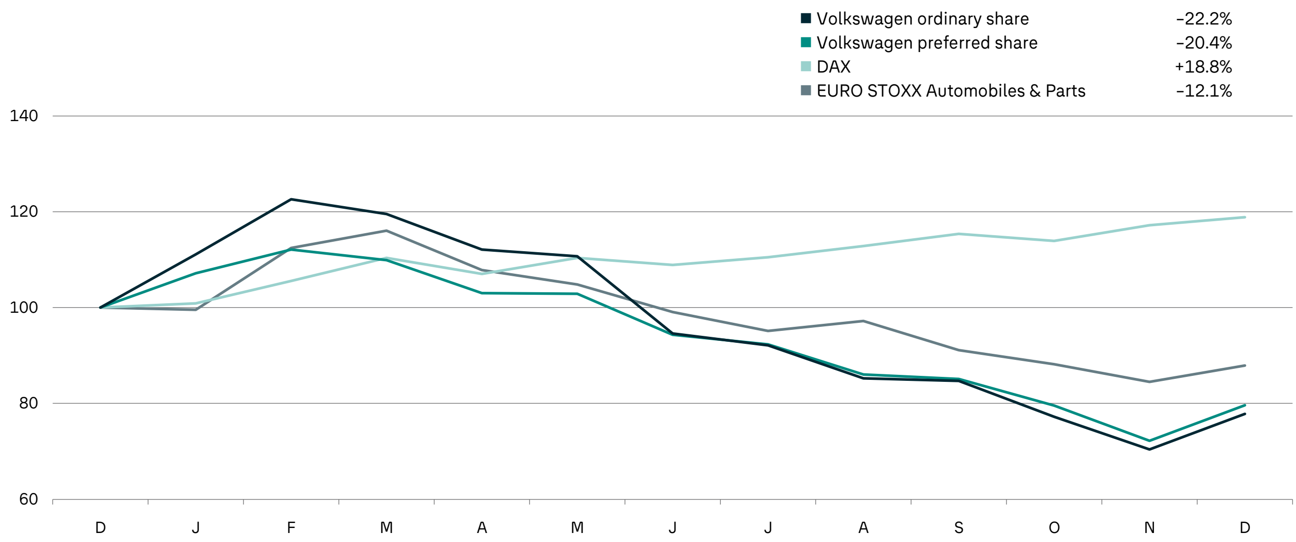
The international stock markets turned in an overall solid performance in the reporting year. Driven in particular by the hope that key interest rates would be lowered, they continued the upward trend that had started in October 2023 and soared to new record levels. Economic growth, in particular, also had a positive effect. Furthermore, central banks in the United States and Europe initiated a shift in monetary policy during the year with the first rate cuts, sending share prices even higher. The generally upbeat mood on the markets was not noticeably dented by the uncertain geopolitical environment and the prevailing confrontations in the Middle East.

After a favorable year on the stock markets in 2023, which saw the German stock index (DAX) rise by 20%, the new year started with sideways movement. An upward trend in the DAX then began at the end of January 2024, during which it hit new all-time highs. The German stock market barometer benefited particularly from positive corporate data in the reporting season and market participants' expectations of an imminent turnaround in interest rates. In the second quarter of 2024, momentum weakened due to rising geopolitical tensions and political uncertainty. The DAX began the third quarter on a weaker note before share prices started moving upwards again, fueled by the turnaround in interest rates in Europe and the United States. The monetary and fiscal policy measures taken in China to stimulate the local economy also had a positive knock-on effect. The German equity market experienced a rally towards the end of the reporting year, with new records in anticipation of further interest rate cuts, although this was driven by a smaller number of single stocks. As a result, at year-end 2024 the DAX – a performance index calculated as if all dividend payments were reinvested – exceeded the prior year-end level by 18.8%. By contrast, the EURO STOXX Automobiles & Parts, which is purely a price index, posted losses of 12.1% in the period under review due to the difficult situation in the automotive industry.

The prices of Volkswagen AG's preferred and ordinary shares initially showed a positive trend in the first three months of the reporting year. As the year progressed, the capital market took a critical view of the fact that investment requirements continued to be high, extending among other things to the construction of battery cell factories, vehicle development as part of the Company's transformation, and provisions for acquisitions. The further intensification of competition in the automotive sector, expectations of falling margins and subdued demand, particularly for electric vehicles, as well as the possible costs for closing an impending gap in relation to European CO_2 fleet targets for 2025 also put a damper on the share price. The same was true of the decline in profits expected by the Company for the joint ventures in its largest single market, China, where competition is intense. On top of this came the European Union's (EU) announcement of punitive tariffs on Chinese electric

PRICE DEVELOPMENT FROM DECEMBER 2023 TO DECEMBER 2024

Index based on month-end prices: December 31, 2023 = 100



vehicles, coupled with the threat of retaliation by China in the form of import tariffs on European vehicles, among other things. The situation in the industry worsened progressively in the course of the year. As a consequence, and due to unplanned restructuring expenses in the Group, the Company repeatedly adjusted its full-year earnings guidance. The news was marked by increasing tension, primarily in light of the threat of trade barriers in the aftermath of the US election, uncertainty as to the outcome of the trade dispute and the cost-cutting measures planned by the Company. Increasing uncertainties with respect to the amount of the dividend for fiscal year 2024 also caused pressure, particularly given the additional potential impact on earnings from provisions for the planned restructuring measures. This continued to put pressure on the share prices, though these recovered slightly towards the end of the reporting year. At the end of December 2024, preferred shares were trading down 20.4% and ordinary shares down 22.2% compared with the end of 2023. Assuming that the dividend (before deduction of taxes) was reinvested in Volkswagen shares at the time of distribution, the total return on the preferred shares was –14.1% and the total return on the ordinary shares was –16.9%.

KEY FIGURES FOR VOLKSWAGEN SHARES AND MARKET INDICES FROM JANUARY 1 TO DECEMBER 31, 2024

		High	Low	Closing
Ordinary share	Price (€)	151.50	82.40	92.15
	Date	Apr. 4	Nov. 27	Dec. 31
Preferred share	Price (€)	128.50	80.32	89.04
	Date	Apr. 4	Nov. 27	Dec. 31
DAX	Price	20,426	16,432	19,909
	Date	Dec. 12	Jan. 17	Dec. 31
ESTX Auto & Parts	Price	708	505	533
	Date	Apr. 8	Nov. 21	Dec. 31

CAPITAL MARKETS DAY CHINA

The Volkswagen Group presented the Group's newly focused strategic alignment for the Chinese market at the Capital Markets Day held in China in April 2024. The objective is to improve technological expertise and the product portfolio, cut costs, and thus consolidate our market position as a leading international manufacturer. The new China strategy with the slogan "In China for China" focuses on considerably higher local value creation and partnerships with leading technology companies, and is aimed at increased local market and customer centricity.

DIVIDEND POLICY

Our dividend policy matches our financial strategy. In the interests of all stakeholders, we aim for continuous dividend growth that allows our shareholders to participate appropriately in our business success. The proposed dividend also reflects our financial management objectives – in particular, ensuring a solid financial foundation as part of the implementation of our strategy.

The current dividend proposal can be found in the chapter entitled "Volkswagen AG (condensed, in accordance with the German Commercial Code)" of this annual report. The Board of Management and Supervisory Board of Volkswagen AG are proposing a dividend of €6.30 per ordinary share and €6.36 per preferred share for fiscal year 2024. On this basis, the total dividend amounts to €3.2 (4.5) billion. The payout ratio is based on the Group's earnings after tax attributable to Volkswagen AG shareholders. This amounts to 29.6% for the reporting year and to 28.4% for the adjusted previous year figure; the special dividend due to the IPO of Porsche AG is not included in the prior-year figure. We strive to achieve a payout ratio of at least 30%.

DIVIDEND YIELD

Based on the dividend proposal for the reporting year, the dividend yield on Volkswagen ordinary shares is 6.8 (7.6)%, measured by the closing price on the last trading day in 2024. The dividend yield on preferred shares is 7.1 (8.1)%.

EARNINGS PER SHARE

Basic earnings per ordinary share amounted to €21.36 for fiscal year 2024. This represents a reduction of 32.8% compared with the figure adjusted for 2023. Basic earnings per preferred share declined by 33.0% to €21.42 compared with the adjusted prior-year figure. In accordance with IAS 33, the calculation is based on the weighted average number of ordinary and preferred shares outstanding in the reporting year. Since the number of basic and diluted shares is identical, basic earnings per share correspond to diluted earnings per share.

See also "Earnings per share" in the notes to the 2024 consolidated financial statements for the calculation of earnings per share.

SHAREHOLDER STRUCTURE

At the end of the reporting year, Volkswagen AG's subscribed capital amounted to €1,283,315,873.28. The chart below shows the shareholder structure of Volkswagen AG as of December 31, 2024.

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2024

as a percentage of subscribed capital

The distribution of voting rights for the 295,089,818 ordinary shares was as follows at the reporting date: Porsche Automobil Holding SE, Stuttgart, held 53.3% of the voting rights. The second-largest shareholder was the State of Lower Saxony, which held 20.0% of the voting rights. Qatar Holding LLC was the third-largest shareholder with 17.0%. The remaining 9.7% of ordinary shares were in free float.

Notifications of changes in voting rights in accordance with the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) are published on our website at www.volkswagen-group.com/distribution-of-voting-rights.

VOLKSWAGEN SHARE DATA

	Ordinary share	Preferred share
ISIN	DE0007664005	DE0007664039
WKN	766400	766403
Deutsche Börse/Bloomberg	VOW	VOW3
Reuters	VOWG.DE	VOWG_p.DE
Primary market indices	CDAX, Prime All Share, MSCI Euro, S&P Global 100 Index	DAX, CDAX, EURO STOXX, EURO STOXX 50, EURO STOXX Automobiles & Parts, Prime All Share, MSCI Euro
Exchanges	Berlin, Dusseldorf, Frankfurt, Hamburg, Hanover, Munich, Stuttgart, Xetra	

VOLKSWAGEN SHARE KEY FIGURES

Dividend development		2024	2023	2022	2021	2020
Number of no-par value shares at Dec. 31						
Ordinary shares	thousands	295,090	295,090	295,090	295,090	295,090
Preferred shares	thousands	206,205	206,205	206,205	206,205	206,205
Dividend[1]						
per ordinary share	€	6.30	9.00	8.70	7.50	4.80
per preferred share	€	6.36	9.06	8.76	7.56	4.86
Dividend paid[1]	€ million	3,171	4,524	4,374	3,772	2,419
on ordinary shares	€ million	1,859	2,656	2,567	2,213	1,416
on preferred shares	€ million	1,311	1,868	1,806	1,559	1,002

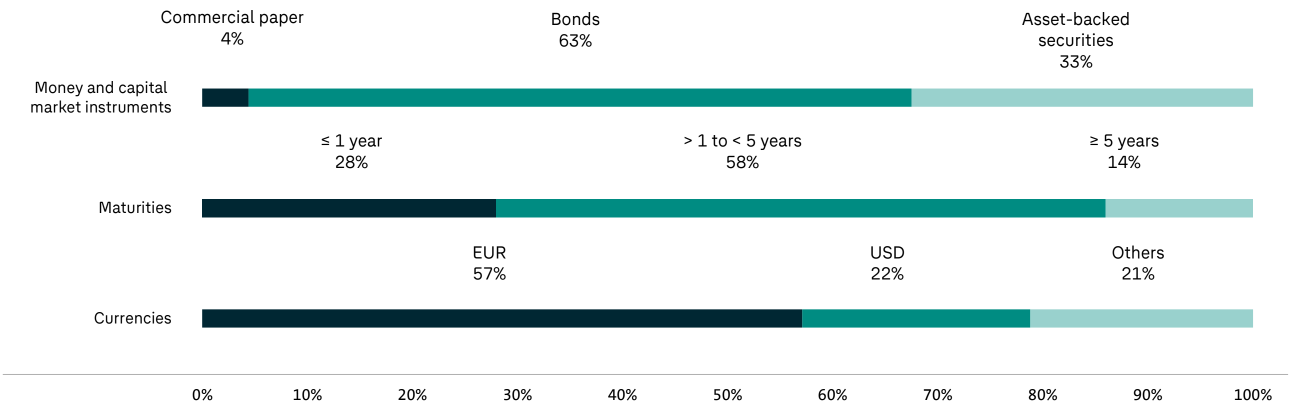
Share price development[2]		2024	2023[3]	2022[4]	2021	2020
Ordinary share						
Closing	€	92.15	118.45	147.65	258.40	170.10
Price performance	%	-22.2	-19.8	-42.9	+51.9	-1.8
Annual high	€	151.50	181.65	279.40	327.20	183.10
Annual low	€	82.40	106.40	145.00	165.70	101.50
Preferred share						
Closing	€	89.04	111.80	116.42	177.48	152.42
Price performance	%	-20.4	-4.0	-34.4	+16.4	-13.5
Annual high	€	128.50	142.20	193.10	246.55	185.52
Annual low	€	80.32	99.14	114.88	144.80	87.20
Market capitalization at Dec. 31	€ billion	45.6	58.0	67.6	112.8	81.6
Equity attributable to Volkswagen AG shareholders and hybrid capital investors at Dec. 31	€ billion	182.3	175.0	165.4	144.4	127.0
Ratio of market capitalization to equity	factor	0.25	0.33	0.41	0.78	0.64

Key figures per share		2024	2023[3]	2022[4]	2021	2020
Earnings per ordinary share[5]						
basic	€	21.36	31.79	29.66	29.59	16.60
diluted	€	21.36	31.79	29.66	29.59	16.60
Equity attributable to Volkswagen AG share-holders and hybrid capital investors at Dec. 31	€	363.65	349.03	329.90	288.15	253.44
Price/earnings ratio[6]						
Ordinary share	factor	4.3	3.7	5.0	8.7	10.2
Preferred share	factor	4.2	3.5	3.9	6.0	9.1
Dividend yield[7]						
Ordinary share	%	6.8	7.6	5.9	2.9	2.8
Preferred share	%	7.1	8.1	7.5	4.3	3.2

Stock exchange turnover[8]		2024	2023	2022	2021	2020
Turnover of Volkswagen ordinary shares	€ billion	2.0	1.4	2.7	6.1	3.1
	million shares	18.3	10.2	13.5	23.3	21.6
Turnover of Volkswagen preferred shares	€ billion	27.7	31.4	44.9	58.8	49.8
	million shares	263.7	263.2	302.2	300.4	361.2
Volkswagen share of total DAX turnover	%	3.5	4.1	4.7	6.6	4.7

1 Figures for the years 2020 to 2023 relate to dividends paid in the following year. For 2021, the figures exclude the special dividend due to the IPO of Porsche AG. For 2024, the figures relate to the proposed dividend.
2 Xetra prices.
3 The year 2023 was adjusted.
4 The year 2022 was adjusted.
5 For the calculation see "Earnings per share" in the notes to the consolidated financial statements.
6 Ratio of year-end-closing price to earnings per share.
7 Dividend per share based on the year-end-closing price.
8 Order book turnover on the Xetra electronic trading platform (*Deutsche Börse*).

REFINANCING STRUCTURE OF THE VOLKSWAGEN GROUP
as of December 31, 2024



REFINANCING

The Volkswagen Group was able to successfully refinance on the international capital markets in what was a challenging market environment in 2024 by issuing both secured and unsecured bonds in various currencies and with varying terms.

It placed bonds on the US capital market via Volkswagen Group of America Finance, LLC with a total volume of USD 6 billion in March and August 2024. Two notes, each with a volume of CAD 750 million, were issued in the Canadian refinancing market.

After Volkswagen International Finance N.V. became active locally on the Chinese capital market for the first time in 2023, it also issued what is known as a Panda bond worth CNY 1.5 billion in September 2024.

In the reporting year, Volkswagen International Finance N.V. issued bonds with a total volume of €1.0 billion based on a Green Finance Framework.

Volkswagen International Finance N.V. also duly called a hybrid note issued in June 2018 with a principal amount of €1.25 billion to be redeemed as of June 27, 2024.

In March 2024, TRATON Finance Luxembourg S.A., an indirect subsidiary of TRATON SE, issued bonds in two tranches with a total volume of €1.25 billion.

Public euro benchmark bonds structured as green bonds were issued for €7.75 billion for the Financial Services Division.

In addition to this, securities were issued in various currencies and regions via various issuing companies in the respective divisions of the Volkswagen Group.

Alongside the issuance of senior, unsecured bonds, asset-backed securities (ABS) transactions were another element of our refinancing activities. In Europe, public ABS transactions with a total volume of €2.75 billion were placed. Public ABS transactions were also issued in the United Kingdom, Australia, Japan and China.

The Volkswagen Group was also actively involved in the commercial paper market with several issuing companies.

The proportion of fixed-rate refinancing instruments in the past year was about twice as high as the proportion of floating-rate instruments.

In our refinancing arrangements, we generally aim to exclude interest rate and currency risk as far as possible with the simultaneous use of derivatives.

The following table shows which financial instruments were utilized on the money and capital markets as of December 31, 2024 and illustrates the financial flexibility of the Volkswagen Group:

Financial instruments	Authorized volume € billion	Amount utilized on Dec. 31, 2024 € billion
Unsecured commercial paper and bonds	295.5	111.4
of which: commercial paper		7.3
bonds		104.1
of which: hybrid issues		13.7
Asset-backed securities	105.3	53.6

Volkswagen AG's syndicated credit line of €10.0 billion agreed in December 2019 was unused at the end of 2024.

Of the confirmed syndicated credit lines with a total of €17.0 billion at other Group companies, €1.0 billion has been drawn down. The Volkswagen Group continued to have bilateral confirmed credit lines with national and international banks in various countries for a total of €5.3 billion, of which €1.0 billion was drawn down.

RATINGS

In February 2024, rating agency Standard & Poor's confirmed its short-term and long-term ratings for Volkswagen AG of A–2 and BBB+ respectively. The outlook was left unchanged at "stable". Moody's Investors Service maintained the short-term and long-term ratings of P–2 and A3, respectively, in July 2024, and revised the outlook from "stable" to "negative" in October 2024. A third agency, Fitch Ratings, was appointed at the beginning of the reporting year to assess the creditworthiness of Volkswagen AG, including its issuing companies and the financial instruments issued. It provided a long-term rating of A– and a short-term rating of F1, both with a "stable" outlook. This was affirmed in August 2024.

The reorientation of the subgroups of the former Volkswagen Financial Services AG and Volkswagen Bank GmbH (VW Bank) resulted in the establishment of the new European financial holding company, Volkswagen Financial Services AG (VW FS AG), to manage the European financial services companies. VW Bank became part of this holding company. Moreover, the former Volkswagen Financial Services AG was renamed Volkswagen Financial Services Overseas AG (VW FS Overseas AG), and tasked with management of the non-European financial services subsidiaries. The restructuring meant that a rating was provided for the newly formed companies for the first time. Standard & Poor's assigned the newly established VW FS AG, VW Bank, and VW FS Overseas AG as the legal successor of the former Volkswagen Financial Services AG, a long-term rating of BBB+ and a short-term rating of A–2, with a "stable" outlook in July 2024. Moody's Investors Service assigned VW FS AG and VW FS Overseas AG a long-term rating of A3 and a short-term rating of P–2 in July 2024. VW Bank was assigned a long-term rating of A1 and a short-term rating of P–1. The outlook for each was revised from "stable" to "negative" in October in 2024. Fitch Ratings assigned a short-term rating of F1 and a long-term rating of A– to VW FS AG, VW Bank and VW FS Overseas AG in July 2024. The outlook for each was "stable".

Standard & Poor's affirmed the short- and long-term ratings for TRATON SE at A–2 and BBB respectively with a "stable" outlook in October 2024. Moody's Investors Service maintained the long-term rating of Baa2 in March 2024 and revised the outlook from "stable" to "positive". It also assigned a short-term rating of P–2.

	VOLKSWAGEN AG		VOLKSWAGEN FINANCIAL SERVICES AG[1]	VOLKSWAGEN BANK GMBH[1]	VOLKSWAGEN FINANCIAL SERVICES OVERSEAS AG[1]	TRATON SE	
	2024	2023	2024	2024	2024	2024	2023
Standard & Poor's							
short-term	A–2	A–2	A–2	A–2	A–2	A–2	–
long-term	BBB+	BBB+	BBB+	BBB+	BBB+	BBB	BBB
outlook	stable	stable	stable	stable	stable	stable	stable
Moody's Investors Service							
short-term	P–2	P–2	P–2	P–1	P–2	P–2	–
long-term	A3	A3	A3	A1	A3	Baa2	Baa2
outlook	negative	stable	negative	negative	negative	positive	stable
Fitch Ratings							
short-term	F1	–	F1	F1	F1	–	–
long-term	A–	–	A–	A–	A–	–	–
outlook	stable	–	stable	stable	stable	–	–

1 No prior-year comparison possible due to restructuring.

ESG RATINGS

Analysts and investors are referring to companies' sustainability profiles as well when making their recommendations and decisions. They draw on ESG ratings, among other things, to evaluate a company's environmental, social and governance performance. At the same time, these ratings are instrumental in determining whether we are meeting our goal in relation to the Group's strategy, and they are used to establish internal measures.

Volkswagen's ESG rating from ISS ESG was unchanged at C+ in fiscal year 2024. In the Sustainalytics rating, the Volkswagen Group remained stable with a "medium risk" score. Volkswagen also retained its B rating from MSCI.

Results of Operations, Financial Position and Net Assets

Fiscal year 2024 was dominated by increasingly intense competition in the automotive industry. In this challenging market environment, the Volkswagen Group generated sales revenue on a level with the prior year. A decline in the operating result was due primarily to restructuring measures.

The Volkswagen Group's segment reporting comprises the four reportable segments of Passenger Cars and Light Commercial Vehicles, Commercial Vehicles, Power Engineering and Financial Services, in compliance with IFRS 8 and in line with the Group's internal financial management and reporting structures.

The reconciliation covers activities and other operations that do not, by definition, constitute segments. These include the unallocated Group financing activities. Consolidation adjustments between the segments (including the holding company functions) are also contained in the reconciliation. The purchase price allocations for Porsche Holding Salzburg and Porsche, Scania, MAN and International (formerly Navistar) are made to their corresponding segments.

The Automotive Division comprises the Passenger Cars and Light Commercial Vehicles segment, the Commercial Vehicles segment and the Power Engineering segment, as well as the figures from the reconciliation. The Passenger Cars and Light Commercial Vehicles segment is combined with the reconciliation to form the Passenger Cars Business Area, while the Commercial Vehicles and Power Engineering segments are identical to the business areas of the same name. The Financial Services Division corresponds to the Financial Services segment.

At Volkswagen, segment profit or loss is measured on the basis of the operating result.

KEY FIGURES FOR 2024 BY SEGMENT

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue	241,526	46,183	4,333	58,769	350,811	–26,155	324,656
Segment profit or loss (operating result)	13,656	4,218	335	3,119	21,328	–2,268	19,060
as a percentage of sales revenue	5.7	9.1	7.7	5.3			5.9
Capex, including capitalized development costs	24,097	2,731	193	253	27,275	172	27,447

PRIOR-YEAR CORRECTIONS IN ACCORDANCE WITH IAS 8

It was found during the reporting year that obligations related to the granting of fringe benefits had not been included in full when calculating the provision for time assets. The error was corrected in accordance with IAS 8 by adjusting the affected items accordingly in the consolidated financial statements for the prior years.

The retrospective correction resulted in a change in equity as of December 31, 2023/January 1, 2024 and January 1, 2023, respectively. This is attributable to the increase in other provisions and the recognition of deferred tax assets. The recognition of the additional fringe benefits did not have a material impact on the income statement, the statement of comprehensive income, or the cash flow statement. The prior-year figures have been adjusted accordingly.

RESTRUCTURING MEASURES IN THE VOLKSWAGEN GROUP

In fiscal year 2024, the Volkswagen Group recognized restructuring costs of €3.0 billion, mostly in other operating result. They are primarily attributable to Volkswagen AG and the Audi Group.

To bring about a long-term reduction in personnel costs in the administrative areas of Volkswagen AG, the Board of Management resolved in April 2024 to support the downsizing activities by offering selective severance agreements. Expenses of €0.9 billion were recognized for this.

Against the backdrop of trends in demand for the Audi Q8 e-tron model family, which is manufactured in Brussels, the Board of Management of Audi Brussels S.A./N.V., Brussels/Belgium (Audi Brussels), conducted an information and consultation process with the competent social partners under Belgian law for the restructuring of the site from July to December 2024. The process plans to discontinue the operations as of February 28, 2025. A social plan was approved in January 2025. Expenses totaling €1.6 billion were recognized in fiscal year 2024 in connection with this restructuring. They include, among other items, anticipated amortization and depreciation charges on inventories and non-current assets, expenses from a change in the production process, legal and consulting costs, as well as employee-related expenses for the social plan.

Furthermore, restructuring programs were also introduced in other Group companies.

EFFECTS OF THE COLLECTIVE BARGAINING AGREEMENT

On the basis of the collective bargaining agreement entered into between Volkswagen AG and the employee representatives in December 2024, it was necessary to adjust the calculation of various personnel-related provisions. This resulted in income of around €1 billion, which is largely presented in cost of sales. In addition, various assumptions about expected developments had to be adjusted when measuring pension obligations. This resulted in an actuarial gain of €0.2 billion, which was recognized in equity.

COOPERATION WITH RIVIAN

Volkswagen Group (Volkswagen) and US electric vehicle manufacturer Rivian Automotive, Inc., Irvine/USA (Rivian), announced their intention to establish a joint venture in June 2024. After reaching technical milestones and obtaining the necessary official approvals, Rivian and VW Group Technology, LLC, Palo Alto/USA (Rivian and Volkswagen Group Technologies) commenced activities on November 13, 2024. The two partners hold equal shares in the joint venture, which functions as an independent company. It is included in the consolidated financial statements as a joint venture using the equity method.

The aim of the partnership is to develop next generation software-defined vehicle (SDV) architectures to be used in future vehicles of both companies. The joint venture builds on Rivian's software and electronic architecture to facilitate the joint development of best-in-class architectures and software for the SDVs of both partners.

Volkswagen is planning to invest up to USD 5.8 billion in Rivian and the Rivian and Volkswagen Group Technologies joint venture by no later than January 2028. An initial investment in Rivian was made in June 2024, taking the form of an unsecured convertible note of USD 1 billion, which was converted into 95,377,269 ordinary shares of Rivian on December 3, 2024. Volkswagen thus holds around 8.6% of the outstanding class A shares of Rivian, representing a share of around 8% of the voting rights. The investment in Rivian is measured at fair value through other comprehensive income in the consolidated financial statements. When Rivian and Volkswagen Group Technologies commenced operations, Volkswagen invested a further USD 1.3 billion, in particular for the acquisition of the licenses in Rivian's existing architecture technology and for the 50% share of the joint venture. When certain financial and technical milestones are reached in 2025, 2026 and 2027, Volkswagen expects to make further investments of up to USD 3.5 billion in the form of equity and debt, of which up to USD 2.5 billion will be for ordinary shares of Rivian; these investments are expected to be made in two tranches of USD 1 billion each in 2025 and 2026 and a third tranche of USD 0.5 billion in 2027 or, at the latest, at the beginning of January 2028. The price of the shares is to be determined ahead of each purchase date on the basis of a defined average market price for the ordinary shares of Rivian plus a premium. In 2026, an additional amount of USD 1 billion can be drawn as a loan by Rivian and Volkswagen Group Technologies and passed on to Rivian.

In fiscal year 2024, the conditional commitment to purchase additional ordinary shares of Rivian resulted in an expense from the measurement of a derivative of €409 million. This was set against a gain of €126 million on the measurement of the convertible note due to the positive performance of the Rivian share price. These non-cash amounts were recognized in the other financial result.

MGT GAS TURBINE BUSINESS OF MAN ENERGY SOLUTIONS

In its ruling of July 3, 2024, the German Federal Ministry for Economic Affairs and Climate Action prohibited the sale of the MGT gas turbine business to CSIC Longjiang GH Gas Turbine Co. Ltd., Harbin/China. The Federal Cabinet approved the prohibition ruling.

Following the prohibition, MAN Energy Solutions SE, Augsburg discontinued the development, manufacture and sales of MGT gas turbines. It will continue its service activities for MGT gas turbines. The prohibition of the planned sale and the discontinuation of the new-build business means that these activities are no longer presented in line with IFRS 5, and led to the recognition of an impairment loss on the capitalized development costs and inventories for MGT gas turbines as of June 30, 2024. This resulted in an expense of €86 million, which is presented in cost of sales and the other operating result. There are three further types of gas turbines (THM, FT8 and S class) in addition to the MGT gas turbines. Business with these is not affected by this development.

NORTHVOLT AB

The Swedish company Northvolt AB, Stockholm/Sweden (Northvolt), in which the Volkswagen Group holds an equity investment, filed for bankruptcy protection under US law in November 2024. This had been preceded by reports regarding financial difficulties at the company. When the bankruptcy protection proceedings opened, the remaining net carrying amounts of the equity investment and the loan receivables from Northvolt were written down in full. Exempted are loan receivables from funds granted to Northvolt only after the opening of bankruptcy protection proceedings and backed by separate collateral. The write-down resulted in a non-cash expense totaling €661 million in fiscal year 2024; it is presented in the other financial result.

RESULTS OF OPERATIONS

Results of operations of the Group

In the period from January to December 2024, the Volkswagen Group generated sales revenue of €324.7 (322.3) billion and therefore reached the prior-year level, mainly driven by the positive sales revenue performance of the Financial Services Division. 80.9 (81.5)% of the Volkswagen Group's sales revenue came from outside Germany. Gross profit decreased by €1.5 billion to €59.5 billion. As a consequence, the gross margin declined to 18.3 (18.9)%.

In fiscal year 2024, the Volkswagen Group's operating result amounted to €19.1 (22.5) billion. The operating return on sales was 5.9 (7.0)%. The lower result was mainly due to a slightly negative effect from mix and pricing trends, as well as to higher depreciation and upfront expenditures for new products. In the reporting year, the Passenger Cars Business Area also incurred restructuring expenses, which were set against the reversal of personnel-related provisions of around €1 billion as a result of the outcome of the collective bargaining at Volkswagen AG. The Power Engineering Business Area incurred expenses in connection with the planned closure of the MGT gas turbine business of MAN Energy Solutions. In the period from January to December 2024, a rise in interest expenses, higher risk costs and foreign exchange losses in connection with the deconsolidation of Volkswagen Bank Rus had an additional adverse impact on the Financial Services Division's operating result. In the previous year, the fair value measurement of derivatives to which hedge accounting is not applied had reduced the Volkswagen Group's operating result by €3.2 billion.

The financial result was down on the previous year, at €–2.3 (0.6) billion. The share of the result of equity-accounted investments was lower than in the prior-year period due to the decline in the result of the Chinese joint ventures, amongst other factors. The final winding-down of Argo AI resulted in a gain in the third quarter of 2024. The other financial result was down on the previous year, mainly because of the impairment losses recognized in connection with Northvolt.

INCOME STATEMENT BY DIVISION

	VOLKSWAGEN GROUP		AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2024	2023[2]	2024	2023[2]	2024	2023[2]
Sales revenue	**324,656**	**322,284**	**265,887**	**268,156**	**58,769**	**54,128**
Cost of sales	–265,184	–261,299	–214,470	–215,033	–50,714	–46,266
Gross profit	**59,472**	**60,985**	**51,417**	**53,123**	**8,055**	**7,862**
Distribution expenses	–22,320	–21,345	–21,124	–20,310	–1,196	–1,035
Administrative expenses	–12,754	–12,729	–10,225	–10,009	–2,529	–2,720
Net other operating result	–5,338	–4,382	–4,127	–4,061	–1,211	–321
Operating result	**19,060**	**22,528**	**15,941**	**18,742**	**3,119**	**3,786**
Operating return on sales (%)	**5.9**	**7.0**	**6.0**	**7.0**	**5.3**	**7.0**
Share of profits and losses of equity-accounted investments	375	2,291	526	2,236	–151	55
Interest result and Other financial result	–2,629	–1,720	–2,655	–1,644	26	–76
Financial result	–2,255	570	–2,130	592	–125	–22
Earnings before tax	16,806	23,099	13,811	19,335	2,994	3,764
Income tax expense	–4,411	–5,237	–3,137	–4,156	–1,274	–1,081
Earnings after tax	**12,394**	**17,861**	**10,674**	**15,178**	**1,720**	**2,683**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Prior-year figure adjusted (see disclosures on IAS 8).

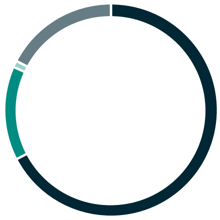
SHARE OF SALES REVENUE BY MARKET 2024

in percent

Europe (excluding Germany)/ Other Markets	41%
Germany	19%
North America	21%
South America	6%
Asia-Pacific	14%

SHARE OF SALES REVENUE BY DIVISION/ BUSINESS AREA 2024

in percent



Passenger Cars	66%
Commercial Vehicles	14%
Power Engineering	1%
Financial Services	18%

In fiscal year 2024, Volkswagen Group's earnings before tax decreased by €6.3 billion to €16.8 billion. The return on sales before tax declined to 5.2 (7.2)%. Income taxes resulted in an expense of €4.4 (5.2) billion, which in turn led to a tax rate of 26.3 (22.7)%. At €12.4 billion, earnings after tax declined by €5.5 billion on the previous year.

Results of operations in the Automotive Division

In the period from January to December 2024, the Automotive Division's sales revenue of €265.9 (268.2) billion was on a level with the prior-year figure. Sales revenue in the Passenger Cars Business Area was similar to the previous year; in the Commercial Vehicles Business Area it was on a level with the previous year, while it went up noticeably in the Power Engineering Business Area. As our Chinese joint ventures are accounted for using the equity method, the Group's business performance in the Chinese passenger car market is essentially reflected in the Group's sales revenue only through deliveries of vehicles and vehicle parts.

Cost of sales was unchanged from the previous year. There was a rise in the research and development costs recognized in profit or loss included in this item, particularly due to higher amortization of capitalized development costs. A decline in the cost of materials driven by lower volumes and the reversal of personnel-related provisions as a result of the outcome of the collective bargaining achieved at Volkswagen AG had a beneficial effect. The research and development ratio (R&D ratio), which is defined as total research and development costs as a share of the Automotive Division's sales revenue, amounted to 7.9 (8.1)% in the period from January to December 2024, which was down on the prior-year period. The automotive investment ratio, which combines the R&D and capex ratios, amounted to 14.3 (13.5)%. This includes the acquisition of licenses from Rivian, which accounted for 0.5 percentage points.

In fiscal year 2024, there was a slight year-on-year increase in both distribution expenses – driven, among other factors, by higher marketing costs – and administrative expenses; their respective share of sales revenue also went up. The other operating result stood at €–4.1 (–4.1) billion. The Passenger Cars Business Area recognized expenses for restructuring measures in the reporting year. In the previous year, the fair value measurement of derivatives to which hedge accounting is not applied had had an adverse impact.

In the period from January to December 2024, the Automotive Division's operating result amounted to €15.9 billion, down €2.8 billion on the previous year. A slightly negative effect from mix and pricing trends, higher depreciation and higher upfront expenditures for new products, and expenses for restructuring measures all had an adverse impact, offset by the reversal of personnel-related provisions as a result of the outcome of the collective bargaining achieved at Volkswagen AG in the reporting year. Expenses were incurred in the Power Engineering Business Area in connection with the discontinuation of the new-build business with MGT gas turbines of MAN Energy Solutions. In the previous year, the fair value measurement of derivatives to which hedge accounting is not applied had also reduced the operating result. The operating return on sales decreased to 6.0 (7.0)%. With regard to our equity-accounted Chinese joint ventures, our operating result essentially only considers income from deliveries of vehicles and vehicle parts, as well as license income, as these joint ventures are included in the financial result.

Results of operations in the Financial Services Division

In the period from January to December 2024, the Financial Services Division's sales revenue amounted to €58.8 billion, up 8.6% on the prior-year figure because of higher volumes. Cost of sales increased, mainly because of very strong growth in interest expenses and a volume-driven rise in depreciation of the residual values of leased vehicles. The resulting gross profit amounted to €8.1 (7.9) billion.

The Financial Services Division's operating result of €3.1 (3.8) billion was down on the previous year. The decline was mainly the result of higher risk costs and foreign exchange losses realized in connection with the deconsolidation of Volkswagen Bank Rus. The operating return on sales decreased to 5.3 (7.0)%. The return on equity before tax was 6.8 (8.8)%.

RESULTS OF OPERATIONS IN THE PASSENGER CARS, COMMERCIAL VEHICLES AND POWER ENGINEERING BUSINESS AREAS FROM JANUARY 1 TO DECEMBER 31

€ million	2024	2023[1]
Passenger Cars		
Sales revenue	215,371	218,380
Operating result	11,389	14,663
Operating return on sales (%)	5.3	6.7
Commercial Vehicles		
Sales revenue	46,183	45,731
Operating result	4,218	3,714
Operating return on sales (%)	9.1	8.1
Power Engineering		
Sales revenue	4,333	4,044
Operating result	335	366
Operating return on sales (%)	7.7	9.0

1 Prior-year figure adjusted (see disclosures on IAS 8).

FINANCIAL POSITION

Principles and goals of financial management

Financial management in the Volkswagen Group covers liquidity management, the management of currency, interest rate and commodity price risks, and credit and country risk management. It is performed centrally for all Group companies by Group Treasury, based on internal guidelines and risk parameters. Some functions of the MAN Energy Solutions, Porsche AG, Porsche Holding Salzburg and TRATON GROUP subgroups and of the Financial Services Division are included in the financial management and, in addition, have their own financial management structures.

The goal of financial management is to ensure that the Volkswagen Group remains solvent at all times and, at the same time, to generate an adequate return from the investment of surplus funds. We use a liquidity pooling system to optimize the use of existing liquidity between the significant companies. Among other features of this system, the balances, either positive or negative, accumulating in cash pooling accounts are swept daily into a regional target account and thus pooled. The overriding aim of currency, interest rate and commodity risk management is to hedge, using derivative financial instruments and commodity forwards, the prices on which investment, production and sales plans are based when making planning assumptions and to mitigate interest rate risks incurred in financing transactions. In the management of credit and country risk, diversification is used to limit the Volkswagen Group's exposure to counterparty risk. To achieve this, counterparty risk management imposes internal limits on the volume of business allowed per counterparty when financial transactions are entered into. Various credit rating criteria are applied in this process. These focus primarily on the capital resources of potential counterparties, as well as the ratings awarded by independent agencies. The relevant risk limits and the authorized financial instruments, hedging methods and hedging horizons are approved by the Group Board of Management Committee for Risk Management. For additional information on the principles and goals of financial management, please refer to the chapter on "Financial risk management and financial instruments" in the notes to the consolidated financial statements.

Financial position of the Group

In the period from January to December 2024, the Volkswagen Group's gross cash flow decreased by €2.3 billion to €46.0 billion year-on-year, driven among other things by earnings-related factors. The negative non-cash measurement effects in connection with hedging transactions, which in particular affected prior-year earnings, must be eliminated from the cash flow statement. The change in working capital amounted to €–28.9 (–29.0) billion; in the reporting year, this was primarily attributable to an increase in lease assets, receivables and inventories, offset by a rise in other provisions.

Cash flows from operating activities went down by €2.2 billion to €17.2 billion in fiscal year 2024.

The Volkswagen Group's investing activities attributable to operating activities increased by €0.8 billion to €28.9 billion in the reporting year. Investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs (capex) were up, while both capitalized development costs and expenses for mergers and acquisitions decreased.

The Volkswagen Group's financing activities generated a total cash inflow of €11.1 (16.0) billion. Financing activities mainly include the issuance and redemption of bonds and unlisted notes, changes in other financial liabilities, the dividend of €4.5 billion paid to the shareholders of Volkswagen AG, and the redemption of the hybrid note of €1.25 billion called in May 2024. At the end of the reporting year, the Volkswagen Group reported cash and cash equivalents of €40.3 billion in its cash flow statement. As of the end of December 2023 this figure stood at €43.5 billion.

On December 31, 2024, the Volkswagen Group's net liquidity stood at €–169.1 billion; it had amounted to €–147.4 billion at the end of 2023.

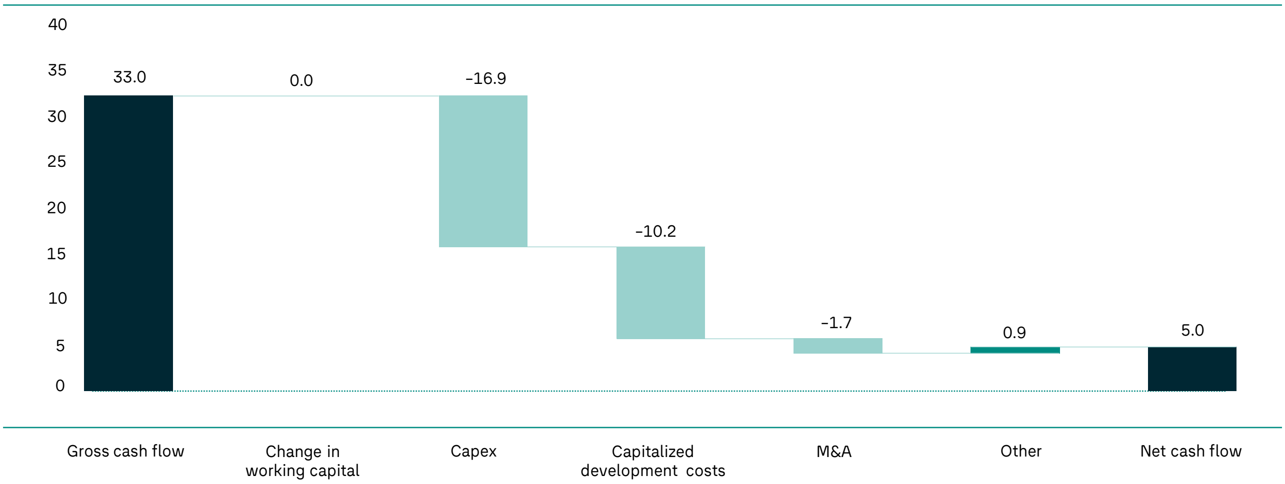
CASH FLOW STATEMENT BY DIVISION

	VOLKSWAGEN GROUP		AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2024	2023[2]	2024	2023[2]	2024	2023[2]
Cash and cash equivalents at beginning of period	**43,522**	**29,738**	**28,704**	**23,042**	**14,819**	**6,695**
Earnings before tax	16,806	23,099	13,811	19,332	2,994	3,767
Income taxes paid	–6,187	–7,716	–4,959	–6,328	–1,228	–1,389
Depreciation and amortization expense[3]	32,056	28,282	20,854	17,729	11,201	10,552
Change in pension provisions	–19	262	–25	251	6	11
Share of the result of equity-accounted investments	2,362	271	2,135	244	227	27
Other non-cash income/expense and reclassifications[4]	1,013	4,161	1,138	4,474	–125	–313
Gross cash flow	**46,030**	**48,358**	**32,956**	**35,702**	**13,074**	**12,656**
Change in working capital	**–28,879**	**–29,002**	**28**	**2,150**	**–28,907**	**–31,152**
Change in inventories	–2,695	–2,071	–1,460	–651	–1,235	–1,419
Change in receivables	–2,083	–4,361	–1,665	–1,250	–418	–3,111
Change in liabilities	52	5,272	–770	3,179	823	2,094
Change in other provisions	4,266	453	4,168	323	98	131
Change in lease assets (excluding depreciation)	–19,358	–14,964	–68	558	–19,291	–15,522
Change in financial services receivables	–9,061	–13,332	–177	–8	–8,883	–13,324
Cash flows from operating activities	**17,151**	**19,356**	**32,983**	**37,851**	**–15,832**	**–18,495**
Cash flows from investing activities attributable to operating activities	**–28,853**	**–28,031**	**–27,971**	**–27,153**	**–883**	**–878**
of which: investments in property, plant and equipment,investment property and intangible assets, excluding capitalized development costs (capex)	–17,202	–14,653	–16,949	–14,371	–253	–282
capitalized development costs	–10,244	–11,142	–10,244	–11,142	–	–
acquisition and disposal of equity investments	–2,354	–2,738	–1,682	–2,115	–672	–622
Net cash flow[5]	***–11,702***	***–8,675***	***5,013***	***10,698***	***–16,715***	***–19,373***
Change in investments in securities and time deposits, as well as in loans	–2,720	8,219	–4,406	9,512	1,686	–1,293
Cash flows from investing activities	**–31,573**	**–19,812**	**–32,376**	**–17,641**	**804**	**–2,171**
Cash flows from financing activities	**11,140**	**16,008**	**–5,340**	**–12,927**	**16,479**	**28,934**
of which: capital transactions with non-controlling interests	–	–8	–	–8	–	–
capital contributions/capital redemptions	–1,144	1,003	–1,844	–2,919	699	3,922
Effect of exchange rate changes on cash and cash equivalents	55	–1,765	127	–1,620	–73	–145
Change of loss allowance within cash and cash equivalents	1	–2	2	–2	–1	0
Net change in cash and cash equivalents	**–3,226**	**13,785**	**–4,603**	**5,661**	**1,377**	**8,124**
Cash and cash equivalents at Dec. 31[6]	**40,296**	**43,522**	**24,100**	**28,704**	**16,196**	**14,819**
Securities and time deposits, as well as loans	44,662	41,858	25,175	20,994	19,487	20,864
Gross liquidity	**84,959**	**85,380**	**49,276**	**49,698**	**35,683**	**35,683**
Total third-party borrowings	–254,081	–232,813	–13,210	–9,409	–240,871	–223,404
Net liquidity at Dec. 31[7]	**–169,122**	**–147,433**	**36,066**	**40,289**	**–205,188**	**–187,722**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Prior-year figures adjusted (see disclosures on IAS 8).
3 Net of impairment reversals.
4 These relate mainly to the fair value measurement of financial instruments and the reclassification of gains/losses on disposal of non-current assets and equity investments to investing activities.
5 Net cash flow: cash flows from operating activities, net of cash flows from investing activities attributable to operating activities (investing activities excluding change in investments in securities, time deposits and loans).
6 Cash and cash equivalents comprise cash at banks, checks, cash-in-hand and call deposits.
7 The total of cash, cash equivalents, securities and time deposits, as well as loans to affiliates and joint ventures net of third-party borrowings (non-current and current financial liabilities).

AUTOMOTIVE DIVISION NET CASH FLOW 2024

€ billion



Financial position of the Automotive Division

In the 2024 fiscal year, the Automotive Division recorded gross cash flow of €33.0 (35.7) billion. The decline was attributable among other factors to lower earnings; it was set against a decrease in income tax payments. The non-cash measurement effects in connection with hedging transactions, which mainly affected prior-year earnings, must be eliminated from the cash flow statement. The change in working capital amounted to €0.0 (2.1) billion. Growth in receivables and inventories and a decrease in liabilities were offset by a rise in other provisions. Cash flows from operating activities went down by €4.9 billion to €33.0 billion.

In the period from January to December 2024, investing activities attributable to operating activities increased to €28.0 (27.2) billion. Within this figure, capex increased by €2.6 billion to €16.9 billion, including the acquisition of licenses from Rivian. The capex ratio was 6.4 (5.4)%. Here, significant portions of capex were allocated to the production of electric vehicles, the associated battery technologies, and electric toolkits and platforms as key components of the Company's transformation to sustainable mobility. Other focus areas are the digitalization of our products, measures to cut CO_2 emissions, the promotion of sustainable production processes, and the expansion of our presence in markets such as North America and China. Additions to capitalized development costs were down noticeably at €10.2 (11.1) billion. The "Acquisition and disposal of equity investments" item decreased year-on-year to €–1.7 (–2.1) billion; it related primarily to strategic investments in a variety of companies, in particular Rivian.

The Automotive Division's net cash flow decreased by €5.7 billion to €5.0 billion. The cash conversion rate, which is the ratio of the Automotive Division's net cash flow to operating result, stood at 31.4 (57.1)% at the end of 2024.

The Automotive Division's financing activities led to a cash outflow of €–5.3 (–12.9) billion in the reporting year. This related mainly to the issuance and redemption of bonds and unlisted notes, changes in other financial liabilities, the dividend paid to the shareholders of Volkswagen AG, and the redemption of the hybrid note called in May 2024. The prior-year period had also included the payment of a special dividend to the shareholders of Volkswagen AG in connection with the IPO of Dr. Ing. h.c. F. Porsche AG (Porsche AG).

At the end of fiscal year 2024, the Automotive Division reported sound net liquidity of €36.1 billion, compared with €40.3 billion at the end of December 2023. The Automotive Division's net liquidity as a proportion of consolidated sales revenue decreased to 11.1 (12.5)% in the reporting year.

Financial position of the Financial Services Division

The Financial Services Division generated gross cash flow of €13.1 (12.7) billion in the 2024 fiscal year. The change in working capital amounted to €–28.9 (–31.2) billion. Higher lease assets and receivables were the main drivers of funds tied up in working capital in the reporting year. As a result, cash flows from operating activities stood at €–15.8 (–18.5) billion.

Investing activities attributable to operating activities were on a level with the previous year at €0.9 (0.9) billion.

The Financial Services Division's financing activities generated a cash inflow of €16.5 (28.9) billion in the period from January to December 2024. This figure relates primarily to the issuance and redemption of bonds and to other financial liabilities.

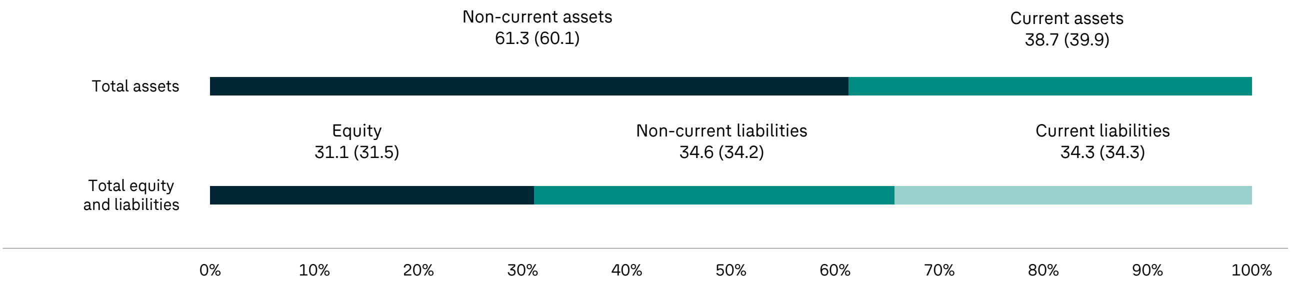
At the end of December 2024, the Financial Services Division's negative net liquidity, which is common in the industry, was €–205.2 billion as against €–187.7 billion on December 31, 2023.

FINANCIAL POSITION IN THE PASSENGER CARS, COMMERCIAL VEHICLES AND POWER ENGINEERING BUSINESS AREAS FROM JANUARY 1 TO DECEMBER 31

€ million	2024	2023[1]
Passenger Cars		
Gross cash flow	26,969	30,015
Change in working capital	68	2,920
Cash flows from operating activities	27,037	32,935
Cash flows from investing activities attributable to operating activities	–24,852	–25,223
Net cash flow	2,185	7,712
Commercial Vehicles		
Gross cash flow	5,504	5,214
Change in working capital	–59	–682
Cash flows from operating activities	5,445	4,532
Cash flows from investing activities attributable to operating activities	–2,945	–1,800
Net cash flow	2,500	2,732
Power Engineering		
Gross cash flow	483	472
Change in working capital	19	–88
Cash flows from operating activities	501	384
Cash flows from investing activities attributable to operating activities	–173	–130
Net cash flow	328	254

1 Prior-year figures adjusted (see disclosures on IAS 8).

CONSOLIDATED BALANCE SHEET STRUCTURE 2024[1]
in percent



1 Prior-year figures adjusted (see disclosures on IFRS 8).

NET ASSETS

Consolidated balance sheet structure

At the end of the reporting year, the Volkswagen Group had total assets of €632.9 billion, 5.4% more than at the end of 2023. At €196.7 (189.2) billion, the Group’s equity was slightly higher than at the end of 2023. The equity ratio was 31.1 (31.5)%.

On December 31, 2024, the Group had off-balance-sheet commitments in the form of contingent liabilities in the amount of €10.3 (10.4) billion and in the form of financial guarantees in the amount of €0.8 (0.9) billion. The contingent liabilities relate primarily to legal risks in connection with the diesel issue, as well as to potential liabilities from tax risks in the Commercial Vehicles Business Area in Brazil. Compared with the previous year, other financial obligations increased by €6.5 billion to €44.7 billion as of December 31, 2024. The rise was due largely to the equity investment in Rivian, an increase in the obligation from irrevocable credit commitments in the Financial Services Division and higher purchase commitments for property, plant, equipment and services. In addition to the other financial obligations, there are purchase commitments for inventories with a short turnover period, which arise primarily from the Master Collaboration Agreement with Ford Motor Company for the joint development of vans and mid-sized pickups for the global market. Long-term purchase obligations under battery purchase agreements also exist.

CONSOLIDATED BALANCE SHEET BY DIVISION AS OF DECEMBER 31

	VOLKSWAGEN GROUP		AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2024	2023[2]	2024	2023[2]	2024	2023[2]
Assets						
Non-current assets	**387,674**	**361,005**	**196,508**	**186,337**	**191,166**	**174,668**
Intangible assets	93,333	89,109	92,804	88,504	529	605
Property, plant and equipment	71,452	66,880	70,502	65,918	949	962
Lease assets	73,193	64,094	108	377	73,086	63,717
Financial services receivables	101,087	94,474	–708	–726	101,795	95,200
Investments, equity-accounted investments and other equity investments, other receivables and financial assets	48,610	46,448	33,802	32,264	14,808	14,184
Current assets	**245,231**	**239,644**	**123,557**	**120,204**	**121,674**	**119,439**
Inventories	56,720	53,601	50,576	48,692	6,144	4,909
Financial services receivables	68,855	66,381	–655	–832	69,510	67,213
Other receivables and financial assets	52,033	49,250	26,436	21,348	25,597	27,902
Marketable securities and time deposits	27,326	26,772	23,099	22,211	4,227	4,561
Cash and cash equivalents	40,296	43,449	24,100	28,698	16,196	14,751
Assets held for sale	0	190	0	88	0	103
Total assets	**632,905**	**600,649**	**320,065**	**306,541**	**312,840**	**294,107**
Equity and liabilities						
Equity	**196,731**	**189,186**	**151,687**	**145,616**	**45,044**	**43,570**
Equity attributable to Volkswagen AG shareholders	168,404	159,813	123,712	116,800	44,693	43,013
Equity attributable to Volkswagen AG hybrid capital investors	13,890	15,155	13,890	15,155	0	0
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	182,294	174,968	137,601	131,955	44,693	43,013
Non-controlling interests	14,437	14,218	14,085	13,661	352	557
Non-current liabilities	**219,134**	**205,427**	**94,569**	**87,698**	**124,565**	**117,729**
Financial liabilities	137,061	122,323	25,174	18,046	111,887	104,277
Provisions for pensions	27,602	29,672	27,148	29,174	453	498
Other liabilities	54,472	53,432	42,247	40,479	12,225	12,953
Current liabilities	**217,039**	**206,036**	**73,809**	**73,227**	**143,230**	**132,809**
Financial liabilities	117,020	110,476	–11,964	–8,637	128,984	119,113
Trade payables	29,772	30,901	26,220	26,836	3,552	4,064
Other liabilities	70,247	64,628	59,554	55,023	10,694	9,605
Liabilities associated with assets held for sale	0	31	0	5	0	26
Total equity and liabilities	**632,905**	**600,649**	**320,065**	**306,541**	**312,840**	**294,107**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intragroup loans.
2 Prior-year figures adjusted (see disclosures on IAS 8).

Automotive Division balance sheet structure

At the end of the year, the Automotive Division's intangible assets were up slightly compared to December 31, 2023, mainly because of additions to capitalized development costs, which exceeded amortization. Property, plant and equipment were noticeably higher compared with the prior year, as additions to property, plant and equipment exceeded depreciation. Equity-accounted investments decreased, due primarily to the Chinese joint ventures' dividend resolutions, which exceeded the result of equity-accounted investments, and to impairment losses as a result of changes in share prices and in response to impairment tests (especially Northvolt). Total non-current assets stood at €196.5 (186.3) billion, up noticeably on the figure recorded at the end of the previous year.

Current assets amounted to €123.6 (120.2) billion on December 31, 2024, an increase compared to the end of 2023. Inventories expanded slightly. Current other receivables and financial assets went up. Cash and cash equivalents were down by €4.6 billion to €24.1 billion.

At the end of the reporting year, the Automotive Division reported equity of €151.7 (145.6) billion, slightly up on the prior-year figure. Earnings performance and lower actuarial losses from the remeasurement of pension plans following the change in the discount rate, and beneficial currency translation effects were set against the dividend paid to the shareholders of Volkswagen AG, the redemption of the hybrid note called in May 2024 and adverse effects arising from the measurement of derivatives, which are recognized directly in equity. Non-controlling interests, which increased slightly, included mostly the non-controlling interest shareholders of the Porsche AG Group and of the TRATON Group. The equity ratio was 47.4 (47.5)%.

Non-current liabilities were noticeably higher than at the end of the previous year, amounting to €94.6 (87.7) billion at the end of fiscal year 2024. Non-current financial liabilities grew very strongly, while pension provisions decreased noticeably, driven primarily by actuarial remeasurement following a change in the discount rate.

On December 31, 2024, current liabilities of €73.8 (73.2) billion were virtually unchanged compared with the end of 2023. Current financial liabilities amounted to €–12.0 (–8.6) billion. The figures for the Automotive Division also contain the elimination of intragroup transactions between the Automotive and Financial Services divisions. As the current financial liabilities for the primary Automotive Division were lower than the loans granted to the Financial Services Division, a negative amount was disclosed in both periods. Current other provisions included in current other liabilities rose significantly for reasons such as the planned restructuring measures in the Passenger Cars Business Area: the reversal of personnel-related provisions as a consequence of the outcome of collective bargaining achieved at Volkswagen AG in the reporting year had an offsetting effect.

On December 31, 2024, the Automotive Division had total assets of €320.1 billion, 4.4% more than at the end of 2023.

Financial Services Division balance sheet structure

At the end of December 2024, the Financial Services Division had total assets of €312.8 billion, 6.4% more than at the end of 2023.

At €191.2 (174.7) billion, total non-current assets were up compared to December 31, 2023. The property, plant and equipment included in this item was unchanged. Lease assets and non-current financial services receivables increased, driven mainly by higher volumes.

Current assets climbed by 1.9% to €121.7 billion. The inventories, financial services receivables and cash and cash equivalents of the Financial Services Division included in this item went up, while other receivables and financial assets declined.

At the end of the 2024 fiscal year, the Financial Services Division accounted for around 49.4(49.0)% of the Volkswagen Group's assets.

Equity in the Financial Services Division stood at €45.0 billion at the end of December 2024, 3.4% more than at the end of the previous year. The equity ratio was 14.4 (14.8)%.

Non-current liabilities in the Financial Services Division rose to €124.6 (117.7) billion, mainly due to a noticeable increase in non-current financial liabilities. Current liabilities were also up compared to December 31, 2023, at €143.2 (132.8) million. The current financial liabilities included in this item increased noticeably, driven in particular by higher deposits, while trade payables were significantly lower.

Deposits from the direct banking business amounted to €57.5 billion on December 31, 2024, compared with €38.8 billion at the end of 2023.

BALANCE SHEET STRUCTURE OF THE PASSENGER CARS, COMMERCIAL VEHICLES AND POWER ENGINEERING BUSINESS AREAS

€ million	Dec. 31, 2024	Dec. 31, 2023[1]
Passenger Cars		
Non-current assets	153,380	150,177
Current assets	98,749	100,013
Total assets	**252,129**	**250,189**
Equity	131,556	126,995
Non-current liabilities	70,708	70,089
Current liabilities	49,865	53,105
Commercial Vehicles		
Non-current assets	41,300	34,530
Current assets	20,604	16,237
Total assets	**61,904**	**50,767**
Equity	17,406	15,918
Non-current liabilities	23,330	17,077
Current liabilities	21,168	17,772
Power Engineering		
Non-current assets	1,828	1,631
Current assets	4,203	3,955
Total assets	**6,031**	**5,585**
Equity	2,725	2,703
Non-current liabilities	530	532
Current liabilities	2,776	2,350

1 Prior-year figures adjusted (see disclosures on IAS 8).

RETURN ON INVESTMENT (ROI)

We use return on investment (ROI) to efficiently manage the use of resources in the Automotive Division and to measure the success of our endeavors. ROI is defined as the return on invested capital for a particular period, and enables us to measure the earning power of our products, product lines and projects.

ROI is calculated as the ratio of operating result after tax (including the proportionate operating result of the equity-accounted Chinese joint ventures) to average invested capital. Based on our companies' income tax rates, which vary from country to country, we assume an overall average tax rate of 30% when calculating the operating result after tax. Invested capital is calculated as total operating assets reported in the balance sheet (property, plant and equipment, intangible assets, lease assets, inventories and receivables) less non-interest-bearing liabilities (trade payables and payments on account received) and a proportionate share of the corresponding items in the accounts of the equity-accounted Chinese joint ventures. Average invested capital is derived from the balance at the beginning and the end of the reporting year.

In fiscal year 2024, ROI decreased to 9.7 (12.3)% year-on-year due to the lower operating result and was thus above our minimum required rate of return of 9%.

RETURN ON INVESTMENT (ROI) IN THE AUTOMOTIVE DIVISION[1]

€ million	2024	2023[2]
Operating result after tax	**12,591**	**15,218**
Invested capital (average)	129,618	123,887
Return on investment (ROI) in %	**9.7**	**12.3**

1 Including proportionate inclusion of the Chinese joint ventures (including the relevant sales and component companies) and allocation of consolidation adjustments between the Automotive and Financial Services Divisions.
2 Prior-year figures adjusted (see disclosures on IAS 8).

SUMMARY OF BUSINESS DEVELOPMENT AND ECONOMIC POSITION

In view of the political and economic developments in 2024, as well as intensifying competition in the automotive industry, the Board of Management of Volkswagen AG considers business development and the economic position to be challenging, but solid overall.

In this environment, 9.0 million vehicles were delivered to customers in the past fiscal year; the figure was thus on a level with the last forecast we published.

At €324.7 billion, the Group's sales revenue matched the most recent expectations, while the performance of sales revenue in the Financial Services Division was positive.

The operating result amounted to €19.1 billion, a slight increase on the guidance provided in our adjusted forecast, due mainly to positive volume and mix effects in the fourth quarter.

The investment ratio reflects our activities to safeguard the Company's future viability; at 14.3%, it was within the forecast range and also includes our investment in licenses from Rivian.

At €5.0 billion, net cash flow was within the range originally anticipated. A positive impact was had above all by a stronger than expected reduction in inventories at the end of the reporting year.

On December 31, 2024, net liquidity of €36.1 billion was within the range most recently forecast.

FORECAST VERSUS ACTUAL FIGURES

	Actual 2023[1]	Original forecast for 2024	Adjusted forecast for 2024	Actual 2024
Deliveries to customers (units)	9.2 million	up to 3% increase	~ 9 million	9.0 million
Volkswagen Group				
Sales revenue	€322.3 billion	up to 5% increase	~ €320 billion	€324.7 billion
Operating return on sales	7.0%	7.0 – 7.5%	in forecast range	5.9%
Operating result	€22.5 billion	in forecast range	~ €18 billion	€19.1 billion
Passenger Cars Business Area				
Sales revenue	€218.4 billion	up to 5% increase	~ €210 billion	€215.4 billion
Operating return on sales	6.7%	7.0 – 7.5%	in forecast range	5.3%
Operating result	€14.7 billion	in forecast range	~ €10 billion	€11.4 billion
Commercial Vehicles Business Area				
Sales revenue	€45.7 billion	up to 5% increase	up to 5% increase	€46.2 billion
Operating return on sales	8.1%	8.5 – 9.5%	8.5 – 9.5%	9.1%
Operating result	€3.7 billion	in forecast range	in forecast range	€4.2 billion
Power Engineering Business Area				
Sales revenue	€4.0 billion	up to 2% increase	up to 6% increase	€4.3 billion
Operating result	€366 million	positive low three-digit-million euro range	positive low three-digit-million euro range	€335 million
Financial Services Division				
Sales revenue	€54.1 billion	3 – 7% increase	3 – 7% increase	€58.8 billion
Operating result	€3.8 billion	~ €4 billion	~ €3.2 billion	€3.1 billion
Automotive investment ratio	13.5%	13.5 – 14.5%	13.5 – 14.5%	14.3%
Net cash flow in the Automotive Division	€10.7 billion	€4.5 – 6.5 billion	~ €2.0 billion	€5.0 billion
Net liquidity in the Automotive Division	€40.3 billion	€39 – 41 billion	€36 – 37 billion	€36.1 billion

1 Prior-year figures adjusted.

Volkswagen AG

(CONDENSED, IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE)

2024 was dominated by increasingly fierce competition in the automotive sector, and by the implementation of our performance program.

ANNUAL RESULT

No material special items in connection with the diesel issue were recognized in fiscal year 2024.

In the reporting year, expenses of €0.9 billion were recognized in the other operating result in connection with the Board of Management's resolution in April 2024 to support the reduction in administrative staff by offering targeted severance agreements.

In December 2024, after intense negotiations, Volkswagen AG reached consensus with the IG Metall trade union and the works council on a joint *Zukunft Volkswagen* agreement. It is planned to realign production capacities at German Volkswagen sites. At the level of collective bargaining, this wage settlement under the company wage agreement until 2030 creates the conditions for financial labor cost savings of €1.5 billion a year. The short-term labor cost savings as well as the structural measures agreed and savings on development costs should lead to cost effects of more than €4 billion a year in the medium term. In addition, there are plans to reduce technical capacity by 734,000 units in the German plants. To this end, the company and co-determination partners agreed not only on structural production measures but also on a socially responsible reduction in the workforce by more than 35,000 employees along the demographic curve at Volkswagen sites in Germany by 2030, thus creating the basis for making important investments in future products until 2030. The calculation of various personnel-related provisions had to be adjusted on the basis of this collective bargaining agreement entered into between Volkswagen AG and the employee representatives in December 2024. This resulted in income of around €1 billion, which is presented in other operating income. In addition, in the context of measuring pension obligations, various assumptions about expected developments had to be adjusted.

Sales increased by 1.8% year-on-year to €94.1 billion in 2024, driven particularly by a more favorable price-product mix. Sales generated abroad accounted for €55.1 billion or 58.6%. Cost of sales fell by 0.9% to €85.9 billion due to lower material costs in the reporting year, among other reasons.

Gross profit on sales rose accordingly to €8.2 (5.7) billion.

INCOME STATEMENT OF VOLKSWAGEN AG

€ million	2024	2023
Sales	94,078	92,413
Cost of sales	–85,924	–86,748
Gross profit on sales	**8,154**	**5,665**
Distribution, general and administrative expenses	–8,023	–7,452
Net other operating result	415	64
Financial result[1]	4,809	9,091
Taxes on income	–221	–1,125
Earnings after tax	**5,133**	**6,243**
Net income for the fiscal year	**5,133**	**6,243**
Retained profits brought forward	1	2
Release of/appropriation to revenue reserves	–1,960	–1,720
Net retained profits	**3,175**	**4,526**

1 Including write-downs of financial assets.

The other operating result amounted to €0.4 billion in the reporting year, up €0.4 billion on the previous year. The increase in other operating expenses, which was mainly due to restructuring expenses, was also offset by a rise in other operating income, largely on account of €0.9 billion in income from the reversal of personnel-related provisions.

The financial result fell by €4.3 billion to €4.8 billion, mainly because of lower income from profit transfers and higher loss absorption. In the previous year this mainly included a dividend payment of €5.6 billion received from Volkswagen Group of America, Inc., Herndon.

Taxes on income amounted to €-0.2 (-1.1) billion. The decline in tax expense in the reporting year was largely due to decreasing foreign withholding tax income for prior years.

Net income for fiscal year 2024 amounted to €5.1 (6.2) billion.

NET ASSETS AND FINANCIAL POSITION

Total assets amounted to €210.1 billion on December 31, 2024, up €12.3 billion on the comparative 2023 figure. Intangible assets and property, plant and equipment were up by €1.0 billion because investments exceeded depreciation and amortization charges. Financial assets rose to €154.0 (145.5) billion as a result of a number of capital increases.

Under a "pay-out-and-reinvest" transaction, Volkswagen Finance Luxemburg S.A., Strassen, (Volkswagen Finance Luxemburg) distributed dividends of €3.9 billion to Volkswagen AG, which Volkswagen AG simultaneously reinvested in Volkswagen Finance Luxemburg in the form of a capital increase. The Volkswagen Group and the US electric vehicle manufacturer Rivian Automotive, Inc., Irvine/USA (Rivian), announced their intention to establish a joint venture in June 2024. After reaching technical milestones and obtaining the necessary official approvals, Rivian and VW Group Technology, LLC, Palo Alto/USA (Rivian and Volkswagen Group Technologies) commenced activities on November 13, 2024. In this context, Volkswagen AG made a contribution of €1.0 billion to the capital reserves of Volkswagen International America Inc., Wilmington/USA, in the reporting year. In fiscal year 2024, Volkswagen AG acquired the shares of Scout Motors Inc., Tysons/USA, from Volkswagen Finance Luxemburg for €0.6 billion. To finance the restructuring under company law of the Volkswagen financial services companies, Volkswagen AG made a contribution of €250 million to the share capital and a contribution of €277 million to the to other capital reserves of Volkswagen Financial Services AG, Braunschweig, in the reporting year.

BALANCE SHEET OF VOLKSWAGEN AG AS OF DECEMBER 31

€ million	2024	2023
Fixed assets	165,130	155,652
Inventories	6,842	6,786
Receivables[1]	30,776	28,336
Cash-in-hand and bank balances	7,326	6,980
Total assets	**210,073**	**197,754**
Equity	42,803	42,193
Special tax-allowable reserves	17	17
Long-term debt	29,169	29,101
Medium-term debt	60,580	44,101
Short-term debt	77,504	82,342

1 Including prepaid expenses.

Fixed assets accounted for a share of 78.6 (78.7)% of total assets.

Current assets (including prepaid expenses) amounted to €44.9 (42.1) billion as of December 31, 2024. Inventories were up by €0.1 billion to €6.8 billion. The decrease in raw materials, consumables and supplies is attributable to lower precious metal inventories, the recognition of valuation allowances on barrier material and the decline in inventories of battery modules. Finished goods and merchandise rose by €0.3 billion compared with December 31, 2023, mainly because of the start of production of the New Transporter. Receivables and other assets rose to €30.8 (28.3) billion. This was attributable to the increase in trade receivables from affiliated companies, receivables from loans and dividend receivables. Cash instruments were up, driven particularly by the decrease in restricted short-term time deposits at the reporting date.

Equity at the end of the reporting year was €42.8 (42.2) billion. The equity ratio was 20.4 (21.3)%.

Other provisions rose by €1.0 billion to €18.1 (17.1) billion, largely due to higher provisions for procurement and personnel matters. Provisions for pensions fell by €1.6 billion to €23.0 billion, particularly as a result of a change in measurement inputs, and provisions for taxes decreased by €0.4 billion to €2.1 billion. It was found during the reporting year that obligations for granting fringe benefits had not been included in full when determining a provision for time asset credits. Provisions of €1.0 billion were recognized for this purpose, including €1.0 billion for rights acquired in previous years.

The €12.7 billion increase in liabilities, including deferred income, to €124.1 billion was mainly due to higher loan liabilities to affiliated companies and higher liabilities to affiliated companies from loss absorption.

Volkswagen AG's cash funds, comprising cash instruments with a maturity of less than three months, less bank liabilities repayable on demand and cash pooling liabilities, improved year-on-year from €–4.4 billion to €–2.7 billion. The interest-bearing portion of debt amounted to €102.0 (92.3) billion. In our assessment, against the backdrop of political and economic developments in 2024 as well as intensifying competition in the automotive industry, the economic position of Volkswagen AG is challenging, but just as solid overall as that of the Volkswagen Group.

DIVIDEND POLICY

Our dividend policy matches our financial strategy. In the interests of all stakeholders, we aim for continuous dividend growth that allows our shareholders to participate appropriately in our business success. The proposed dividend therefore reflects our financial management objectives – in particular, ensuring a solid financial foundation as part of the implementation of our strategy.

In our Group strategy, we have set ourselves the goal of achieving a payout ratio of at least 30%. The payout ratio is based on the Group's earnings after tax attributable to Volkswagen AG shareholders. This amounts to 29.6% for the reporting year and to 28.4% for the adjusted previous year figure.

DIVIDEND PROPOSAL

In fiscal year 2024, net retained profits amounted to €3,2 billion. The Board of Management and Supervisory Board are proposing to pay a total dividend of €3.2 billion, i.e. €6.30 per ordinary share and €6.36 per preferred share.

PROPOSAL ON THE APPROPRIATION OF NET PROFIT

€	2024
Dividend payout on subscribed capital (€1,283 million)	3,170,532,483.60
of which: ordinary shares	1,859,065,853.40
preferred shares	1,311,466,630.20
Balance (carried forward to new account)	4,117,761.47
Net retained profits	3,174,650,245.07

EMPLOYEE PAY AND BENEFITS AT VOLKSWAGEN AG

€ million	2024	%	2023	%
Direct pay including cash benefits	7,819	63.8	8,595	69.5
Social security contributions	1,600	13.1	1,591	12.9
Compensated absence	1,371	11.2	1,273	10.3
Retirement benefits	1,459	11.9	910	7.4
Total expense	**12,249**	**100.0**	**12,369**	**100.0**

VEHICLE SALES

Volkswagen AG sold a total of 2,106,670 (2,162,652) vehicles in fiscal year 2024. Vehicles sold abroad accounted for a share of 64.2 (64.1)%.

PRODUCTION

Volkswagen AG manufactured a total of 772,524 vehicles (–5.3%) in the reporting year at its vehicle production plants in Wolfsburg, Hanover and Emden. Production was temporarily restricted due to natural disasters in fiscal year 2024.

TOTAL WORKFORCE

As of December 31, 2024, a total of 112,091 (116,063) people were employed at the sites of Volkswagen AG, excluding staff employed at subsidiaries; of this figure, 4,057 (4,374) were vocational trainees. 7,180 (7,724) employees were in the passive phase of their partial retirement.

Female employees accounted for 18.9 (18.6)% of the workforce. Volkswagen AG employed 7,913 (8,110) part-time workers. The percentage of foreign employees was 6.5 (6.4)%. In the reporting year, 83.2 (83.2)% of the employees in Volkswagen AG's production area had completed vocational or additional training. The proportion of graduates was 23.5 (22.8)% in the same year. In fiscal year 2024, the average age of the total workforce was 45.3 (45.1) years.

RESEARCH AND DEVELOPMENT

Volkswagen AG's research and development costs as defined in the German Commercial Code amounted to €4.3 (4.7) billion in the reporting year. 15,419 (15,422) people were employed in this area at the end of the reporting year.

BUSINESS DEVELOPMENT OF VOLKSWAGEN AG

As the parent of the Volkswagen Group, Volkswagen AG is fundamentally subject to the same expected developments and risks and opportunities. The forecast is explained in the chapter entitled "Report on Expected Developments" and the risks and opportunities in the chapter entitled "Report on Risks and Opportunities" of this annual report.

RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risks for Volkswagen AG arising from the use of financial instruments are generally the same as those to which the Volkswagen Group is exposed. An explanation of these risks can be found in the chapter "Report on Risks and Opportunities" of this annual report.

DEPENDENT COMPANY REPORT

The Board of Management of Volkswagen AG has submitted to the Supervisory Board the report required by section 312 of AktG and issued the following concluding declaration:

"We declare that Volkswagen AG received appropriate consideration in the period from January 1 to December 31, 2024 for all transactions entered into with affiliated companies within the meaning of section 312 of the AktG. This assessment is based on the circumstances known to us at the date of the reportable transactions."

The Annual Financial Statements of Volkswagen AG (in accordance with the German Commercial Code) can be accessed from the electronic company register at www.unternehmensregister.de.

Sustainable Value Enhancement

Our goal is to run our business responsibly along the entire value chain. Everyone should benefit from this – our customers, our employees, the environment and society. We are also providing new, important and goal-oriented impetus with the regenerate+ Group sustainability strategy presented in 2024.

The main financial performance indicators for the Volkswagen Group are described in the "Results of Operations, Financial Position and Net Assets" chapter. Non-financial key performance indicators also provide information on the efficiency of our Company's value drivers. These include the processes in the areas of research and development, procurement, technology, production, marketing and sales, human resources, information technology and quality assurance. In all of these processes, we are aware of our responsibility towards our customers, our employees, the environment and society. In this chapter we provide examples of how we want to increase the value of our Company in a sustainable way. This chapter also includes descriptions of the key intangible resources.

SUSTAINABILITY

Sustainability means maintaining intact environmental, social and economic systems with long-term viability at a global, regional and local level. The Volkswagen Group can influence these systems in various ways, and actively takes responsibility to make a contribution to their sustainability. We have thus developed a sustainable style of company management and put in place the necessary management structures.

In "The Group Strategy – Mobility for Generations", new in 2024, we have defined clear Group objectives in the form of nine imperatives assigned to three core topics: excite, unleash and focus. We are focusing on creating a robust company foundation with a reduced cost base and resilient structures, and we see sustainability as a basic maxim for our actions.

Sustainability is deeply rooted in the Volkswagen Group and an integral part of our Group strategy. We are providing new, important and goal-oriented impetus with our regenerate+ Group sustainability strategy presented in fiscal year 2024. Society needs engagement that generates positive added value in order to help our planet to regenerate and shape a future worth living in for current and future generations. We want to contribute to this and take a broad and comprehensive approach to sustainability – environmentally, socially and economically. Our vision is to become a mobility provider with positive added value for nature and society. To this end, we will seek to work in partnership with our stakeholders in order to learn and further improve.

The regenerate+ sustainability strategy applies to the entire Volkswagen Group – i.e. to the Group departments and to all brands and subsidiaries. In so doing, we comprehensively address all of our products, services and stakeholders, who at brand level also include our customers. We want to use regenerate+ to differentiate ourselves as the Volkswagen Group and, at the same time, enable our brands to position themselves in their specific market environment. Together, we follow a vision for the Volkswagen Group and drive sustainable value creation. Transformation is a process, and we are constantly in motion: we regularly review our ambitious targets and continuously adapt them. In systematically implementing our new regenerate+ Group sustainability strategy, we are continuing along this path. The strategy features clear measures in four dimensions:

> Nature, with the focus areas of climate change mitigation, resources and ecosystem
> Our people, with the focus areas of culture, workforce, occupational safety and preventive health care
> Society, with the focus areas of supply chain, customers & stakeholders and social engagement
> Business, with the focus areas of sustainability-related business areas and financing

Wherever this has already been decided, each focus area is linked to clear goals and milestones, KPIs and appropriate packages of measures. ESG-related KPIs such as the decarbonization index and the diversity index are already reflected in the remuneration of members of the Board of Management.

Aspects of the nature dimension will be presented in more detail below. As a mobility provider, the Volkswagen Group has an impact on nature and the environment throughout its entire value chain. A core objective of the Group sustainability strategy is therefore to achieve more than simply cutting emissions. Our vision is to have a positive impact on people and the environment, and to contribute to restoration and improvement of ecosystems and living conditions through regenerative practices.

Decarbonization

The decarbonization of the Company and in particular its portfolio of products is a major part of the regenerate+ sustainability strategy, where it has been defined as one of the focus areas in the nature dimension.

In the decarbonization index (DKI), we have a meaningful measuring instrument that makes our progress and interim results in the area of decarbonization transparent and verifiable. The decarbonization index measures the emissions of CO_2 and CO_2 equivalents (jointly referred to as CO_2e) by the brands that produce passenger cars and light commercial vehicles in the regions of Europe (EU27, United Kingdom, Norway and Iceland), China (including the Chinese joint ventures) and the USA over the entire life cycle. In this index, the use phase is calculated based on 200,000 km per vehicle and with reference to region-specific fleet values without statutory flexibilities. The intensity of the CO_2e emissions from the electricity used to charge electric vehicles is also calculated on the basis of region-specific energy mixes. Vehicle maintenance is not accounted for in this. Our vehicle life cycle assessments, which are used as the data basis for calculating supply chain and recycling emissions, have been certified externally and independently in accordance with ISO 14040 and ISO 14044.

The DKI calculation methodology is regularly adapted according to internal and external requirements, such as new test cycles for fleet emissions. Published DKI values can therefore also be adjusted to the new methodology and thus changed to facilitate the presentation of a time series that is methodologically consistent. The Greenhouse Gas Protocol (GHG), a series of standards for corporate carbon accounting and reporting coordinated by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), likewise requires the recalculation of corporate emissions in the event of material new information or if changes occur. These may include structural changes in the Company, for example. At the Volkswagen Group, changes to the calculation are examined and decided on annually in a set process. Historical emissions needed to be recalculated for the first time in the reporting year because generic emission factors for fossil fuels had been updated, for example.

In the reporting year, the DKI value for the Volkswagen Group averaged 48.0 t CO_2e per vehicle. This represents a reduction of 0.9 tons of CO_2e per vehicle compared with the previous year's recalculated figure.

Management and coordination

The Volkswagen Group has established a Group-wide sustainability management. The related structures, processes and responsibilities are codified in a specific Group policy. We view sustainability management as a continuous improvement process. The core elements include assumption of cross-functional, overall responsibility for sustainability by the Chair of the Board of Management of Volkswagen AG, specification of the competence of the responsible Board members for specific sustainability management concepts; and the position of Chief Sustainability Officer for the sustainability strategy as a whole at Group level. Sustainability is enshrined in the Group strategy as a strategic imperative in its own right and forms part of the Top 10 program at the Group level. The content is regularly evaluated and reported to the Board of Management.

UN Global Compact

Volkswagen AG is a participant in the UN Global Compact (UNGC), the world's largest initiative for sustainable corporate governance, and is involved in national and international initiatives together with other companies from the Group such as AUDI AG, MAN Truck & Bus SE, Porsche AG, Scania AB and TRATON SE. The capital markets view an issuer's membership of the UNGC as an important factor when deciding to invest in its shares and bonds. ESG funds have become very popular in recent years and have gained in importance as stakeholders. As part of the annual Communication on Progress, the Volkswagen Group and its brands report on their progress in implementing the ten UNGC principles and their activities to support the Sustainable Development Goals (SDGs). AUDI AG took part in the SDG Innovation Accelerator, and MAN Energy Solutions in the Target Gender Accelerator in the reporting year.

Strategic stakeholder engagement

As an international business, our business activities impact the lives of a large number of different people. Appropriately aligned stakeholder engagement is therefore essential so as to determine the Group sustainability strategy's material areas for action and become aware of stakeholders' rising and changing expectations at an early stage. The Volkswagen Group understands stakeholder engagement as the obligation to engage in systematic and continuous interaction with the Company's interest and stakeholder groups, actively listen to them and consider their input when refining our strategies. The goal is an open, constructive and also critical exchange with the stakeholder groups shown in the chart. We endeavor to understand their requirements and expectations of us, to discuss key topics from the regenerate+ Group sustainability strategy with them and to explain how these tie in with the Group strategy and its implementation.

Stakeholders are individuals, groups, or organizations who have an influence on or are influenced by the course or the result of corporate decisions. The Volkswagen Group has identified ten groups as its most important stakeholder groups. Employees and customers are at the center of the stakeholder network. Based on continuous stakeholder analysis, we have also identified eight more groups. Continuous communication between internal and external stakeholder groups is important to the Volkswagen Group. In this context, the Supervisory Board and the Works Council act not only as supervisory and advisory bodies but also as interfaces between internal and external stakeholders. As a supervisory body, the Supervisory Board of the Volkswagen Group is informed about the views and interests of affected stakeholders with regard to sustainability-related impacts within the scope of statutory reporting requirements as well as reporting requirements laid down by the Supervisory Board. Through the requirement for the Supervisory Board to provide consent, it is directly involved, especially in decisions of fundamental importance to the Company. It has equal numbers of shareholder and employee representatives. Interests, views and rights of the Group's own workforce are thus represented at the highest level in the Group.

VOLKSWAGEN GROUP STAKEHOLDERS

Sustainability Council

As an independent advisory committee, the Sustainability Council supported the Volkswagen Group with important strategic sustainability topics from 2016 to 2022. It functioned as a source of impetus and support, but also as a critic, in order to present various viewpoints to the Company.

The format was realigned in terms of strategy and structure during the reporting year. The new concept now aims to challenge and jointly further develop the relevant topics in the Group sustainability strategy that were identified in the materiality assessment. The new Sustainability Council is comprised of a group of experts for each dimension of regenerate+. In Sustainability Practice Groups three selected independent external experts work together with three internal experts from the Group on further developing strategic topics. This new format helps ensure that feedback and impetus regarding the strategy and initiatives of the Volkswagen Group are incorporated into the continuous further development of this strategy and these initiatives. The new Sustainability Council also has the opportunity to present the results of its work and impetus to the Group Board of Management at regular intervals in discussions and exchange formats.

Further information is available on the Sustainability Council's website at www.volkswagen-group.com/sustainability-council.

Environmental Strategy

As one of the largest automobile manufacturers, Volkswagen takes responsibility for the environmental impact of its activities. Our goTOzero environmental mission statement serves as the framework for all the Volkswagen Group's environmental activities. With this mission statement, we aspire to reduce the environmental impact throughout the entire life cycle – from raw material extraction until end-of-life – for all our products and mobility solutions. Compliance with environmental regulations, standards and voluntary commitments is a basic

protect Climate

We are committed to the Paris Agreement and aim for a 1.5° ambition level.

We consequently focus on the electrification of our products, the decarbonization of our entire value chain, and the expansion of renewable energy generation to supply our sites and customers.

By 2050 at the latest, we want to be a net CO2 neutral company.

conserve Resources

By using recycled materials and renewable resources, we reduce our need for primary raw materials.

We improve our energy and resource efficiency and establish cycles for materials and water.

Together with our business partners, we reduce the use of natural resources along our supply chain.

preserve Ecosystems

We reduce harmful emissions into air, soil and water.

We reduce the impacts of our business activities on biodiversity and ecosystem services and promote projects to preserve them.

ensure Environmental Compliance

We want to be a role model for a modern, transparent and successful company in terms of integrity and compliance.

We operate effective environmental compliance management systems to identify and manage environmental risks and opportunities along the life cycle of our mobility solutions.

We have an open dialogue with our stakeholders and consider their expectations in our decisions.

prerequisite of our actions. The mission statement forms the basis for linking our targets, key performance indicators, programs and actions. It places the focus of our activity on four central action areas and their underlying objectives.

Organization of Environmental Protection

Volkswagen has created an environmental policy that sets out guidelines for environmental decision-making, for the management of projects and for the Group's environmental stewardship. This policy sets parameters for the conduct and working methods of management and employees in five areas: management behavior, compliance, environmental protection, collaboration with stakeholders and continuous improvement.

The Board of Management of Volkswagen AG is the highest internal decision-making body for environmental issues. Both it and the brands' boards of management take not only business, but also social and environmental criteria into account when making key company decisions. The Group-wide management of environmental protection is the responsibility of the Group Steering Committee for the Environment and Energy. Other bodies take responsibility for steering key individual aspects. They include the Group CO_2 Steering Committee and the Group Steering Committee for Fleet Compliance.

The Volkswagen Group coordinates the activities of the brands and companies, which in turn steer the measures in the regions. The brands and companies are responsible for their own environmental organization. They base their own environmental protection activities on the targets, guidelines and principles that apply throughout the Group.

In addition to complying with statutory environmental and energy requirements, we endeavor to adhere to additional voluntary commitments and have tailored our processes and corporate culture to these. We provide the resources necessary to achieve our environmental and energy targets. The intention of our environmental compliance management system is to ensure that environmental aspects and obligations are recognized and given appropriate consideration in decision-making. Environmental misconduct and intentional disregard or fraud are treated as serious rule breaches in accordance with our organizational principles. Compliance with the requirements of our environmental and energy policy is evaluated annually and reported to the Board of Management of Volkswagen AG.

INTEGRITY AND COMPLIANCE MANAGEMENT SYSTEM (ICMS)

Integrity and compliance are major priorities in the Volkswagen Group. We firmly believe that, for long-term commercial success, it is important that each and every individual complies with laws, regulations and commitments. Compliant behavior is a matter of course for all Group employees, which is why integrity and compliance are elements of our Group strategy and are anchored in our regenerate+ sustainability strategy.

Our objective is to be a role model and deepen the trust of our employees, customers, investors and partners in our Company. Our regulations, processes and corporate culture provide guidance for all employees on acting with integrity and complying with the rules at all times. As performance indicators, integrity and compliance must have the same strategic and operational priority in our Company as sales revenue, profit, product quality and employer attractiveness.

The Group Integrity & Compliance organization provides the Group-wide framework for a comprehensive integrity and compliance management system with corresponding programs, guidelines, processes and practical advice on integrity and compliance. The overarching goal here is to ensure uniform standards in the Group and brand companies, supporting the companies worldwide in conducting their respective business activities in an independently responsible and compliant manner and complying with the relevant laws and internal regulations.

Focus areas

Focus areas in relation to the ICMS include tackling corruption and preventing embezzlement, fraud, bribery and money laundering.

The starting point for this is the Internal Compliance Risk Assessment (ICRA). It determines the compliance risks in the Group. Compliance measures are defined for each controlled company on the basis of the risk profiles derived from the ICRA, which are implemented by the companies. The ICRA also makes reference to Group-wide minimum standards for the Code of Conduct (CoC), the whistleblower system, integrity and compliance training; and communication.

HR (Human Resources) Compliance Policies and Procedures

Integrity and compliance are incorporated into the standard HR processes such as recruitment, training and people development. In terms of remuneration, misconduct can adversely affect the size of an employee's bonus. Integrity and compliance are part of annual employee appraisals and a component of the training measures for employees across all levels of the Company.

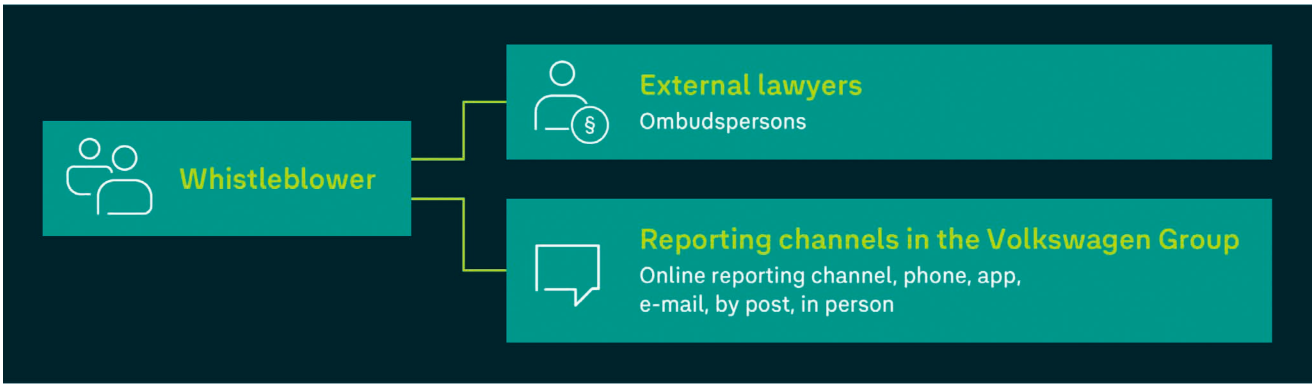
Awareness Raising and Communication

The Code of Conduct (CoC) sets out the shared underlying values for integrity and compliance in the Volkswagen Group for all brands and companies. It serves as the main tool for reinforcing awareness of responsible conduct and decision-making and can be used as an aid and as a way of finding the right contact persons. The CoC is binding for all employees, and the obligation to comply with the CoC as amended is written into their employment contract. We and our employees undergo regular mandatory training on the contents of the CoC.

Events in the departments round off the offerings of the Group Integrity & Compliance organization. The communication team regularly examines practical compliance tasks and case studies. Awareness raising on integrity and compliance topics is supported by information and communication activities such as awareness campaigns, film and dialogue formats, newsletters and interactive games.

The Integrity & Compliance information point has established itself as a central advisory office. The team there answers compliance-related questions and gives advice on internal company guidelines and policies.

REPORTING CHANNELS IN THE WHISTLEBLOWER SYSTEM



Training Courses and Standards

With the ICMS, the Group Integrity & Compliance organization sets uniform standards for integrity and compliance training across the Group. This is to enable brands and companies to provide their employees with a consistent quality of risk-based and target group-specific training that includes predetermined core content. The training courses address the key topics: the CoC, anti-corruption, money laundering and the whistleblower system.

Anti-Corruption

The Volkswagen Group has a zero-tolerance policy on active or passive corruption. This is anchored in both our internal Code of Conduct and our Code of Conduct for Business Partners. Tackling corruption includes developing and implementing mandatory training for employees in companies with a high compliance risk exposure.

Whistleblower System

The whistleblower system is the central point of contact for reporting cases of rule-breaking by employees of the Volkswagen Group or by suppliers. Employees, business partners and other third parties can report misconduct at any time and in many languages. A wide range of channels is available for this purpose, and the information can be lodged completely anonymously, if preferred. An investigation is only initiated after a thorough review and in the event of concrete indications of rule-breaking. Appropriate sanctions are applied where misconduct is proven. The overarching aim is to use binding principles and a clearly governed process to avert harm to the Company and its employees.

M&A and NCS Compliance

In the event of planned mergers and acquisitions (M&A transactions), we audit the relevant companies for commercial risks such as corruption, breaches of trust or fraud, and for human rights risks. This also applies to joint ventures and to industrialization and cooperation projects with external partners. The analyses provide recommendations for the mitigation of the risks identified. The Group Integrity & Compliance organization also supports compliance management in non-controlled shareholdings (NCS), i.e. companies that are not controlled by a Volkswagen Group company as the majority shareholder, as needed. These companies also include the Chinese joint ventures.

Business Partner Due Diligence

In the Business Partner Due Diligence (BPDD) process, our business partners are reviewed with regard to their integrity, possible corruption risks and compliance with ethical standards. The BPDD reviews must be carried out in accordance with a policy for certain business partners using a risk-based approach. The aim is to identify possible business partner risks at an early stage, to avoid any dishonest business partners, to define measures to minimize risk and to implement these measures with the business partner. If this is not possible, the business relationship is not entered into or is terminated as the law allows.

Product Compliance

The product compliance management system helps our products comply with the legal and regulatory requirements of the exporting and importing country, internal and external standards, contractually agreed customer requirements and externally communicated voluntary commitments over their life cycle.

Environmental Compliance

Statutory environmental regulations and voluntary commitments are binding at all locations and in all business fields. The Group's environmental policy and the environmental compliance management system stipulate the relevant requirements and responsibilities. They apply to all strategy, planning and decision-making processes in the Group brands and companies. This includes a system of key indicators to determine progress in meeting environmental targets in the fields of renewable energy, CO_2 emissions and resource efficiency.

WHISTLEBLOWER SYSTEM
www.volkswagen-group.com/whistleblower-system
Phone: +49 5361 9 46300
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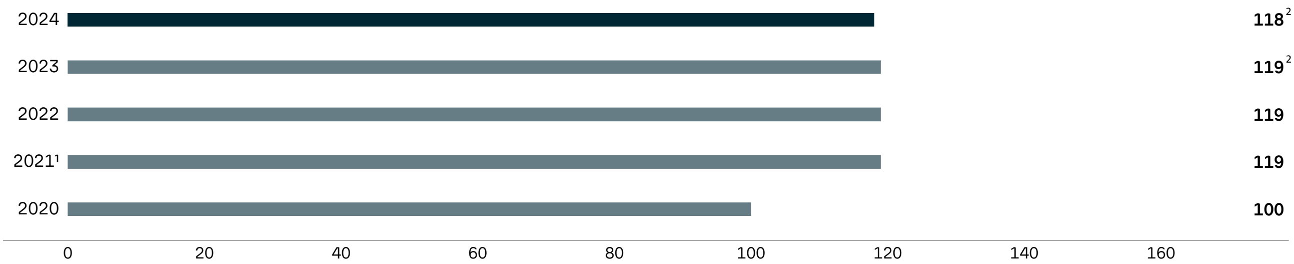
CO_2 EMISSIONS OF THE VOLKSWAGEN GROUP'S EUROPEAN (EU27+2) NEW PASSENGER CAR FLEET
in grams per kilometer (WLTP)



1 The European Commission switched its calculation of CO_2 fleet emissions from NEDC to WLTP in 2021.
2 Subject to confirmation of CO_2 data within the scope of official publication by the European Commission.

RESEARCH AND DEVELOPMENT

Forward-looking mobility solutions with brand-defining products and services would be unthinkable without innovation. This makes our research and development work essential for sustainably increasing the value of the Company.

Together with our Group brands, we have launched measures based on our Group's strategy to link development activities across the Group. At the heart of this is an efficient, cross-brand development alliance characterized by a close network of our experts, collaboration on an equal footing, an innovative working environment and the pooling of development activities. The development alliance plays a major part in driving the Volkswagen Group's transformation and helping to make it fit for the future.

In view of this strategic focus, we concentrated in the reporting year on continuing to develop forward-looking mobility solutions, establishing technological expertise to strengthen our competitiveness, expanding our range of products and services and improving the functionality, quality, safety and environmental compatibility of our products and services.

CO_2 fleet emissions

We use the strategic indicator of CO_2 fleet emissions in Europe and the United States to evaluate the effectiveness of our measures to reduce CO_2 emissions emitted by our vehicles.

The Volkswagen Group's new passenger car fleet in the 27 EU member states including Norway and Iceland (EU27+2) emitted an average of 118 g CO_2/km (according to WLTP – Worldwide Harmonized Light Vehicles Test Procedure)[1] in the reporting year in accordance with the statutory measurement bases. The statutory target is 122 g CO_2/km (WLTP)[1]. The Volkswagen Group thus more than met the EU's CO_2 fleet target. All figures are subject to confirmation of CO_2 data within the scope of the official publication by the European Commission. The targets will be tightened as from 2025: the European Commission has thus set a target of a 15% reduction in CO_2 emissions compared with 2021, which corresponds to a CO_2 target of less than 100 g CO_2/km for our new passenger car fleet in the EU. A reduction of 55% has been defined for 2030, equivalent to a CO_2 target of less than 50 g CO_2/km. A CO_2 reduction target of 100% for passenger cars has been set for 2035. Given the changes in the general framework for the sale of electric vehicles (including the general market trend and state subsidies), achieving the CO_2 target for the new passenger car fleet in the EU in 2025 is a major challenge. We continue to aim to achieve the 2030 target.

The Volkswagen Group's new light commercial vehicles fleet in the EU emitted an average of 190 g CO_2/km (WLTP)[1] in the reporting year according to the statutory measurement bases. The statutory target is 195 g CO_2/km (WLTP)[1]. The Volkswagen Group thus more than met the EU's CO_2 fleet target. All figures are subject to confir-

CO_2 EMISSIONS OF VOLKSWAGEN GROUP PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES UNDER GHG STANDARDS IN THE USA

in grams per kilometer for the model year

1 Subject to submission of the final MY report MY23 and subsequent recognition by EPA (internal data as of September 2023).
2 Subject to recognition by EPA (final MY report MY22 submitted but not yet confirmed).

mation of CO_2 data within the scope of the official publication by the European Commission. The targets will be tightened as from 2025: the European Commission has thus stipulated a 15% reduction of CO_2 emissions compared with 2021, which corresponds to a CO_2 target of less than 180 g CO_2/km for our new light commercial vehicle fleet in the EU. A reduction of 50% has been defined for 2030, equivalent to a CO_2 target of less than 105 g CO_2/km. A CO_2 reduction target of 100% for light commercial vehicles has been set for 2035. Given the changes in the general framework for the sale of electric vehicles (including the general market trend and state subsidies), achieving the CO_2 target for the new light commercial vehicles fleet in the EU in 2025 is a major challenge. We aim to achieve the 2030 target. The Volkswagen Group's new passenger car fleet met the statutory requirements for the reporting year in the United Kingdom taking into account the statutory flexibilities. In Switzerland, the Volkswagen Group's new passenger car fleet narrowly missed the statutory requirements for the reporting year, according to the preliminary data from the Swiss Federal Office of Energy. The Volkswagen Group's new light commercial vehicle fleet fell short of the statutory requirements for the reporting year in Switzerland. The new light commercial vehicle fleets in the United Kingdom have been assessed separately since 2024. Volkswagen Commercial Vehicles met the statutory requirements for 2024 taking into account the statutory flexibilities.

In the United States, the emission pool – comprising the Group brands Volkswagen Passenger Cars, Audi, Bentley, Lamborghini and Porsche, plus the Bugatti Rimac brand, which is not part of the Group – commits to the Greenhouse Gas (GHG) and Corporate Average Fuel Economy (CAFE) regulations. Due to a model year – the accounting period used in the USA – differing in length from the calendar year, internal calculations are used to determine the figures for the current and preceding model year. The average GHG CO_2 value (internal data as of September 2024) for the passenger car and light commercial vehicle fleets in model year 2024 is 138 g CO_2/km (model year 2023: 134 g CO_2/km). The statutory target is 117 g CO_2/km (model year 2023: 123 g CO_2/km). Taking into account the statutory flexibilities for the GHG and CAFE regulations, the Volkswagen Group endeavors to comply with applicable requirements – subject to confirmation by the authorities. The figure given for model year 2024 is also subject to confirmation by the US Environmental Protection Agency (EPA). Achieving the CO_2 target of approximately 111 g CO_2/km for 2025 represents a major challenge. For 2030 we aim to increase the electrification of our new vehicle fleet.

Fuel and drivetrain strategy

With a view to the legal regulations on emissions, we are currently developing a forward-looking vehicle and drivetrain portfolio: we have set ourselves the objective of increasing drive system efficiency with each new model generation – irrespective of whether it is a combustion engine, a hybrid or a purely electric drive system. The Volkswagen Group closely coordinates technology and product planning with its brands so as to avoid breaches of fleet fuel consumption limits. As part of our electrification campaign, we want to offer our customers worldwide an increasing range of battery-electric models, from high-volume models to premium vehicles. To this end, in addition to the Modular Electric Drive Toolkit (MEB), we have also developed an all-electric platform for our premium and sports brands – the Premium Platform Electric (PPE). Furthermore, we are currently concentrating our energies on designing the Scalable Systems Platform (SSP), the successor platform for our future all-electric vehicles. The strategic goals of this SSP platform are to further reduce variance by consistently enhancing synergies and thus tapping into considerable savings potential.

To offer sustainable, affordable mobility in the future for as many people around the world as possible, we offer a range of drivetrains with a focus on electrification. From today's perspective, conventional combustion engines will still continue to make up a large share of the drive portfolio in the coming years. In the interest of using resources responsibly, it is therefore essential to further enhance this engine segment and systematically consolidate it for specific markets, such as via the new Premium Platform Combustion (PPC). Powertrain measures such as significantly more sophisticated exhaust gas purification or increased use of hybridization of drivetrains, as well as vehicle measures such as optimized aerodynamics or reduced rolling resistance will be necessary to fulfill future emissions standards. We are preparing intensively for this as we develop our product portfolio.

It is more important to us than ever to rigorously pursue the modular approach. We are reducing the number of individual modules so that we can make a large product portfolio economically viable. For example, we are reducing the number of versions of conventional combustion engines in the Group in the long term as part of our transformation towards e-mobility. This will create capacity for the development and production of new electric drives.

Life cycle engineering and recycling

Technological innovation for reducing fuel consumption is not enough on its own to minimize the effect of vehicles on the environment. We consider the environmental impact caused by our products throughout the entire vehicle life cycle and at all stages of the value chain. 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 fuel and charging current, and ultimately the recycling of the vehicle at the end of its life cycle. Using life cycle engineering, we identify the stages of the life cycle at which improvements will have the greatest effect and develop appropriate solutions. Recycling, for example, is an important means of reducing environmental impact and conserving resources. When developing new vehicles, we therefore pay attention to the recyclability of the required materials and give recommendations that enable good separability of materials. We specify the use of secondary materials if these meet the same quality standards as primary materials. Under the European Directive on end-of-life vehicles, passenger cars and light commercial vehicles must be 85% recyclable and 95% recoverable. Our vehicles registered in Europe comply with these standards. We use the life cycle approach to monitor our climate protection targets as well. For this purpose, we have developed the decarbonization index (DKI) as a parameter, which also recognizes the emissions of an average Group passenger car throughout its life cycle.

Leveraging synergies increases efficiency

When developing vehicles, we cooperate closely with our brands to leverage synergies. The joint strategy of our development alliance involves, for example, making the Group more competitive and viable in the long term by deploying resources more effectively and efficiently in the research and development of new mobility-related technologies, products and services. In our Group-wide development alliance, the brands therefore not only work with each other, but also for each other on key technologies, forming cross-brand networks of expertise to address topics of importance for the future.

The Volkswagen Group further streamlined its innovation portfolio, gearing it towards multibrand technologies of the future in order to provide effective support for the brands' capacity for innovation. In Technical Development, the brands play a leading role within the Group in increasing efficiency and leveraging synergies in pre-development, module variance, components, parts and processes, with the aim of improving the consistency of the innovation process.

We coordinate the use of modules centrally to reduce costs, capital expenditure and complexity. We are seeking to reduce expenditure in the modular toolkits, while at the same time facilitating widespread electrification and a focus on autonomous systems. We intend to achieve this using streamlined platforms that synergize but do not overlap. To this end, the individual Group brands draw on the modular toolkits, thus creating synergies between the various models of a product line, as well as across the product lines. By optimizing the toolkits, we are giving ourselves the financial leeway needed for developments in topics of importance for the future.

Connectivity and automated driving

The mobility of people and goods is a prerequisite for economic growth and social development. But natural resources are dwindling and climate change is advancing. Customers call for comprehensive mobility concepts to minimize the environmental impact. Such solutions need to be efficient, sustainable, crisis-proof, customer-oriented and accessible anytime and anywhere.

We are researching and developing such concepts in our Group-wide alliance: when shaping the future of mobility, we are looking not only at the automobile and related services, but at all modes of transport, transport infrastructures and people's mobility habits. Digital connectivity and automated driving allow for completely new approaches to solving problems. They can help us play our part in a comprehensive mobility system for the future and drive forward our industry's transformation.

Software forms the basis. This is why the Volkswagen Group has declared software development to be one of its target core competencies in its strategy. The aim is to develop a sustainable, convenient, connected, safe automotive experience for the customers of our Group brands, with the support of synergetic Group software entity, CARIAD.

The Volkswagen Group systematically enhanced its software governance in 2024. CARIAD takes the lead on the cross-cutting technologies of automated driving, infotainment, and the field of data, backend and the cloud as part of software governance across all the Group's architectures and software technologies. The aim is to make development and delivery of software faster and more efficient for the Group's brands and to establish an even closer cooperation model between CARIAD and the Group brands in which the Volkswagen Passenger Cars brand takes charge of the E^3 1.1 electronic architecture and Audi of the E^3 1.2 electronic architecture.

CARIAD's developers work in innovation centers at sites in Germany, Europe, China and the USA. The German parent company CARIAD SE employs around 6,000 specialists who drive the development of the following solutions in the Group:

> Integration of software for the global electronic architectures E^3 1.1 for volume vehicles, E^3 1.2 for premium and luxury vehicles, and the China Electronic Architecture (CEA) in collaboration with XPeng for vehicles developed in China
> Connection to scalable cloud platforms
> Infotainment platforms
> Driver assistance systems, automated parking functions and highly automated driving for private mobility
> Preparation of data as the basis for new mobility services and digital business models

Thanks to the transformation of CARIAD, we achieved supply capability in 2024, enabling the Audi and Porsche brands to launch their first models based on the new E^3 1.2 electronic architecture on the market. CARIAD's software is used and is scalable in the all-electric vehicles from the PPE platform and the combustion-engine vehicles from the PPC platform.

CARIAD also delivered regular software releases and online updates for vehicles based on the E^3 1.1 and other existing architectures from the Volkswagen Passenger Cars, Škoda, SEAT/CUPRA and Audi brands in all major international markets in 2024.

Another key focus for CARIAD in 2024 was development of the Group's own SDV Hub, in which CARIAD, Audi and Volkswagen jointly designed the basis for the next generation of software-defined vehicles (SDV). The uniform E^3 2.0 future architecture was reoriented and transposed to an SDV zone architecture. Responsibility for the development of SDV and the zone architecture for CARIAD was transferred to the joint venture Rivian and Volkswagen Group Technologies upon its formation.

The next generation of vehicle software is also designed to pave the way for the autonomous driving functions of the future. The development of autonomous driving is a core element of our Group strategy, with CARIAD responsible for developing partially and highly automated driving functions for the Volkswagen Group's brands. These applications are to be progressively introduced in the new vehicle models at different performance levels. Volkswagen Commercial Vehicles is responsible specifically for the areas of Mobility as a Service and Transportation as a Service (MaaS/TaaS). Autonomous driving will be linked with new service models, i.e. shared mobility in these areas using robotic shuttles and vans.

Automated and autonomous drive technologies are being developed with development partners.

Pooling strengths with strategic alliances

The aim of our strategy is to transform our core business activities and to expand the mobility solutions business area at the same time. It is decisive to the success of this plan that we place our innovative strength on even broader foundations.

Within the Volkswagen Group, we combine our technological innovation activities in the Volkswagen Group Innovation unit. At seven locations worldwide in the USA, Europe and Asia, employees are working on sustainable solutions for urban and interurban mobility systems. Technologies and activities that are ready for pre-development are regularly transferred from Volkswagen Group Innovation to our Group brands to ensure that the areas of digitalization, sustainability and e-mobility receive continuous support in innovative projects. In this way, we are creating an agile innovation structure that allows us to initiate new milestone projects with innovative international partners, even at short notice.

Growth in the mobility sector is strongly defined through regional innovation activities. Volkswagen therefore concentrates its strategic venture-capital activities and partnerships in the Group's international innovation ecosystem. This helps us to identify the regional needs of customers more precisely, to adjust our product range accordingly and to establish competitive cost structures. In doing so, we rely to a greater extent than in the past on partnerships, acquisitions and venture-capital investments and manage investment selection centrally so as to generate maximum value for the Group and its brands. Under this aspect, we have an alliance for light commercial vehicles and electrification with the Ford Motor Company involving a total of three vehicle projects: a city van (Ford Transit Connect based on the Volkswagen Caddy), a mid-size pickup (Volkswagen Amarok based on the Ford Ranger) and a one-tonne cargo van. The Ford Transit Connect and the Amarok have been on the market since 2022. The New Transporter (based on the Ford Transit Custom) had its world premiere in 2024, with the first vehicles delivered at the end of the year. In addition, Ford will use the MEB developed by Volkswagen for two electric volume models. The aim of the cooperation is to place both Volkswagen and Ford in a position to improve their competitiveness, tailor their products to better meet the needs of customers worldwide and at the same time leverage synergies related to cost and investment.

To design the framework conditions for the approval and introduction of our own self-driving system, we are actively involved in public projects. The experience we are gathering here benefits the Group brands and thus our customers.

The software subsidiary CARIAD is responsible throughout the Group for developing automated driving functions for our brands' customers. In the Automated Driving Alliance, CARIAD and Robert Bosch GmbH are working to make partially and highly automated driving suitable for the volume segment. The functions to be developed will provide car drivers – within the regulatory requirements and limits – with comprehensive assistance when driving, such as providing both an active lane change assist system and a hands-free function when driving on the highway. While drivers will remain responsible for driving the vehicle, they will be able to take their hands off the steering wheel on the highway with the hands-free function, for example, when driving in their own lane.

CARIAD uses local partnerships in the Chinese market to further consolidate development expertise. The Volkswagen Group announced its partnership with XPeng in 2024: CARIAD China, Volkswagen Group (China) Technology Company and XPeng are working together to develop the new zonal electronic architecture, China Electrical Architecture (CEA), for the Chinese market.

Other key technology partnerships were promoted in the region in 2024: CARIAD is using a local partnership with Horizon Robotics to further consolidate development expertise in highly automated driving functions in the Chinese market in the joint venture Carizon.

CARIAD entered into a partnership in China with the software provider ThunderSoft in 2023. The focus of the CARThunder joint venture is a new customer experience when it comes to infotainment and connectivity.

CARIAD is also committed to open collaboration in the global developer community. In 2024, CARIAD published its Open Source Manifesto, was the first platinum member from the automotive sector to join the Zephyr Project, and joined the Linux Foundation. In addition, as a strategic member of the Software Defined Vehicle working group run by the Eclipse Foundation open-source community, CARIAD is involved in developing automotive software more efficiently and promoting innovation.

Volkswagen and US electric vehicle manufacturer Rivian announced their intention to establish a joint venture in June 2024. After reaching technical milestones and obtaining the necessary official approvals, Rivian and Volkswagen Group Technologies commenced activities in the reporting year. The two partners hold equal shares in the joint venture, which operates as an independent company. The aim of the partnership is to develop the next generation of software-defined vehicle (SDV) architectures to be used in future vehicles of both companies. The joint venture builds on Rivian's software and electrical architecture to facilitate the joint development of best-in-class architectures and software for SDV of both partners.

Key R&D figures

In fiscal year 2024, we filed 6,740 (5,792) patent applications worldwide for employee inventions, the majority of them in Germany. The trend that an ever-increasing share of these patents is for important cutting-edge fields continued in 2024. These fields include driver assistance systems and automation, digitalization, e-mobility (including battery technology) and artificial intelligence.

The Automotive Division's total research and development costs in the reporting year amounted to €21.0 (21.8) billion and were 3.6% lower than in the previous year; their share of the Automotive Division's sales revenue – the R&D ratio – was at 7.9 (8.1)%. In addition to new models, our activities focused above all on the electrification of our vehicle portfolio, digitalization, new technologies and enhancements of our modular and all-electric toolkits and platforms. The capitalization ratio was 48.8 (51.2)%. Research and development expenditure recognized in profit or loss in accordance with the IFRSs increased to €18.0 (15.8) billion.

As of December 31, 2024, our Research and Development departments – including the equity-accounted Chinese joint ventures – employed 62,780 people (+5.3%) Group-wide, corresponding to 9.2% of the total workforce.

RESEARCH AND DEVELOPMENT COSTS IN THE AUTOMOTIVE DIVISION

€ million	2024	2023
Total research and development costs	20,999	21,779
of which capitalized development costs	10,244	11,142
Capitalization ratio in %	48.8	51.2
Amortization of capitalized development costs	7,209	5,187
Research and development costs recognized in profit or loss	17,963	15,824
Sales revenue	265,887	268,156
Total research and development costs	20,999	21,779
R&D ratio	**7.9**	**8.1**

PROCUREMENT

The main task for Procurement is to help steer the Company's success in the areas of efficiency, sustainability and resilience. 2024 was mainly devoted to safeguarding the supply of vehicle parts and optimizing costs in order to make a contribution to the Group's result.

Procurement Strategy

The procurement organizations at the Volkswagen Group make an essential contribution to the Group strategy. A key task is to strengthen the procurement network and intensify cooperation across brands and regions. Making use of global synergies also creates potential for a long-term reduction in costs for raw materials, components and services.

The frequency, duration and intensity of crises and the associated supply chain disruptions have risen significantly since the beginning of the 2020s. As a consequence, the procurement organizations intend to work together with internal interface partners and suppliers to strengthen supply resilience. By establishing strategies and tools and providing additional capacity for strategic and risk analyses, the aim is to enable forward-looking and comprehensive monitoring of supply chains in line with defined criteria, such as political influencing factors, economic developments, or environmental risks.

The transformation of the automotive industry toward e-mobility means that the procurement organizations must adapt their supplier network. Collaboration with these suppliers will be designed on an individual basis through strategic partnerships, treating the transformation as a joint undertaking. Expansion of partnerships is generally another area of focus in Procurement, both internally in the form of collaboration across brands and departments and externally with the Volkswagen Group's suppliers. Digitalization and efficient processes are the foundation for all such strategic measures. In particular, the use of a new digital supplier platform and the future main data ecosystem, Catena-X, is a prerequisite for data-driven value chains. It is also a core element within this area of action.

E-mobility

Technology is evolving exceedingly rapidly. A key task for Procurement is to meet the changing requirements in a way that is sustainable and cost-efficient. Sustainable actions, transparent supply streams and energy- and carbon-optimized supply chains are important elements of our contract awards. We support our partners with active management of the supplier transformation, as the industry moves from internal combustion engines to all-electric vehicles, and with a lasting reduction in CO_2 emissions along the entire supply chain. To put our Company in a leading cost position, we award Group contracts that pool global demand from the markets of Europe, North and South America and Asia-Pacific. To reduce economic and geopolitical risks, we use diversified supply chains in conjunction with a dual-supplier strategy as well as localization of the supplier portfolio for all core components of our all-electric vehicle fleet.

Digitalization of Supply

We are working to implement a completely digitalized supply chain. This is intended to support us in safeguarding supply, leveraging Group-wide synergies, and creating transparency. We are therefore creating a shared database and using innovative technologies to enable efficient, networked collaboration in real time – both within the Group and with our partners. The Procurement division aims to standardize transactions with our suppliers in the future and automate them where possible. This will not only reduce transaction costs but will also accelerate business processes. An important element of these efforts is the integration of Catena-X, the data network for the automotive industry. It will allow possible supply risks to be identified at an earlier stage and appropriate measures and alternatives to be jointly developed faster. With Procurement's digitalization strategy we are not only eliminating the weaknesses of Procurement's IT system environment but also increasing the organization's effectiveness, efficiency and future viability. The new IT landscape for procuring production and general materials is being rolled out throughout the Group and has already been implemented at some brands.

Structure of Key Purchasing Markets

Procurement at the Volkswagen Group is responsible for ensuring cost-efficient, resilient and sustainable supply chains. Procurement is organized at a global level, with a presence in the most important purchasing markets. Alongside local bodies and decision-making structures, Group Procurement manages the brands and regions. This helps us to jointly implement potential cost savings and to control risks. Organized networking of the procurement organization in the brands will enable us to leverage Group-wide synergies and purchase production materials, investments in property, plant and equipment, and services worldwide at the quality required and on the best possible terms. In addition to the brands' procurement units, Procurement operates regional offices in strategic purchasing markets. Working together in the procurement organization, these constantly identify and qualify new local suppliers.

Supply Chain Management in Procurement

Supply chain management activities at Procurement are focused on safeguarding supplies during start-up phases and for series production. This involves providing support in our suppliers' industrialization processes, monitoring series production and managing supply crises, which could occur, for instance, as a result of geopolitical crises or natural disasters. The Volkswagen Group has realigned itself by introducing the strategic semiconductor management system. In doing so, the Volkswagen Group maintains direct business relationships with strategically relevant semiconductor manufacturers and directly influences the selection of components for the electronic architecture. This aims to keep the Group's product portfolio competitive in the long term and to safeguard supplies of core components at the semiconductor level.

Even in the early stages of new projects, we conduct audits to ensure that our suppliers will be able to deliver. Furthermore, we provide support for purchased parts along the individual project milestones up to the start of production. Complex components in particular frequently require on-site support from our supplier management team. Finally, an acceptance test of production capacities is carried out to facilitate the timely commencement of series production of the vehicles at our plants.

In addition, regular checks are carried out during series production, for example, checks relating to the continuous matching of demand and capacity or possible capacity adjustments at suppliers. This also safeguards the capacity at suppliers when using existing components in new projects.

Thanks to our established crisis management structure and global supplier network, we are able to tackle complex challenges along the supply chain and utilize a wide range of locations and technologies. Cross-divisional work among Procurement, Quality Assurance, Development, Production and Logistics largely prevented looming losses due to supply risks and, in cases where a reaction was required, maintained production capability.

Sustainability in Supplier Relationships

Successful relationships with our suppliers in the upstream and downstream value chain are based on respecting human rights, compliance with occupational health and safety standards and active environmental protection. These sustainability standards are defined in the Volkswagen Group Requirements for Sustainability in Relations with Business Partners (Code of Conduct for Business Partners), which business partners are required to acknowledge in a binding confirmation when the contract is entered into. In order to extend the requirements of the Code of Conduct for Business Partners further down in the supply chain, we require our suppliers to extend our requirements to their direct business partners. The sustainability rating (S-Rating) is a Group-wide tool to measure and assess the degree of compliance with the Volkswagen Group sustainability requirements by direct suppliers with a high sustainability risk relating to the environment, social aspects and integrity. The S-Rating is based on the sustainability requirements of the Code of Conduct for Business Partners and has been a condition for the award of contracts since 2019. The relevance of a supplier for this rating depends, among other things, on the size of the company or the risk exposure arising from the type of service provided.

In the S-Rating process, we determine the degree of compliance with the Volkswagen Group's sustainability requirements by means of the standardized Self-Assessment Questionnaire and a risk-based evaluation process involving audits. By the end of the reporting year, 14,709 S-Ratings for suppliers were received. The proportion of revenue contributed by direct suppliers with a positive S-Rating amounts to 83% of the total procurement volume. Both the validation of the questionnaire and the performance of the audits are carried out by selected service providers. If a supplier does not meet our requirements for compliance with sustainability standards, it is in principle not eligible for the award of contracts. Linking award decisions to sustainability criteria is one of the strongest levers for enforcing these criteria. We address existing sustainability risks and violations of sustainability principles by systematically defining and implementing measures to mitigate or eliminate these, including within the deeper supply chain. To enable continuous supplier development, we invite our suppliers to attend sustainability training courses and workshops on specific topics at selected sites or online and offer web-based training. In the reporting year, 9,818 suppliers received such training.

With regard to decarbonization, the Volkswagen Group strives to continuously avoid or reduce greenhouse gas emissions over the entire vehicle life cycle. In particular the transition towards e-mobility is shifting the action required from the service life of the vehicle to supply chains and the manufacture of vehicles and components. We are aware of our social responsibility and are committed to the Paris Climate Agreement. In the MEB, we have incorporated the use of renewable energy, among other things, into the contracts with cell manufacturers. For new vehicle projects, CO_2 emissions will be a technical feature for relevant components for the Volkswagen Group in the future. This means our suppliers will be given binding CO_2 targets, with which they must be able to demonstrate compliance at any time. One example is the new SSP on which the batteries are assigned a CO_2 limit. To be able to adhere to these limits, suppliers need to implement measures in their own production processes and upstream chains, for example, the use of renewable electricity. Measures like these are designed to reduce the carbon footprint of many electric vehicle models. For the ID. models, the Volkswagen Passenger Cars brand uses additional sustainable components, including battery cases and wheel rims made of CO_2-reduced aluminum. In this way, the ID. family's carbon footprint is to be improved by around two tonnes per vehicle by 2025.

As part of our sustainable supply management, the Volkswagen Group is also dedicated to protecting groups of people who may be adversely affected along the upstream and downstream supply chain. In order to achieve more impact here, we introduced the Human Rights Focus System (HRFS). With the HFRS we identify and work on issues that can be associated with human rights and environmental risks and that require more in-depth analysis. The objective is to implement suitable prevention and remedial measures that take into account the diverse and often structural causes of human rights violations. We continued to implement our activities as part of the raw materials due diligence management system in 2024 to manage the sometimes extensive risks in the upstream raw material supply chains. The management system currently comprises 18 high-risk raw materials, for which we use risk-based specific measures to identify, measure and, in particular, reduce sustainability risks. For our battery suppliers, transparency requirements constitute an important basis for responsible raw material purchasing. Within the framework of these contractual requirements, we require, for example, that our battery suppliers disclose their entire upstream supply chain before we award new contracts.

TECHNOLOGY

The “Technology” Board function is divided into four pillars, which are known as tech stacks. These encompass all activities relating to the battery, which are also in the “battery” action area of the Top 10 program, all Group-wide topics relating to charging and energy, the activities of Volkswagen Group Components and the marketing of Volkswagen platforms and components to third parties (Platform Business).

Cross-brand management of all technology activities and the value creation strategy coordinated throughout the Group are designed to improve the Group’s future viability and competitiveness. Synergies are to be leveraged across both traditional technologies and future areas to advance the transition to e-mobility.

Battery

With our battery activities, we aim to substantially reduce the complexity and cost of this key technology so as to make electric vehicles attractive and affordable for as many people as possible. The activities are divided into two areas: the Center of Excellence (CoE) Battery and PowerCo. The CoE is a Group business unit that combines all activities relevant to the battery system, which includes everything from product management, development, quality assurance, and procurement, to end-of-life recycling. The CoE is also responsible for the Group-wide battery portfolio, including the PHEV batteries for the MQB platform and BEV batteries for the MEB platform. The latest generation represents the battery system for plug-in hybrid vehicles that entered series production with the new Tiguan in 2024. More battery systems based on the new unified cell are planned in the next few years in China, Europe, and the USA.

In 2022, Volkswagen founded PowerCo SE, Salzgitter/Germany, its own battery company, which will bundle the Group’s global cell production activities. From the European battery hub in Salzgitter, this company will manage the development of international factory operations, continuous development of cell technology, vertical integration of the value chain and supplies of machinery and equipment to factories. PowerCo’s approach is based on two key concepts with which it aims to set future industry standards: The unified cell enables flexible use of a wide variety of battery chemistries and is intended to be used in up to 80% of all Group models in the future. The second key concept is the standard factory, which aims to enable the rapid rollout of in-house production with standardized buildings, equipment, IT and infrastructure and will thus be quickly and flexibly adaptable to future innovations.

The Group’s first own cell factory based on this model is being built in Salzgitter. Construction of production facilities and machinery continued in 2024 and preparations were made for pre-series production. In addition to Salzgitter, further cell factories are being built in Valencia/Spain and St. Thomas/Canada. The ramp-up of the factories is based on the expected volume of all-electric vehicles from the Volkswagen Group. Each of these factories is to operate on renewable power and be designed for future closed-loop recycling.

Vertical integration of value creation is a major component of the battery strategy. By building up its own cell production, Volkswagen is progressively taking charge of further stages of the value chain so that it can exercise greater influence over the availability, cost and sustainability of key raw and processed materials. The supply of raw materials is safeguarded through long-term supply contracts and investments with partners.

Charging and Energy

Since 2021, the Charging and Energy area has played a key role in the Volkswagen Group's e-mobility strategy with the aim of becoming a leading provider of a smart charging and energy ecosystem.

The Group's focus is on two key areas. Firstly, sales of electric vehicles are being underpinned by the development of a global fast-charging infrastructure. In Europe, the Group and its brands are involved in the pan-European joint venture IONITY, the Ewiva joint venture in Italy and other partnerships. By 2025, the number of public fast-charging points in Europe is to increase to 18,000. At the same time, both the North American charging network Electrify America – already one of the largest public charging networks in the USA – is to be expanded to 8,000 fast-charging points and CAMS in China is to be enlarged to 17,000 fast-charging points. Secondly, the Group is exploring new business models involving smart charging and energy solutions. The Group operates as one of the largest vehicle-charging subscription providers in Europe with its charging and energy brand Elli. Its charging network offers access to over 850,000 charging points Europe-wide with approximately 70,000 fast-charging points in 27 countries. Elli expanded its product range in fiscal year 2024 with the release of the Elli Charger 2, providing smart and cost-effective charging to private customers. Elli started electricity trading on the EPEX Spot power exchange in 2023 on its journey to becoming a holistic energy provider. It continued this journey in 2024 with a strategic partnership in photovoltaics with Otovo, Europe's leading solar energy system platform provider. Elli plans to enter a new business field in the future to develop, build, and operate stationary mass storage systems with partners along the value chain. Elli's industrial energy storage systems can be used in the future to supply customers and for arbitrage transactions on the energy trading market. The aim is to help to stabilize the power networks and increase their efficiency.

Volkswagen Group Components

The independent corporate entity Volkswagen Group Components, under the umbrella of Volkswagen AG, forms the third pillar of the "Technology" Board function. More than 60,000 staff with expertise in developing and manufacturing vehicle components work worldwide in more than 60 plants at 45 sites.

The product portfolio is focused on technical components such as chassis, axle systems, steering, transmission, electric drivetrains, electric drivetrain thermal management systems and battery systems.

The entry into e-mobility places the focus firmly on optimizing the electrical powertrain for the Group as well as the transformation of plants for internal combustion engine components to plants for e-mobility components.

Platform Business

The fourth pillar of the "Technology" Board function is Platform Business (third-party business), which pools Group-wide responsibility for the external sale of platforms and components. This organizational unit is responsible for the initiation, acquisition (including contract design) and support of customer projects including the related order processing (logistics, billing). In the cooperation project with Ford, the necessary cross-brand structures and processes have been created within the Volkswagen organization so that other external customers can also be efficiently served in the future. The automaker presented the Ford Explorer, the first model based on the MEB, in 2023, and series production commenced in June 2024. The first supply contract for Volkswagen MEB platform components and unified cells was signed with Indian automotive manufacturer Mahindra in early 2024.

PRODUCTION

Our international production network covers a large number of process steps from the supplier to the factory, to the assembly line and then to the dealer and customers. The long-term efficiency of this network is key to our competitiveness. In order to meet the challenges of the future, we rely on comprehensive optimizations, pioneering innovations, stable supply chains and flexible structures. The Volkswagen Group, including the Chinese joint ventures, produced 9.0 million vehicles worldwide in fiscal year 2024. This was a year-on-year decline of 3.8%. Productivity, including in the Chinese joint ventures, remained steady compared with the prior year. Excluding the Chinese joint ventures, the Volkswagen Group produced 6.2 million vehicles worldwide, a decline of 0.4% compared with the prior year. Productivity saw a decline of 0.8% and was on a level with the prior year.

Natural disasters resulted in production limitations at the Volkswagen Group in 2024. Supply chains were temporarily interrupted in particular by high water levels and flooding in Central and Eastern Europe. Thanks to the rapid action taken by all the departments involved, it was possible to maintain production activities.

Production Strategy

We are sharpening our focus in the transformation of our production and logistics, whereby our aim is to make production sustainable, minimize expenditure, streamline processes and strengthen the team.

The overarching aim is to increase productivity and profitability. This enables us to manufacture high-quality products at our sites that give customers maximum benefit at competitive prices. We are adopting a cross-brand approach for the thematic focus of our activities in order to pool the strengths and potential of our global production and logistics and take advantage of the resulting synergies.

Our strategy process is based on a scenario methodology. As part of this, the strategic orientation of production is checked at regular intervals to verify that it is up to date. This provides the thematic framework for the topics being focused on in the year in question. These range from people-related subjects such as skills forecasts, to efficient and resilient processes, safeguarding the achievement of cost targets, digitalization and the environment; and the production and logistics network.

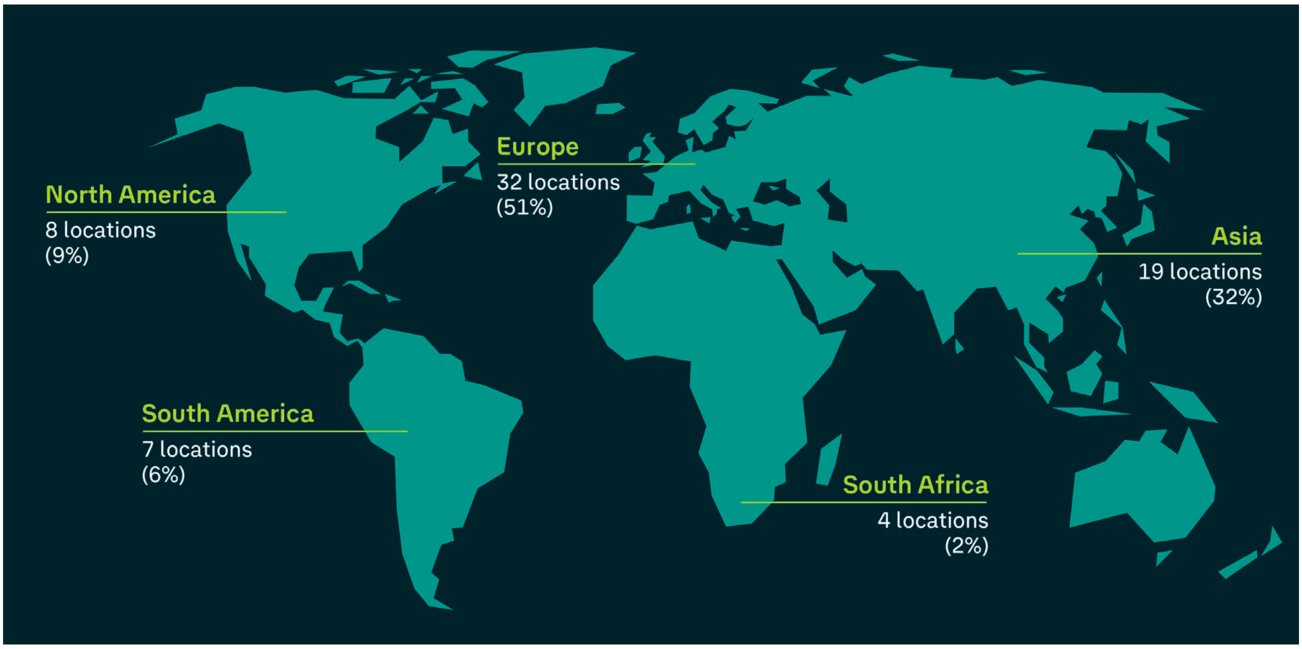
Global Production Network

The Group's production network encompasses 115 production sites, including our Chinese joint ventures. 70 of these sites are vehicle production plants. Standardizing production with uniform product concepts, plants, operating equipment and production processes within a product family is a key factor in our forward-looking production. We are constantly enhancing our production concepts and aligning them with new technologies to achieve ambitious targets in the individual projects. In a challenging environment, the Volkswagen Group succeeded in starting up 82 vehicle projects in 2024, 22 of which were new products or successor products and 60 were product upgrades and derivatives.

The flexible production capacities provided by our platforms allow us to respond to changing market requirements, make needs-based use of the production network and leverage synergies across brands through multibrand sites. Of the vehicle production plants for passenger cars and light commercial vehicles, almost half are already multibrand sites. Models for this approach within the Group are the Bratislava and Zwickau sites. In Bratislava, vehicles of the Volkswagen Passenger Cars, Škoda, Audi and Porsche brands are produced on the joint Modular Longitudinal Toolkit (MLB) and MQB platforms. At present, we are manufacturing vehicles of the Volkswagen Passenger Cars, Audi and CUPRA brands on the joint MEB platforms in Zwickau.

VEHICLE PRODUCTION SITES OF THE VOLKSWAGEN GROUP

Share of total production in 2024 in percent



The focus in the transformation of the Volkswagen Group is on mobility solutions that are innovative, efficient, sustainable and customer-oriented, as well as geared towards profitable growth. The introduction of the MEB served as a basis for this, followed by the all-electric PPE platform for the premium and sports brands, to leverage synergies in production across the brands. This meant that electric vehicles were manufactured at 18 sites across the global production network for passenger cars and light commercial vehicles as of year-end 2024.

New Technologies and Digitalization

A focus was placed on speed and added value of IT products and on the use of artificial intelligence as part of the Group's Top 10 program, which formed the strategic basis for new technologies and the digitalization of production in fiscal year 2024. The digital transformation is shaping the future development of our process landscape. The reorganization this involves includes a switch to value-stream- and product-oriented software development within the Group. Overall, more than 100 new applications are already available for use in the production and logistics processes. Examples range from virtual training courses for new vehicle start-ups to the identification and implementation of potential energy savings and the use of artificial intelligence. The applications are now being rolled out to over 40 plants via the Digital Production Platform (DPP) jointly developed with our strategic partner Amazon Web Services (AWS).

In the Volkswagen Group, our objective is to systematically validate digital and innovative technologies and to pilot and roll out their usage for production and logistics, with the aim of saving costs in the value chain and achieving more flexible implementation options, as well as quality improvements. The goal of the digital transformation in production and logistics is to simplify the entire process chain, make the best possible use of new technologies and establish autonomous processes. In 2024, Volkswagen continued the expansion of the ONE Log project, a logistics system based on SAP S/4 HANA. Using ONE Log, the Volkswagen Passenger Cars brand aims to shape the future of digital logistics worldwide, along with other brands including Audi and Škoda, and Volkswagen Group Components. The goal with this is uniform information processing and the standardization of logistical processes, to make optimizations scalable and drive innovative technologies centrally. The project includes the various processes such as scheduling, shipping and materials management, from goods receipt right through to the production line. The targeted digitalization campaign is intended to make our plants more robust. Innovation activities in 2024 focused on artificial intelligence, such as for image processing (computer vision), robotics applications and in generative artificial intelligence. Volkswagen developed prioritized fields of application in 2024 and is using the first cross-brand applications to improve the efficiency of knowledge management in planning and maintenance. Other applications are being used in change and requirements management. The use of generative artificial intelligence aims to boost efficiency in the context of information processing and generation, and in production.

Zero Impact Factory

In the strategic vision of our Zero Impact Factory initiative, we are developing ideas for more sustainable production. The vision driving these efforts is a factory with the lowest possible impact on the environment. Two independent methods were developed for this purpose. The site checklist analyzes qualitative aspects of a site in 11 action areas, while the impact points method quantitatively assesses the absolute environmental impacts of a site. These methods enable us to record and reduce the quantitative environmental impact of our production sites, particularly in the action areas: climate action and energy, emissions, water and waste. We are also focusing on qualitative aspects such as the appearance of our factories, our commitment to biodiversity, protection of the soil, a functioning environmental compliance management system, improvement of our resource efficiency, and environmentally friendly mobility management for employee and goods transport.

As of 2025, the Zero Impact Factory impact points method is to replace the existing system of KPIs, which measures the reduction of the environmental impact of production (UEP). This will lead to a shift away from vehicle-specific indicators to a reduction in the environmental impact of our production in absolute terms.

We record and catalog measures in an IT system and make these available for a Group-wide exchange of best practices. In the reporting year, approximately 1,700 implemented measures in the area of environment and energy were tracked and documented. They serve to improve the infrastructure and production processes for passenger cars and light commercial vehicles, could have a positive effect on the Group's environmental indicators, and may be beneficial from an economic perspective.

Zero Impact Logistics

The actions the Volkswagen Group is taking to achieve net carbon neutral logistics in the future include, for example, the ongoing shift of shipments from road to rail and almost complete avoidance of CO_2 emissions through the use of green electricity generated from renewable energy sources on the electrified lines in rail transport in Germany and other countries in collaboration with railway companies. This is an important contribution to reducing greenhouse gas emissions in the value chain. However, a prerequisite for this is, among other things, railway network infrastructure with sufficient available capacity, especially in Germany.

There is also a focus on preparing for the use of completely battery-electric trucks and biogenic fuels in the truck network. The Volkswagen Group also transports high-voltage batteries for electric vehicles in an environmentally conscious and efficient manner, for example at the component site in Braunschweig. Here, the batteries are loaded fully automatically onto trains that run on renewable power, which then take them to the plant in Zwickau.

Group Logistics uses thirteen roll-on/roll-off charter ships to transport vehicles across the North Atlantic, two of which are powered by low-pollution liquefied natural gas (LNG). By the end of 2024, four more LNG-powered car freighters had been gradually introduced, replacing six conventionally powered ships. Group Logistics' charter ships are more climate-friendly than other LNG-fueled marine engines because the high-pressure technology of the two-stroke engines from MAN Energy Solutions means that virtually no methane escapes. In principle, the dual-fuel engines will also enable non-fossil fuels – such as biogas (bio-LNG), e-gas (synthetic gas) from renewables and biofuel – to be used in future. This will allow carbon emissions to be reduced even further.

Since 2021, Group Logistics has been continuously operating two charter ships on European sea routes using biofuel, which produces less CO_2 than conventional fossil fuels. The raw material for this biofuel is made up of used cooking oils and fats. These waste and residual materials that stem, for example, from the catering and food industries, cannot be used for further processing into food or animal feed.

SALES AND MARKETING

We regard ourselves as an innovative and sustainable mobility provider for all commercial and private customers worldwide – with a product portfolio encompassing our successful brands and innovative financial services.

Together with their sales partners and importers, our passenger car brands agreed on a procedure for integrating state-of-the-art products and services into the sales network. The priority thereby is the safe and legally compliant handling of customer data and the way in which this is processed for digital products and services or in connection with the vehicle purchase. The legal requirements for handling customer data have been tightened in many countries. At the same time, the Group is launching a growing number of vehicles that are connected to the internet where available and depending on a vehicle's features. We are increasingly investing in distribution systems and processes with the goal of further digitalizing and improving the individual customer experience in all distribution channels. The Volkswagen Group's financial strength and profitability is attributable to an extensive portfolio of strong brands. We want to continuously sharpen the brand profiles and to distinguish as clearly as possible between the customer segments served by the brands, supplementing them as required with tailored solutions. Our aim is to achieve high market saturation with great efficiency and a low level of brand cannibalization. To this end, we have established automobile-specific customer segmentation to steer and improve the positioning of our brands.

As part of our Group strategy, we have placed a particular focus on China as the largest single market and North America as the market with the greatest growth potential due to their considerable strategic importance for the Volkswagen Group. Visions for the transformation of sales have been derived from the Group strategy. They form the basis for developing our sales activities into those of a mobility provider with the aim of enabling us to provide an even more flexible and targeted response to our customers' wishes and leverage additional revenue potential, such as through digital business models.

Following the acquisition of Europcar Mobility Group with two consortium partners, Europcar is to become a cornerstone of a vehicle-on-demand (VoD) product portfolio that will cover customers' mobility needs from vehicle sharing for a few hours to subscription for multiple months. Our expectation is that most people will still prefer individual mobility until 2030 but the focus will be more on using and less on owning vehicles. The Volkswagen Group is aiming to participate in the global market for mobility services, which is expected to grow rapidly.

Also in the area of sales and marketing, we are aware of our responsibility towards the climate and the environment. In addition to the broad range of all-electric vehicles and hybrid models, we kicked off the goTOzero retail project that is focused on decarbonizing our entire sales network and increasing its ESG performance, helping our sales partners to move over to a climate-neutral business model. As a result, the carbon footprint of our sales network is to be reduced on a net basis by at least 30% by 2030 compared with 2020. In order to identify and successfully implement the right measures, we have produced manuals, training courses and marketing materials for our partners. In addition, a certification model has been established for the entire sales network in response to both regulatory requirements and customer expectations.

Customer Satisfaction, Customer Loyalty and Customer Conquest

The Volkswagen Group aims its sales activities at exciting its customers. This is our top priority, as satisfied customers remain loyal to our brands and recommend our products and services to others. For this we measure customer satisfaction with our brands at different customer contact points and make it a subject of discussion at Board committee meetings. In addition to satisfaction with our products and services, we value an emotional connection to our brands. It is important for us to retain customers and win new ones. To measure our success in this area, we compile and analyze strategic suitable indicators for the passenger-car-producing brands: The loyalty rate represents the proportion of customers of our passenger car brands who have bought another Group model. Thanks to their faithful customers, the Volkswagen Passenger Cars, Škoda, Audi and Porsche brands have remained in the upper loyalty rankings of the core European markets in comparison with their competitors for a number of years. Compared to other manufacturer groups, the Volkswagen Group continues to hold a top spot in the core European markets in terms of loyalty. The conquest rate shows the share of newly acquired passenger car customers as a proportion of a brand-specific selection of competitors. Volkswagen Passenger Cars continues to have an industry-leading conquest rate. The Audi, Škoda, SEAT, and CUPRA brands improved their conquest rates in 2024, while the figures for Porsche were on a level with the previous year.

In the core European markets, brand image and confidence in the Volkswagen Passenger Cars brand stabilized above the level for the market as a whole in 2024. Audi and Porsche continue to occupy top places in the image ranking.

E-mobility and Digitalization in Group Sales

As part of our electrification campaign, we aim to gradually expand our offer of completely battery-electric vehicles. This campaign will be complemented by vehicle-related, customer-focused offerings, such as customized charging infrastructure solutions and mobile online services. The Volkswagen Group is thus transforming from an automotive manufacturer into a mobility service provider. This poses new challenges for Sales.

Digitalization provides many opportunities for Sales, including improved customer contact. Our actions are guided by a clearly defined strategy that requires extensive cooperation between the brands and markets to achieve the greatest possible synergies. Our aim here is to create a completely new product experience for the customers of our brands – one which impresses with a seamless communication process, from the initial interest in purchasing a vehicle to servicing and ultimately to the sale of the used car. In doing so, we are opening up new business models relating to the connected vehicle – in particular with regard to mobility and other services. Vehicles are becoming an integral part of the customer's digital world of experience.

We also align our internal processes and structures to the methods and new forms of working created by digital innovation. This results in project teams operating across different business areas, new forms of cooperation, a more intensive relationship with the international start-up scene, a consolidation of venture capital expertise – as a form of supporting innovative ideas and business models – and new lean systems and cloud-based IT solutions.

Car Subscription

In the Volkswagen Group Mobility business division, Volkswagen Financial Services AG expanded the portfolio of mobility services offered by the Volkswagen Group and its brands in 2024. Progress has been made particularly in the collaboration with Europcar Mobility Group (EMG). Numerous joint projects worldwide are currently being worked on, from mobility services for fleet customers to cooperation on the marketing of used vehicles.

Through its equity investment in Euromobil GmbH, a joint venture with EMG, Volkswagen Financial Services AG offers its customers a flexible alternative leasing or borrowing without long-term commitments, under the product name VW FS | Auto Abo. Volkswagen Financial Services AG is responsible for the car subscription offerings of the Volkswagen, Škoda and Audi brands in the German market, using these to also promote the Group's electric vehicle campaign. In addition, a car subscription service is offered for Volkswagen in France.

Fleet Customer Business

Business relationships with fleet customers are often long-term partnerships. In a volatile environment, this customer group provides greater stability for sales of well-equipped, profitable vehicle models than the private customer segment.

The Volkswagen Group has an established base of business fleet customers, especially in Germany and the rest of Europe. Our extensive product range enables us to satisfy their individual mobility needs from a single source.

In an overall passenger car market in Germany that shrank by 1.0% in the reporting year, business fleet customers accounted for 19.9 (21.4)% of total registrations. The Volkswagen Group's share of this customer segment increased to 48.0 (47.0)%. Outside Germany, the Group's share of registrations by fleet customers in Europe was 27.9 (27.6)%. This shows that fleet customers' confidence in the Group remains at a high level. We were able to consolidate our strong market position in the fleet customer business in Europe.

After Sales and Service

In the after-sales business, we regard ourselves as a complete provider of all products and services relevant to customers. Together with our partners, our mission is to ensure lifelong mobility for our customers and vehicles. We are therefore continuously expanding our portfolio of tailor-made offers and services with the aim of improving customer experience and increasing the satisfaction of our customers. The partner businesses also offer a comprehensive portfolio of services in all vehicle classes.

In After Sales, we are supporting the changing world of mobility and our systematic focus on e-mobility by developing new services and innovative concepts. We are working towards the transformation with a range of partners specialized in the respective markets. With the resulting connectivity services, we will also be able to generate synergies in After Sales across the Volkswagen Group's brands and take advantage of new opportunities to boost customer loyalty.

In addition to individual service, the timely provision of genuine parts is essential to assure passenger car customer satisfaction in After Sales. The genuine parts supplied by our passenger car brands and the expertise of the service centers stand for the quality, safety and value retention of our customers' vehicles. With our global After Sales network including more than 130 warehouses, we are creating the prerequisites to supply almost all our authorized service facilities around the world within 24 hours.

In the Digital After Sales project, we are modernizing processes and IT systems in After Sales. By adopting an approach that focuses product and service development on the individual needs of both dealers and customers, we aim to reduce the time needed for administrative tasks at the dealers through automated, interrelated services and also to stabilize existing IT systems and boost efficiency. In addition, innovative digital after-sales services are intended to improve the customer experience.

Around the world, our commercial vehicles business also prides itself on products of quality and on customer focus. Our range of trucks, buses and engines is complemented by services that aim to guarantee fuel efficiency, reliability and wide vehicle availability. By offering vehicles equipped with an all-electric or hybrid drivetrain, we take into account both customers' wishes and our responsibility to contribute to emission-free transportation. Workshop service and service contracts are intended to offer customers a high degree of quality as well as a high level of quality. We are reducing servicing times and costs with a view to the vehicles' total operating costs.

In the Power Engineering segment, we help our customers to secure the availability of machinery with MAN PrimeServ. The global network of more than 100 PrimeServ locations stands for excellent customer focus and offers, among other things, replacement parts of genuine-part quality, qualified technical service and long-term maintenance contracts.

QUALITY

The quality of our products and services plays a key role in maintaining customer satisfaction. Customers are satisfied and loyal particularly when their expectations of a product or service are met or even exceeded. Appeal, reliability and service determine quality as it is perceived throughout the entire product experience. Our objective is to positively surprise our customers and inspire enthusiasm in all areas, and thus to win them over with our quality.

Digitalization was once again the beating heart of our work in the past fiscal year: We are continuously sharpening our focus on software-based system development, which is a critical factor for success in respect of customer satisfaction. Consistent application of the "Automotive SPICE" process assessment model that we use to improve our processes is particularly important in our activities. It is a key building block for meeting the requirements of our customers as well as those of the regulatory and legislative bodies.

Volkswagen has been implementing cybersecurity measures across the Company for some time now. For example, we have an independent cybersecurity network in place across all regions and Group brands and monitor potential cyber risks. This enables us to act fast when potential threats arise. Since June 2022, the UNECE (United Nations Economic Commission for Europe) has provided for corresponding certification pursuant to UN-R 155 and homologation to ensure that companies can guarantee that these aspects are dealt with properly so as to protect the users of our vehicles from potential attacks. Our Group pursues the goal of implementing standards in the areas of both accident prevention and security. We are continuously refining the established processes within the framework of an Automotive Cyber Security Management System in keeping with the requirements of the UNECE regulation. In this context, Volkswagen is implementing comprehensive measures across departments throughout the Group. These measures were confirmed again in the reporting year in a successful audit of our cyber security management system performed by TÜV Nord, and a three-year extension to our UN-R 155 certificate was recommended.

Group Quality Strategy

We review our New Quality functional area strategy periodically and coordinate it with the brands. We align our activities with our goal expressed in the motto: "We strive for outstanding products, services and customer satisfaction." Derived from the Group strategy, our quality strategy focuses primarily on achieving maximum levels of customer satisfaction throughout the entire customer experience – from ordering through to the digital ecosystem and up to the product as well as aftersales and customer service. Group Quality and the brands' quality organizations play an active role at all stages of product emergence and testing, making an important contribution to successful product launches, high customer satisfaction and low warranty and ex gratia repair costs. We have defined "warranty and ex gratia repair payments per vehicle after 12 months in service" as a strategic indicator at the top level of consideration for the major passenger-car-producing brands. This shows all warranty and ex gratia repair payments for the vehicles produced worldwide in each production year, expressed in euros per vehicle. All vehicles from the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Škoda, SEAT/CUPRA, Audi and Porsche brands are included in this figure. Extraordinary items resulting from initiatives such as recalls to assure product safety or comply with laws are not taken into account. While the figures starting from the 2017 production year remained at a constant low level, they have increased since the 2020 production year due to the growing use of new technologies in the vehicle and rising complexity. Actions were taken to reduce these figures and have proven effective.

The Group's Top 10 Quality program derived from the Group's Top 10 program represented one of our additional strategic targets in the reporting year. This program from Group Quality places a constant focus on internal and external customers, defines clear responsibilities for quality throughout the Group and coordinates an expeditious cooperation model between the Group, brand groups and brands. Six of the quality-specific action areas contributing to the Group's Top 10 program were completed during fiscal year 2024 (including Customer Excitement SCORE and quality-approved concept decision) and six new ones launched (including charging infrastructure and Data@Quality).

Legal and Regulatory Compliance

The legal and regulatory compliance of our products is paramount in our work. In our processes we employ the principle of multiple-party verification, which involves mutual support and monitoring between the business units. Among other things, software development is accompanied by quality milestones at all brands. This principle applies to all systems, components and parts that directly influence a vehicle's safety, type approval and functioning and therefore require particular vigilance. At the series production stage, we see to it that the conformity checks on our products are carried out and assessed with the participation of all business units involved. This applies in particular to checks related to emissions and fuel consumption.

We are also dedicating attention to our quality management system, reinforcing the interdisciplinary, process-driven approach throughout the Group. The quality management system in the Volkswagen Group is based on the ISO 9001 standard and the official type approval requirements. These standards and requirements must be complied with for us to obtain type approval for the manufacture and sale of our vehicles. We conducted numerous system audits in the reporting year to verify that our sites and brands continue to comply with these requirements. Particular focus was placed on assessing the risk of non-compliance with defined processes. Our quality management consultants pay attention to the implementation of and compliance with these and other new requirements, as well as official regulations; they are coordinated and supported in this endeavor by a central office in Group Quality.

Observing Regional Requirements

We use a variety of feedback instruments, such as specific customer surveys, to collect information on region-specific customer requirements. In addition, we monitor relevant internet forums and social media postings worldwide to obtain direct customer feedback and identify sentiment and trends at an early stage.

In order to be able to make the perceived quality of our vehicles commensurate with that of our competitors, we take the needs of our regional customers into account in our vehicle audits. Every brand works together with the individual regions to decide how its product is to be positioned there. In this way, we strengthen the brands' responsibility. Consistent quality benchmarks apply across all brands and regions to ensure that we obtain comparable results from the vehicle audit. We are continually adapting these in line with changing requirements. For more than 40 years now, we have been deploying auditors around the world to assess, from the customer's perspective, the vehicles that are ready for delivery and to ensure that these vehicles comply with the benchmarks defined.

PEOPLE

The Volkswagen Group is one of the world's largest private employers and seeks to fulfill the responsibility this entails with its human resources policy. As of December 31, 2024, the Volkswagen Group including the Chinese joint ventures employed a total of 679,472 people (614,082 employees excluding the Chinese joint ventures). This represents a year-on-year decrease of 0.7%. The ratio of our total workforce in Germany to those abroad remained largely stable over the past year, with 293,338 (298,687) employees working in Germany at the end of 2024.

EMPLOYEES BY MARKET

in percent, as of December 31, 2024

Group People Strategy and principles of the human resources policy

For the Volkswagen Group, the transformation of the employees is one of the focus topics defined in the Group strategy. The Group People Strategy plays a key role in this context for our three brand groups Core, Progressive and Sport Luxury. This strategy also moves forward with key approaches of the human resources policy that are critical for success.

In our Group People Strategy we have identified a variety of elements with the aim of comprehensively addressing our employees' and the Company's needs and expectations, thereby enabling the best possible performance in terms of the Company's success.

1) "Me" (Me@Volkswagen): We wish to systematically improve the employee experience and ensure that all employees have the best possible conditions in which to do their job.

2) "My team" (Teams@Volkswagen): As our transformation takes shape, the way in which teams in the Volkswagen Group collaborate is fundamentally changing. Hybrid, digital and agile forms of collaboration become more important.

3) "All of us at Volkswagen" (All of us@Volkswagen): The seven Volkswagen Group Essentials set out in the Code of Conduct define the shared underlying values across all of the Group's brands and companies: We take on responsibility for the environment and society; We are honest and speak up when something is wrong; We break new ground; We live diversity; We are proud of the work we do; We not me; We keep our word.

4) "Volkswagen in society" (We@Volkswagen and the world around us): We are aware that without long-term social legitimacy at our locations and in our markets, we will not be able to continue our business model in times of accelerated changes in values – this applies from an economic, environmental and social perspective. We see our employees as representatives of the Volkswagen Group who communicate our values to society.

Digitalization and the transformation towards e-mobility means that we are on a long-term path of change and renewal. It is important to us to keep checking whether we are keeping to the course we have set out on and are achieving our goals. The following strategic key performance indicators help us measure our progress and take remedial action if necessary:

> Internal employer attractiveness: Until reporting year 2023, the benchmark was derived by asking employees whether they considered their company an attractive employer. This information was gathered for the majority of our Group companies within the scope of the *Stimmungsbarometer* (opinion survey). In 2024, the opinion survey was suspended in the Group to allow it to be revised. After its revision, it should continue to be provided to all the companies as a tool.
> Diversity index: We have defined targets for the percentage of women in management and the international composition of our top management in order to promote diversity and equal opportunities. Since 2017, these two figures have been combined in the diversity index. Data for the diversity index is collected for the employees of the entire Volkswagen Group, excluding employees in the withdrawal phase of their time asset bonds (time asset bond: time credit from deferred compensation) and excluding vocational trainees and employees in the passive phase of their partial retirement. The proportion of women in management, comprised of management, senior management and top management (including members of the Group Board of Management and brand boards of management), amounted to 19.9% in 2024 and was 0.7 percentage points up on the prior year (19.2%). The intermediate target of 19% for 2024 was thus achieved. The Volkswagen Group wants to increase the proportion of women in management to 20.2% by 2025. This represents an increase of 8.1 percentage points compared with our baseline of 12.1% from 2016. The target of at least 25.0% by 2025 has been defined for the international composition of top management, the uppermost of the three management tiers. Achievement of the target would represent an increase of 8.0 percentage points compared with the baseline of 17.0%, also from 2016. This stood at 29.1 (25.6) % in the fiscal year now ended. The intermediate target of 24.1% for the reporting year was thus achieved. The figures for the proportion of women in management and the internationalization of top management are incorporated with equal weighting in the diversity index and the figures for the year 2016 set to an index value of 100. For 2024 it was planned to increase this index to 149. This target value was exceeded with a score of 168 (154).
> Status of implementation of strategic HR planning: Strategic HR planning supplements operational HR planning by adding a qualitative, long-term and strategic planning perspective. It allows us to identify qualitative and quantitative surpluses and shortfalls in parts of the Company at an early stage and derives necessary qualification, vocational training and restructuring requirements designed to help support the transformation. To map progress in strategic HR planning, we measure the percentage of the active workforce (corresponding to the workforce excluding vocational trainees and employees in the passive phase of their partial retirement) included in the strategic HR planning from 2023. The targets are being adjusted as part of the Group strategy revision, and reporting of the strategic KPI has been suspended for 2024 due to the ongoing efficiency programs.
> Number of training hours per employee: The goal is to increase the average number of training hours per employee in the active workforce (here excluding employees in the withdrawal phase of their time asset bonds) in the Volkswagen Group by 35 % to 30 hours per year by 2030. The baseline value is 22.3 hours and represents the average for the base years 2015 to 2019. These years were chosen as the baseline due to the Covid-19 pandemic, which temporarily curtailed training activities in 2020 and 2021. The target for this strategic KPI for the reporting year was 26.0 hours. With an average of 20.8 (22.1) hours per employee, the target has not been met. The decrease in the number of training hours is due to the prioritized implementation of efficiency programs in the Group, with the result that the departments did not focus on measures to increase the number of training hours.

In addition to the long-term management of our strategic targets in the Group People Strategy, we also have an annual Top 10 program for Human Resources to support achievement of current targets, to which our Group companies contribute. Human Resources was also represented in the Group's Top 10 program in the reporting year with the top target "Team & Organization". The HR board department systematically addressed the current challenges faced by the Company in its Top 10 program for 2024, including the changed competitive environment, the transformation of the industry, increasing regulatory density and the skilled labor shortage. The Volkswagen Group has established efficiency programs in the brands in order to provide the necessary resources to meet these challenges and continue making investments for the future. Defined performance targets at brand level are a core component and have been realized through brand-specific targets and actions. For example, a new collective agreement was entered into at Volkswagen AG in December 2024, which is accompanied by works agreements.

After intense negotiations, Volkswagen AG reached consensus with the IG Metall trade union and the works council on a joint *Zukunft Volkswagen* agreement. There are plans to realign production capacities at German Volkswagen sites. At the level of collective bargaining, this wage settlement under the company wage agreement until 2030 creates the conditions for financial labor cost savings of €1.5 billion per year. The short-term labor cost savings as well as the structural measures agreed and savings on development costs are expected to lead to cost effects of more than €4 billion per year in the medium term. In addition, there are plans to reduce technical capacity by 734,000 units in the German plants. To this end, the company and codetermination partners agreed not only on structural production measures but also on a socially responsible reduction in the workforce by more than 35,000 employees along the demographic curve at Volkswagen sites in Germany by 2030. For the resulting personnel measures, Human Resources has developed corresponding HR tools such as the "opportunities workshop", to devise new employee-specific career opportunities for employees affected by the transformation. As of the end of 2024, no further specification of other tools such as retirement or severance programs had taken place.

The collective agreements set out, among other things, that the agreed wage increase for the years 2025 and 2026 will not be paid to employees until the end of 2030, but will instead be used for the socially responsible headcount reduction from 2027 to 2030. Furthermore, the new collective bargaining agreement replaces the previous collective agreements. Starting July 1, 2025, the working week will be standardized at 35 hours in the collective agreement, with a compensation payment to be made in 2025. A new remuneration and grading system will be introduced from January 1, 2027. Employee profit-sharing has been suspended for the 2025 to 2026 fiscal years and will then be staggered over the 2027 to 2029 fiscal years. The "Tarif Plus" bonus system for employees under the collective bargaining agreement has been restructured. From 2025, the anniversary bonus has been converted to a fixed amount and linked to the terms of the collective wage agreements. In addition, the number of training places offered at Volkswagen AG's plants in Germany has been reduced from 1,400 to 600. The *Zukunft Volkswagen* agreement created the basis for making important investments in future products until 2030.

Training and Professional Development

Due to the transformation in the automotive industry, we are facing the greatest process of change in both expertise and culture in the history of our Company. We are committed to securing the employability of our entire workforce in the long term. We invest extensively in training, which helps to ensure job security at Volkswagen for our employees even when requirements change. In 2024, the focus was on creating and expanding a program of digital training. We continue to implement and integrate the Success Factors HR system and the learning platform Degreed as a learning ecosystem for digital learning and self-directed training. This creates a common framework for the qualification of all employees in the Volkswagen Group based on and controlled by the Volkswagen Group Academy.

The core components of training at Volkswagen are vocational training and cooperative education (dual study programs combining university studies with on-the-job training). As of the end of 2024, the Volkswagen Group trained 17,201 young people. We have introduced the principle of dual vocational training at many of the Group's international locations over the past few years and are continuously working on improvements. Even after their vocational training has been completed, young people at the start of their careers are encouraged to continue their professional development with our Company.

Volkswagen offers two structured entry and development programs for university graduates and young professionals. In the StartUp Direct trainee program, graduate trainees gain an overview of the Company while working in their own department and also take part in supplementary training measures. University graduates interested in working internationally can participate in the StartUp Cross program. The aim here is to get to know the Company in all its diversity and to build up a broad network. During their participation in the program, young professionals become familiarized with several locations in Germany and other countries by working in various departments. Both programs also include several weeks' experience working in production.

Employee Participation

Codetermination and involvement of our employees is deeply rooted in the Volkswagen Group. This includes enabling the most comprehensive representation of employee interests possible in our Group. Volkswagen respects the perspectives and interests of its own employees, and addresses them on an ongoing basis. To this end, the Volkswagen Group maintains a continuous dialogue with employee representatives regarding material positive and negative impacts, both actual and potential, that the Group could have on its employees. We follow the principle of long-term service through systematic employee retention and the right to fair and transparent remuneration, and have concluded collective agreements to this end, for example.

When shaping labor relations to embody cooperation and social peace, we are guided by universal human rights and the standards of the International Labour Organization (ILO). Building on these principles, we have agreed various charters and declarations with our Company's European and Global Group Works Council which set out the principles of labor policy in the Volkswagen Group as well as employee rights. Volkswagen places particular emphasis on protecting its employees and creating a safe and healthy working environment. This means that occupational health and safety are of paramount importance to the Volkswagen Group. It is also important to us that we promote diversity in our workforce and commit to creating an inclusive working environment. We offer equal opportunities for everyone and reject all forms of discrimination.

INFORMATION TECHNOLOGY (IT)

IT Strategy

The Volkswagen Group pursues the vision of being „The Global Automotive Tech Driver". IT is playing an ever more important role in this – used in our vehicles, across the Company and in opening up new business models.

Digitalized supply chains, automated and AI-optimized processes in all of the Company's business areas, data-driven management of the sustainability targets and a seamless integration of analogue and digital customer experience are elements of this transformation.

The "IT" Board function applied its strategy to the development of the "Global IT" vision for the Company. It ensures the clear and synchronous orientation, global networking, sharing of knowledge, and mutual adaptability of the IT strategies of all brands and regions. The objective is standardized cross-brand and cross-regional provision of IT infrastructures, IT services, and IT solutions in appropriate bundles. This serves to reduce costs, utilize efficiencies, and leverage further potential for synergies. Distinctions are made and individual solutions provided only if specifically necessary or required under regulatory provisions.

The target dimensions are: a value contribution for the departments, an active contribution to the systematic digitalization of the Company, high speed and adaptability in implementation; and cost efficiency. Long-term IT imperatives were defined to aid target achievement. These address issues such as the transformation into a data and AI-driven company, implementation of consistent infrastructure platforms across all brands and regions, realization of a global, digital product landscape through a cross-brand, cross-regional cooperation model based on complementary skills; and operational excellence in implementation. Implementation of the targeted measures is ensured through the annual Global IT Top 10 program with agile trimester sprints focused on business impact and speed. The optimized data availability of the Global IT Top 10 program creates the basis for modern AI applications and therefore the potential for Company-wide efficiencies. Systematic modularization of large IT programs helps to provide future-proof IT solutions, thereby driving the digitalization of all business areas locally and globally, for instance through the IT China strategy. The systematic introduction of the agile product organization is intended to accelerate the development and provision of digital products. In this context, IT and the Board functions work together in cross-functional teams with short development cycles to produce new digital products. The aim of the Group-wide, cross-brand IT performance program reported as part of the Global IT Top 10 program is to additionally improve performance by 30% at all levels by 2030.

We aim to ensure a uniform, strategic focus by forging technical ties between the "IT" Board function and the chief information officers (CIOs) of the Core, Progressive and Sport Luxury brand groups and of Volkswagen Financial Services AG. This interface between technical and organizational aspects also facilitates the realization of synergies and further economies of scale. The systematic identification and Group-wide sharing of best practices – projects that have been successfully implemented at individual brands and companies – is intended to enable effective knowledge transfer within the Company and generate greater speed and synergies, thus also reducing the need for resources.

The focus in IT infrastructure is on further expansion and optimization of the cooperation between the Group and its brands. This has already resulted in a significant reduction in costs and in quality optimization in some areas, and will be systematically continued. To this end, the Group has a globally uniform structure on five operating platforms/domains (cloud, mainframe, high performance computing, on premise, digital workplace) used across all brands and regions. This also involves combining our shared resources in the brands and regions, as well as the international companies of Global IT, such as in India.

Software Development

The "IT" Board function is responsible for swiftly developing and introducing software and IT solutions for the Group based on the Group's needs. Part of this development work takes place in the Software Development Centers (SDC) around the world. The strategic goal is to safeguard and successively increase the proportion of in-house services relating to software products for critical business processes (such as technical development). This involves in particular systematic expansion of the international subsidiaries and new cooperation models with selected partners. This addresses the increasing need for software development at the Volkswagen Group. The gradual increase in in-house services will reinforce governance and ensure the efficient management and cost control of suppliers.

The optimization of processes and the definition of standards for software development remain at the forefront of our activities. Among other things, this entails international, data-driven management of activities in the SDC, strategic alignment of the business-critical enterprise systems and safeguarding intellectual property in the form of software product source codes.

Use of Digitalization and IT Solutions

The Board of Management continuously monitors and supports the digital transformation. The Group Board of Management Committee for Digital Transformation addresses the digital transformation of business processes across brands and business units. It manages the IT project portfolio and fosters the digital cultural change as well as innovations and synergies between the Group and the brands. This makes it the highest decision-making body and key navigator in the Group's digital transformation.

The large-scale introduction of applications and artificial intelligence (AI) into multiple business processes was a focal point of fiscal year 2024. The scope of application of AI within the Volkswagen Group is broad. The goals are specific monetary savings (e.g., reduction in the consumption of electricity and materials in manufacturing processes), specific improvements in product quality and the associated indirect cost savings (e.g. improved quality processes and thus also a reduction in ex gratia and warranty costs, elimination of contracting such as translation and law firm costs), specific improvements in product quality and ergonomic benefits for employees, including faster and more transparent collaboration and support in use of systems. The focus is always on balancing the expenditure and costs for the use of AI applications with their added value for the departments and the Company as a whole. The Volkswagen Group therefore views AI first and foremost as an instrument and a tool, not as an end in itself.

The applications already integrated include Smart Quality Analytics (SQA), an IT system used for example to digitalize the analysis of field data. For quality assurance purposes, SQA records and analyzes the data from connected customer vehicles. This includes data from control units as well as error messages from workshops. Other projects are working on optimizing the order of individual working steps in vehicle manufacture (for example a painting sequence) to reduce production times and improve the use of resources.

In the field of machine learning, work is being carried out on smart management of energy use to generate sustainable electricity savings and CO_2 reductions, for example in compressed air control systems. Advanced data analytics are helping to optimize the storage of replacement parts in the after-sales business, for example. Likewise, numerous bot projects are being implemented to automate business processes (robotic process automation).

Production processes are also safeguarded by AI and camera systems (computer vision). The systems and equipment in the factories are linked together in an integrated overall system. In conjunction with the different departments, Group IT is also contributing its expertise to the field of research and development. Digitalized work tools such as the "virtual concept vehicle" make the product development process faster, more efficient and more cost-effective, for example by replacing physical components with virtual components generated on the computer.

The Group Data & AI Strategy is key in the implementation of AI. The aim of the strategy is to utilize the potential of AI. To track this throughout the Group, all strategic and AI-related resolutions and work initiatives are combined in a hub-hub-spoke model. This refers to a central entity, or hub, in the Group and other hubs in the brands and companies each supported by a specialist, or spoke, in the domains and business areas. This serves to improve the coordination of the different areas of the Group in implementing AI applications, and increase their scalability and efficiency. Resources can be used as needed and as efficiently as possible for the prioritized AI solutions. This structure also enables the AI solutions to be implemented and scaled efficiently, and training materials, guidelines, and experiences to be shared effectively.

IT Security

Safeguarding data and information throughout the Volkswagen Group worldwide is one of the main tasks of IT. Strategic measures continued to be implemented in fiscal year 2024 with the Group Information Security Program. The objective of the program is to create uniform processes and solutions across the Group to further enhance information security. The findings and solutions are being implemented within the Group. The main focus is on topics that could one day pose information security risks for the Group and that need to be specially safeguarded as part of the Group's digital transformation strategy. The program's content and orientation are reviewed annually and updated if necessary.

The Volkswagen Group requires its suppliers to have passed TISAX (Trusted Information Security Assessment Exchange) certification. This sends out a signal regarding the security of cross-company information and data. TISAX certification is an assessment method developed by the German Association of the Automotive Industry and is based on the international industry standard and the requirements of the automotive world. The aim is for sensitive data and information to be processed securely among our suppliers.

The task of automotive cybersecurity is to avert cyberattacks on our vehicles throughout the entire product life cycle, as well as on the digital vehicle ecosystem. We have implemented Group policies based on the legal requirements of the UNECE (United Nations Economic Commission for Europe) regulation. Brand-specific organizational guidelines are being specified and implemented on this basis, taking the organizational circumstances into account.

To protect our customers' data against cyberattacks, and to implement our solutions in conformity with national and international legislation, we have established integrated, cross-brand, cross-regional security management systems for information and cybersecurity. The cybersecurity management system required by UNECE Regulation 155 received its first UNECE CSMS certification from the German Federal Motor Transport Authority in 2021 and undergoes annual monitoring audits. It was successfully recertified for the first time in May 2024. Safeguarding the complete life cycle of our vehicles and digital mobility services has been part of standard operations since 2022.

Key central information security processes have been audited and certified in line with the international ISO 27001 framework. This is the most important cross-sectoral standard for information security and is our basis for building an appropriate information security management system for handling all sensitive information in the Group. This system is being gradually expanded. It is audited annually and recertified at required intervals.

In recent years, the introduction of the data protection management system and the data protection management organization has thus established the infrastructure for implementing and complying with data protection requirements at Volkswagen AG in the long term. Increasing digitalization and interconnectedness of business processes, new legislative initiatives with data protection relevance, and the sharp rise in the extent of international data protection legislation continue to require a high level of attention to ensure ongoing compliance with data protection requirements. Continuously raising awareness among the workforce and further standardizing and automating processes remain the focus of activities. Compliance requirements are already being integrated into the design of IT solutions and infrastructure decisions.

REPORT ON POST BALANCE SHEET DATE EVENTS

There were no significant events after the end of fiscal year 2024.

Report on Expected Developments

In 2025, the global economy is expected to grow at a slightly slower pace than in the reporting year. Global demand for passenger cars will probably vary from region to region and increase slightly year-on-year.

In the following, we describe the expected development of the Volkswagen Group and the general framework for its business activities. Risks and opportunities that could represent a departure from the forecast trends are presented in the Report on Risks and Opportunities.

Our assumptions are based on current estimates by third-party institutions. These include economic research institutes, banks, multinational organizations and consulting firms.

DEVELOPMENTS IN THE GLOBAL ECONOMY

Our planning is based on the assumption that global economic output will grow overall in 2025 at a slightly slower pace than in 2024. Declining inflation in major economic regions and the resulting easing of monetary policy are expected to boost consumer demand. We continue to believe that risks will arise from increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine conflict and the confrontations in the Middle East, and the increasing uncertainties regarding the political orientation of the USA. We assume that both the advanced economies and the emerging markets will record somewhat weaker momentum on average than that of the reporting year.

We also expect the global economy to continue on a path of stable growth until 2029.

Europe/Other Markets

In Western Europe, we expect the economy to grow at a similar rate in 2025 to in the reporting year, with a further decline in the average inflation rate. The associated key interest rate cuts by the European Central Bank (ECB) will likely support the eurozone economy.

For Central Europe, we estimate a somewhat higher growth rate for 2025 than in the previous year, with persistently high though less dynamic price increases. Economic output in Eastern Europe should continue to recover following the heavy slump in 2022 as a result of the Russia-Ukraine conflict.

Germany

We expect gross domestic product (GDP) to develop positively in Germany in 2025, albeit with less momentum. The German inflation rate is likely to decline somewhat on average for the year. The labor market situation is likely to deteriorate somewhat.

North America

We anticipate continued stable economic growth in the USA in 2025, albeit with slower momentum, accompanied by a corresponding deterioration of the labor market situation. The US Federal Reserve is likely to implement further key interest rate cuts in the course of 2025 even though a slight increase in inflation is expected. Compared with the reporting year, economic growth is likely to be somewhat higher in Canada, while in Mexico it is expected to remain roughly the same.

South America

In all probability, the Brazilian economy will record a positive rate of growth in 2025, although it will be lower than that of the reporting year. Following two years of decline, Argentina is expected to show positive growth in 2025.

Asia-Pacific

Chinese GDP is expected to grow at a relatively high level in 2025, albeit at a lower rate than in 2024. India's economic growth will likely see momentum on a par with the reporting year, while Japan's economic output is expected to grow again compared with 2024.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

The trend in the automotive industry closely follows global economic developments. We assume that competition in the international automotive markets will intensify further. Crisis-related disruption to the global supply chain and the resulting impact on vehicle availability may weigh on the volume of new registrations. Moreover, a sudden outbreak of geopolitical tension and conflicts or the intensification of existing ones could lead to rising prices for materials and declining availability of energy.

We predict that trends in the markets for passenger cars in the individual regions will be mixed but predominantly positive in 2025. Overall, the global volume of new car sales is expected to be slightly higher than in the previous year. We are forecasting growing demand for passenger cars worldwide in the period from 2026 to 2029.

Trends in the markets for light commercial vehicles in the individual regions will be mixed; on the whole, we expect the sales volume for 2025 to be similar to the previous year's figure. For the years 2026 to 2029, we expect demand for light commercial vehicles to increase globally.

Europe/Other Markets

For 2025, we anticipate that the volume of new passenger car registrations in Western Europe will be noticeably higher than that recorded in the reporting year. For the major individual markets of France, the United Kingdom and Spain, we expect growth in 2025 to varying degrees between slightly and noticeably above the prior-year level. We estimate that the Italian market will be on a par with the previous year.

For light commercial vehicles, we expect the volume of new registrations in Western Europe in 2025 to be on a level with the previous year. Mixed development is anticipated in the major individual markets of France, the United Kingdom, Italy and Spain.

Sales of passenger cars in 2025 are expected to sharply exceed the prior-year figures overall in markets in Central and Eastern Europe – subject to the further development of the Russia-Ukraine conflict. We expect a mixed development in the major markets of this region.

Depending on how the Russia-Ukraine conflict evolves, registrations of light commercial vehicles in the markets of Central and Eastern Europe in 2025 will probably noticeably exceed the prior-year figures.

Germany

In the German passenger car market, we expect the volume of new registrations in 2025 to be slightly up on the prior-year level.

We anticipate that the number of registrations of light commercial vehicles in 2025 will also be slightly up on the previous year's figure.

North America

The sales volume in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America overall and in the United States in 2025 is forecast to be similar to the level seen in the previous year. Demand will probably remain highest predominantly for models in the SUV and pickup segments. New registrations of all-electric vehicles are also expected to increase very strongly. In Canada, the number of new registrations is likely to remain on a level with the previous year. We expect the volume of new registrations in Mexico to be slightly up year-on-year.

South America

Owing to their dependence on demand for raw materials worldwide, the South American markets for passenger cars and light commercial vehicles are heavily influenced by developments in the global economy. We anticipate a noticeable increase overall in new registrations in the South American markets in 2025 compared with the previous year. The market volume in Brazil is expected to increase slightly compared with 2024, while a strong increase is projected for Argentina.

Asia-Pacific

The passenger car markets in the Asia-Pacific region in 2025 are expected to be similar to the previous year. We estimate that the market volume in China will be on a level with the comparative figure for 2024. Plug-in hybrid models with long ranges are likely to be increasingly in demand. A weaker-than-expected economic recovery or intensifying geopolitical tensions may have adverse effects. In particular, the trade dispute between China and the United States is likely to continue to weigh on business and consumer confidence, as long as there is no resolution in sight. We expect the Indian passenger car market to be slightly higher than in the previous year, with a noticeable increase in demand in Japan.

The volume of new registrations for light commercial vehicles in the Asia-Pacific region in 2025 will probably be in the range of the previous year's figure. We are expecting demand in the Chinese market to be close to the prior-year level. For India, we project that the volume in 2025 will be slightly higher than in the reporting year. In the Japanese market, we estimate that volumes will also be slightly higher year-on-year.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

For 2025, we expect that new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes will be down noticeably on the previous year in the markets that are relevant for the Volkswagen Group, with variations from region to region.

A noticeable year-on-year decline in market development is expected in the 27 EU countries excluding Malta, but including the United Kingdom, Norway and Switzerland (EU27+3). We anticipate that new registrations in Türkiye will remain steady. In South Africa, we expect a slight decline in demand compared with the previous year. The truck market in North America is divided into weight classes 1 to 8. In the segments relevant for Volkswagen – Class 6 to 8 (8.85 tonnes or heavier) – we expect new registrations to be slightly lower than in the previous year. After a very positive development in the reporting year, we anticipate steady demand in Brazil for 2025.

On average, we anticipate that demand in the relevant truck markets will remain at a steady level for the years 2026 to 2029.

A noticeable year-on-year increase in demand is anticipated for 2025 in the bus markets relevant for the Volkswagen Group, whereby this will vary depending on the region. In the EU27+3 region, we expect demand to be slightly above that of the previous year. We forecast a strong increase in demand for school buses in the USA and Canada. For the bus market in Mexico, we anticipate a sharp decline in volumes on account of the significantly positive trend in the reporting year. New registrations in Brazil will probably be noticeably lower than the prior-year figure in 2025.

Overall, we expect demand for buses to be steady on average across the relevant markets for the period from 2026 to 2029.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

We assume that automotive financial services will prove highly important to global vehicle sales in 2025 in synergy with the development of the vehicle markets. We expect demand to rise in emerging markets where market penetration has so far been low. Regions with already established automotive financial services markets will probably see a continuation of the trend towards achieving mobility at the lowest possible total cost. The shift from financing to lease contracts that has begun in the European financial services business with individual customers will continue. Integrated end-to-end solutions, which include mobility-related service modules such as insurance and innovative packages of services, are likely to become even more important. Additionally, we expect that demand will increase for new forms of mobility, such as rental and car subscription services, and for integrated mobility services, for example refueling and charging. Dealers will remain important strategic partners. The seamless integration of financial services into the online vehicle offering will become increasingly important. We estimate that this trend will also persist in the years 2026 to 2029.

In the mid-sized and heavy commercial vehicles category, we are seeing robust demand for financial services products in the emerging markets. In these countries in particular, financing solutions support vehicle sales and are thus an essential component of the sales process. In the developed markets, we expect to see increased demand for telematics services and services aimed at reducing total cost of ownership in 2025. This trend is also expected to persist in the period 2026 to 2029.

EXCHANGE RATE TRENDS

For 2025, we expect the euro to appreciate slightly against the US dollar and the pound sterling. We expect the Chinese renminbi to remain at a similar level against the euro as in the reporting year. The Brazilian real, the Mexican peso, the South African rand and the Turkish lira are expected to depreciate against the European single currency to varying degrees; the Argentinian peso is expected to depreciate strongly due to the ongoing critical economic situation in Argentina.

We assume that on average the euro will remain flat against the US dollar between 2026 and 2029. We project that the European single currency will be largely stable against the pound sterling, the Chinese renminbi, Brazilian real, and Turkish lira, while the comparative weakness of the Mexican peso and the Argentinian peso will probably continue. However, there is still a general event risk, defined as the risk arising from unforeseeable market developments.

INTEREST RATE TRENDS

Although almost all major western industrialized countries and many emerging markets made their first key interest rate cuts in 2024, further changes in key interest rates in 2025 in the respective countries will depend firstly on further inflation developments and secondly on the scale of a possible economic downturn. Overall, we expect a somewhat lower interest rate level on average in 2025 compared to 2024.

We estimate that, on the whole, interest rates will persist at this level between 2026 and 2029.

COMMODITY PRICE TRENDS

We anticipate prices for almost all raw materials to rise in 2025 given the expected growth of the global economy and the associated demand.

We anticipate continued volatility in the commodity markets at slightly higher prices in some cases for the period from 2026 to 2029.

MODEL INNOVATIONS IN 2025

The Volkswagen Passenger Cars brand will be updating the T-Roc in 2025 with a refreshed interior and exterior design and new technology.

Škoda, which is celebrating its 130th anniversary this year, will launch its new Modern Solid model of the battery-electric Enyaq. Sporty RS models will complement the battery-electric Enyaq and Elroq SUV series. In the Indian market, the Kylaq will round off the range of vehicles developed and produced locally.

CUPRA will be updating and improving its product range, such as by adding new product features, new drivetrains, and limited editions.

SEAT will be refreshing the Ibiza and the Arona with new design elements and technological updates.

The new transporter from the Volkswagen Commercial Vehicles brand will be launched in 2025 with additional derivatives and drive systems, also including an electric drive system for the first time.

Audi will be expanding its electric model portfolio in 2025 with the market launch of the A6 e-tron and the sporty Q6 Sportback e-tron. Updated versions of several model lines are also scheduled for 2025, including the new A6 family and the third generation of the Q3.

Porsche will expand its product range in the course of 2025 by adding further exclusive, highly emotive derivatives including the 911 Carrera and Taycan GTS.

Bentley will be launching new versions of its Continental GT and Flying Spur models, which have already been overhauled.

Lamborghini completed the hybridization of its product range in 2024, presenting the Urus SE and the new Temerario. Both vehicles will hit dealerships in 2025; all Lamborghini models available on the market will then be fitted with a hybrid drive.

The TRATON GROUP will continue to advance e-mobility and autonomous driving.

Scania will deploy its first self-driving trucks in a mine in Australia at the end of 2025.

In addition to battery-electric vehicles, MAN will bring out efficient products equipped with the group-wide 13-liter powertrain in 2025.

International (formerly Navistar) will also push the use of the 13-liter powertrain throughout a broad product portfolio.

Volkswagen Truck & Bus will bring its e-Delivery model to additional markets and deliver the first *e-Volksbus* vehicles to customers.

Ducati will be launching the new Panigale V4, Multistrada V2 and Multistrada V4. The new 890cc V2 engine will be making its debut in the Streetfighter V2 and Panigale V2.

FUTURE ORGANIZATIONAL STRUCTURE OF THE GROUP

In line with the objective of making the Volkswagen Group more efficient and agile, we are streamlining the structure of our internal financial management and reporting, which is also described in our segment reporting pursuant to IFRS 8. Accordingly, as of January 1, 2025, the three reportable segments are: Passenger Cars and Light Commercial Vehicles, Commercial Vehicles, and Financial Services. Information on other business activities and segments which are not subject to reporting requirement will be summarized under "Other Operating Companies" in the segment reporting from January 1, 2025. This primarily includes the large-bore diesel engines, turbomachinery and propulsion components business of MAN Energy Solutions, which was previously reported as the Power Engineering segment. Due to the sale and relinquishment of the business activities which was completed in the meantime, the segment is no longer reported separately for reasons of materiality. The reconciliation of segment reporting includes the consolidation adjustments between the segments, unallocated Group financing activities, and the holding company function. It no longer includes other operating companies, which by definition do not constitute segments. These companies are reported under "Other Operating Companies".

In line with this logic, the Volkswagen Group's financial reporting will be divided into the Automotive and Financial Services divisions as well as consolidation adjustments between the divisions from January 1, 2025. The Automotive division will no longer be broken down into the Passenger Cars, Commercial Vehicles and Power Engineering business areas, but will be presented as in the segment reporting going forward. It primarily comprises the Passenger Cars and Light Commercial Vehicles, and Commercial Vehicles segments, but no longer includes the consolidation adjustments between divisions. The Financial Services Division corresponds to the Financial Services segment.

The following table shows the forecast-relevant key figures after the financial reporting structure adjustment.

CORE PERFORMANCE INDICATORS ACCORDING TO OUR NEW REPORTING STRUCTURE

	Actual 2024
Deliveries to customers (units)	9.0 million
Volkswagen Group	
Sales revenue	€324.7 billion
Operating return on sales	5.9%
Operating result	€19.1 billion
Passenger Cars and Light Commercial Vehicles segment	
Sales revenue	€241.5 billion
Operating return on sales	5.7%
Operating result	€13.7 billion
Commercial Vehicles segment	
Sales revenue	€46.2 billion
Operating return on sales	9.1%
Operating result	€4.2 billion
Financial Services Division	
Sales revenue	€58.8 billion
Operating result	€3.1 billion
Automotive investment ratio[1]	13.0%
Net cash flow in the Automotive Division[1]	€5.2 billion
Net liquidity in the Automotive Division[1]	€34.4 billion

1 Automotive division without consolidation adjustments between the Group divisions according to reporting from January 1, 2025.

INVESTMENT AND FINANCIAL PLANNING

To meet people's needs for individual, sustainable, fully connected mobility and thus increase the Volkswagen Group's future viability, we continue to mobilize our strengths in innovation and technology and push Volkswagen's transformation towards becoming a global automotive tech driver. We intend to unleash our full business potential through efficient portfolio management and by leveraging synergies within the Group.

In our current planning for 2025, most of the capex (investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs) will be spent on the production of electric vehicles as well as on associated battery technologies, and electric toolkits and platforms as key components of the transformation within the mobility industry. Examples include the all-electric platform for our volume brands – the Modular Electric Drive Toolkit (MEB) and the Premium Platform Electric (PPE) for our vehicles in the premium and sports segment. Furthermore, we are currently concentrating our energies on designing the Scalable Systems Platform (SSP), the successor platform for our future all-electric vehicles. The strategic goals of this SSP platform are to further reduce variance by consistently enhancing synergies and thus tapping into considerable savings potential. Other focus areas of our capex are the digitalization of our products and sites, measures to cut carbon emissions, the promotion of sustainable production processes, and the expansion of our presence in markets such as North America (with the Scout brand) and China, where we will likewise step up our activities at local level.

Besides capex, investing activities also cover additions to capitalized development costs. Like capex, they reflect, among other things, upfront expenditures in connection with updating and electrifying the model range as well as for digitalization and technologies of the future. Additionally included are expenditures for the software architectures of the future, with a synergistic approach for use within the Group.

Through these investments in our facilities and models, as well as in the development of electrified drives, platforms and in digitalization, we are laying the foundation for profitable, sustainable growth at Volkswagen with a view to safeguarding our future viability. These investments also include commitments arising from decisions taken in previous fiscal years. In the Automotive Division, we are expecting an investment ratio of between 12% and 13% in 2025.

We aim to finance the investments in our Automotive Division from our own capital resources and expect cash flows from operating activities to exceed the Automotive Division's investment requirements. We expect net cash flow for 2025 to be between €2 and €5 billion. This includes cash outflows for investments for the future as well as for restructuring measures. Net liquidity in the Automotive Division in 2025 is expected to be between €34 billion and €37 billion.

These plans are based on the Volkswagen Group's current structures.

Our equity-accounted joint ventures in China are not included in the figures above. For 2025, these joint ventures plan to invest in e-mobility, further optimization of the model portfolio, the development of new mobility solutions and digitalization (especially in software). Their capex will probably exceed the 2024 level and be financed from the companies' own funds.

In the Financial Services Division, we are planning lower investment in 2025 than in the previous year. We expect the development of lease assets and of receivables from leasing, customer and dealer financing to lead to funds tied up in working capital, of which around half will be financed from the gross cash flow. As is common in the sector, the remaining funding requirements will be met primarily through unsecured bonds on the money and capital markets, the issuing of asset-backed securities, customer deposits from the direct banking business, and through the use of international credit lines.

SUMMARY OF EXPECTED DEVELOPMENTS

Our planning is based on the assumption that global economic output will grow overall in 2025 at a slightly slower pace than in 2024. Declining inflation in major economic regions and the resulting easing of monetary policy are expected to boost consumer demand. We continue to believe that risks will arise from increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine conflict, the confrontations in the Middle East, and deepening uncertainties regarding the political orientation of the USA. We assume that both the advanced economies and the emerging markets will record somewhat weaker momentum on average than that of the reporting year.

The trend in the automotive industry closely follows global economic developments. We assume that competition in the international automotive markets will intensify further. Crisis-related disruption to the global supply chain and the resulting impact on vehicle availability may weigh on the volume of new registrations. Moreover, sudden new or intensified geopolitical tension and conflicts could lead to rising prices for materials and declining availability of energy.

We predict that trends in the markets for passenger cars in the individual regions will be mixed but predominantly positive in 2025. Overall, the global volume of new car sales is expected to be slightly higher than the prior-year level. For 2025, we anticipate that the volume of new passenger car registrations in Western Europe will be noticeably higher than that recorded in the reporting year. In the German passenger car market, we expect the volume of new registrations in 2025 to be slightly up on the prior-year level. Sales of passenger cars in 2025 are expected to strongly exceed the prior-year figures overall in markets in Central and Eastern Europe – subject to the further development of the Russia-Ukraine conflict. The sales volume in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America overall and in the United States in 2025 is forecast to be similar to the level seen in the previous year. We anticipate a noticeable increase overall in new registrations in the South American markets in 2025 compared with the previous year. The passenger car markets in the Asia-Pacific region in 2025 are expected to be similar to the previous year.

Trends in the markets for light commercial vehicles in the individual regions will be mixed; on the whole, we expect the sales volume for 2025 to be similar to the previous year’s figure.

For 2025, we expect that new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes will be down noticeably on the previous year in the markets that are relevant for the Volkswagen Group, with variations from region to region. A noticeable year-on-year increase in demand is anticipated for 2025 in the bus markets relevant for the Volkswagen Group, whereby this will vary depending on the region.

We assume that automotive financial services will prove highly important to global vehicle sales in 2025 in synergy with the development of the vehicle markets.

In a challenging market environment, we anticipate that the number of deliveries to customers of the Volkswagen Group will be similar to the previous year.

Challenges will arise in particular from an environment of political uncertainty, expanding trade restrictions and geopolitical tensions, the increasing intensity of competition, volatile commodity, energy and foreign exchange markets, and more stringent emissions-related requirements.

We expect the sales revenue of the Volkswagen Group and the Passenger Cars and Light Commercial Vehicles segment to exceed the previous year's figure by up to 5% in 2025. The operating return on sales is projected to be between 5.5% and 6.5% for the Group and between 6% and 7% for the Passenger Cars and Light Commercial Vehicles segment. For the Commercial Vehicles segment, we anticipate an operating return on sales of 7.5% to 8.5% amid sales revenue on a level with the previous year. For the Financial Services Division, we forecast an increase of up to 5% in sales revenue compared with the prior year and an operating result in the range of €4.0 billion.

In the Automotive Division, we are assuming an investment ratio of between 12% and 13% in 2025. We expect net cash flow for 2025 to be between €2 billion and €5 billion. This includes cash outflows for investments for the future as well as for restructuring measures. Net liquidity in the Automotive Division in 2025 is expected to be between €34 billion and €37 billion. Our goal remains unchanged, namely, to continue with our robust financing and liquidity policy.

Report on Risks and Opportunities

(CONTAINS THE REPORT IN ACCORDANCE WITH SECTION 289(4) OF THE HGB)

Promptly identifying the risks and opportunities arising from our business activities and taking a forward-looking approach to managing them is crucial to our Company's long-term success. A comprehensive risk management system and an internal control system help the Volkswagen Group deal with risks in a responsible manner.

In this section, we first explain the objective and structure of the Volkswagen Group's Risk Management System (RMS) and the standardized Internal Control System (ICS) and describe these systems, also with regard to the financial reporting process. We then outline the main risks and opportunities arising in our business activities.

OBJECTIVE OF THE RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM

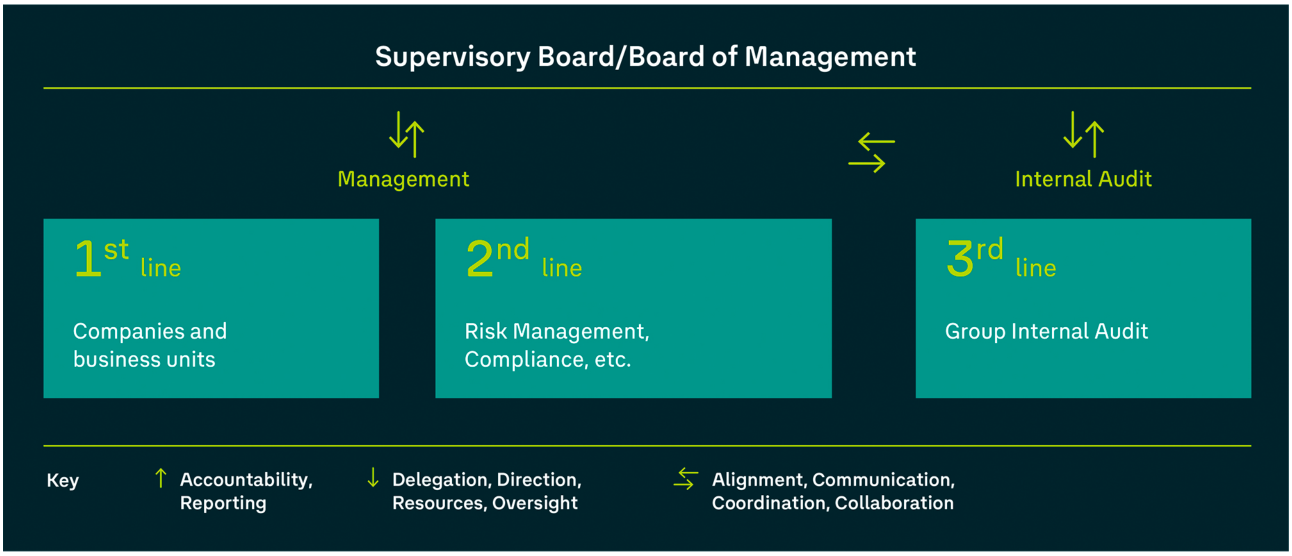
Only by promptly identifying, accurately assessing and effectively and efficiently managing the risks and opportunities arising from our business activities can we ensure the Volkswagen Group's long-term success. The aim of the standardized RMS and the ICS is to identify potential risks at an early stage so that suitable countermeasures can be taken to avert the threat of loss to the Company, and any risks that might jeopardize its continued existence can be ruled out.

Assessing the likelihood of occurrence and extent of future events and developments is, by its nature, subject to uncertainty. We are therefore aware that even the best RMS cannot foresee all potential risks and even the best ICS can never completely prevent irregular acts.

STRUCTURE OF THE RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM

The organizational design of the Volkswagen Group's RMS and ICS is based on the internationally recognized COSO framework for enterprise risk management (COSO: Committee of Sponsoring Organizations of the Treadway Commission). The purpose of structuring the RMS/ICS in accordance with the COSO framework for enterprise risk management is so that potential risk areas are covered in full. Uniform Group principles are used as the basis for managing risks in a standardized manner. Opportunities are not recorded in the RMS processes.

THE VOLKSWAGEN THREE LINES MODEL



Another key element of the RMS and ICS at Volkswagen is the Three Lines Model, which is required by, among other bodies, the European Confederation of Institutes of Internal Auditing (ECIIA). In line with this model, the Volkswagen Group's RMS and ICS have three lines designed to protect the Company from significant risks occurring.

The minimum requirements for the RMS and ICS, including the Three Lines Model, are set out in guidelines for the entire Group and are regularly reviewed and refined. In addition, regular training is offered on the RMS and ICS.

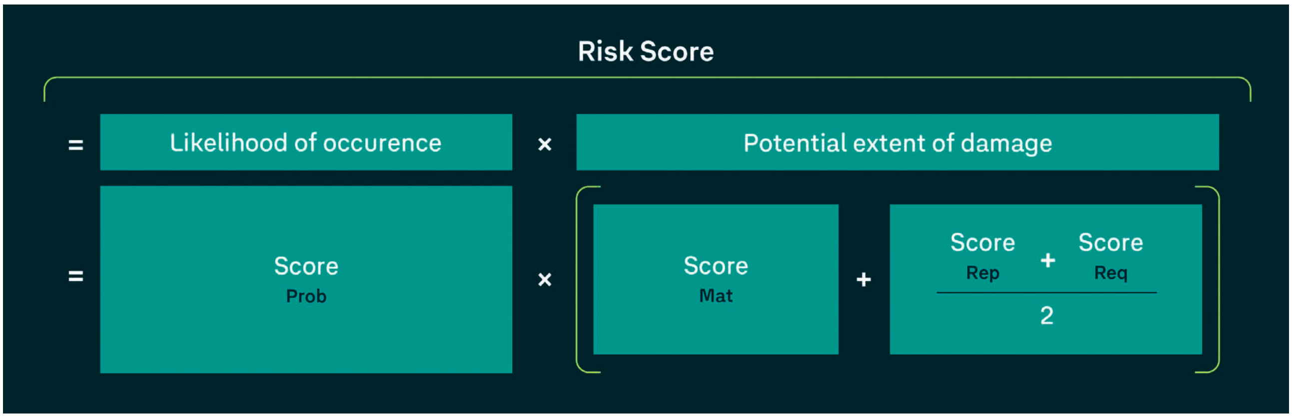
A separate Group Board of Management Committee for Risk Management deals with the key aspects of the RMS and ICS every quarter. Its tasks are as follows:

> to further increase transparency in relation to significant risks to the Group and their management,
> to discuss specific issues where these constitute a significant risk to the Group,
> to make recommendations on the further development of the RMS and ICS,
> to support the open approach to dealing with risks and promote an open risk culture.

First line: Operational risk management and ICS

The first line comprises the operational risk management and internal control systems at the individual Group companies and business units. The RMS and ICS are integral parts of the Volkswagen Group's structure and workflows. Events that may give rise to risk are identified and assessed locally in the divisions and at the Group companies. Countermeasures are introduced, the remaining potential impact is assessed, and, if necessary, the information incorporated into the planning in a timely manner. Material risks are reported to the relevant committees on an ad hoc basis. The results of the operational risk management process are incorporated into planning and financial control on an ongoing basis. The targets agreed in the planning rounds are therefore continually reviewed in revolving planning updates. At the same time, the results of risk mitigation measures are promptly incorporated into the regular forecasts regarding further business development. This means that the Board of Management also has access to an overall picture of the current risk situation via the documented reporting channels during the year.

CALCULATION OF THE RISK SCORE



Second line: Group Risk Management and ICS

Each quarter, in addition to the ongoing operational risk management, the Group Risk Management department sends standardized surveys regarding the risk situation and the implementation of countermeasures – through the quarterly risk process (QRP) – to all Group brands and significant Group companies. The risks are identified and approved in a multiple-party verification process and then checked for plausibility by Group Risk Management.

A score is calculated for each risk by multiplying the likelihood of occurrence (Prob) by the potential extent of the damage. This enables comparison of the risks. The potential extent of the damage is calculated from the criteria of financial loss (Mat) and reputational damage (Rep) and the potential threat to adherence to external legal requirements (Req). A score between 0 and 10 is assigned to each of these criteria. The measures taken to manage and control risk are taken into account in the risk assessment (net perspective).

The score for a likelihood of occurrence of more than 50% in the analysis period is classified as high; for a medium classification, the likelihood of occurrence is at least 25%. For the criterion of financial loss, the score rises in line with the loss; the highest score of 10 is reached when the potential loss is upwards of €1 billion. The criterion of reputational damage can have characteristics ranging from local erosion of confidence and loss of trust at local level to loss of reputation at regional or international level. The potential threat to adherence to external legal requirements is classified based on the potential impact on the local company, the brand or the Group.

In addition to strategic, operational and reporting risks, risks arising from potential compliance violations (compliance risks) and from sustainability issues (ESG) are also integrated into this process.

Volkswagen Financial Services AG and Volkswagen Financial Services Overseas AG have implemented their own RMS and ICS processes and regularly report to Group Risk Management.

To review the Volkswagen Group's risk-bearing capacity, Group Risk Management uses the risk reports for a regular comparison of the aggregated risk situation and risk-bearing capacity. A simulation is used to check whether individual risks might become a going-concern risk if they are aggregated. There were no indications of insufficient risk-bearing capacity at the Volkswagen Group in the 2024 fiscal year.

Risk reporting to the committees of Volkswagen AG depends on materiality thresholds. Risks with a risk score of 40 or more or potential financial loss of €1 billion or more are presented quarterly to the Board of Management and the Audit Committee of the Supervisory Board of Volkswagen AG. In addition, the reporting includes all risks from the QRP with a risk score of 20 or more.

In addition, significant changes to the risk situation that can arise in the short term, for instance from unexpected external events, are reported to the Board of Management as required. This is necessary if the risk may lead to potential financial loss of €1 billion or more and the likelihood of occurrence is estimated at greater than 50% in the next 24 months.

In recent years, a standardized ICS to better protect against process risks has also been developed and put in place in significant companies. A risk-driven review of the companies to be included in the standardized ICS is performed annually. The ICS thereby goes significantly beyond the requirements for the accounting-related ICS. In 26 catalogs of controls, the Group companies within its scope are presented with requirements in respect of the process risks and control objectives to be covered in order to protect the value chain in a standardized manner.

In addition to financial reporting issues, they address matters such as process risks in development or production, as well as in the areas of compliance and sustainability. The catalogs of controls are checked at regular intervals to verify that they are up to date and are regularly expanded.

Key controls to cover process risks and control objectives are also tested for their effectiveness; any significant weaknesses identified are reported to the responsible bodies at Volkswagen AG and resolved in the departments.

Like the QRP, the standardized ICS is supported by the RiskRadar IT system.

We regularly optimize the RMS and ICS as part of our continuous monitoring and improvement processes. In the process, we give equal consideration to both internal and external requirements. In addition to the RMS and the ICS, our Compliance Management System (CMS) is also subject to these control and adjustment mechanisms. External experts assist in the continuous enhancement of our RMS, ICS and CMS on a case-by-case basis.

Third line: Review by Group Internal Audit

Group Internal Audit helps the Board of Management to monitor the various divisions and corporate units within the Group. It regularly checks the risk early warning system and the structure and implementation of the RMS, ICS and CMS as part of its independent audit procedures. The audit plan adopted by the Board of Management includes the first and second lines, i.e. the risk-mitigating functions in addition to the operational units.

RISK EARLY WARNING SYSTEM

The requirements for a risk early warning system are met by means of the RMS and ICS elements described above (first and second line). The Company’s risk situation is ascertained, assessed and documented and therefore also complies with legal requirements. Independently of this, the external auditors check both the processes and procedures implemented in this respect and the adequacy of the documentation on an annual basis. The plausibility and adequacy of the risk reports are examined via spot checks in detailed interviews with the divisions and companies concerned. The auditor examines the risk early warning system integrated in the risk management system with respect to its fundamental suitability to being able to identify risks that might jeopardize the Company's continued existence at an early stage and assesses the functionality of the risk early warning and monitoring system in accordance with section 317(4) of the HGB.

In addition, scheduled examinations as part of the audit of the annual financial statements are conducted at companies in the Financial Services Division. Volkswagen Financial Services AG as a financial holding company is subject to supervision by the European Central Bank, while Volkswagen Versicherung AG as an insurance undertaking is subject to supervision by the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – the German Federal Financial Supervisory Authority). As part of the scheduled supervisory process and unscheduled audits, the competent supervisory authority assesses whether the requirements, strategies, processes and mechanisms ensure solid risk management and solid risk cover. Furthermore, the *Prüfungsverband deutscher Banken* (Auditing Association of German Banks) audits Volkswagen Bank GmbH – as part of Volkswagen Financial Services AG – from time to time.

Volkswagen Financial Services Overseas AG operates a risk early warning and management system. Its aim is to ensure that the locally applicable regulatory requirements are adhered to and at the same time to enable appropriate and effective risk management at Group level. Important components of it are regularly reviewed as part of the audit of the annual financial statements.

MONITORING THE EFFECTIVENESS OF THE RISK MANAGEMENT SYSTEM AND THE INTERNAL CONTROL SYSTEM

Reporting to the Board of Management and Supervisory Board of Volkswagen AG includes the results of the continuous monitoring and improvement of the RMS and ICS along with the evaluation of the Company-wide risk situation based on the QRP and the presentation of the results of the internal control process based on the standardized ICS and downstream control systems at individual brands.

On this basis, an overall conclusion is reached once a year on the adequacy and effectiveness of the Volkswagen Group's RMS and ICS at a Volkswagen AG Board of Management meeting. The Board of Management has received no information to indicate that our RMS or ICS as a whole were inadequate or ineffective in fiscal year 2024. Furthermore, the Board of Management of Volkswagen AG receives regular status updates on the CMS and the topics within the remit of the Group Integrity & Compliance organization – prevention of corruption, money laundering, embezzlement and breach of trust. Here, too, the Board of Management has received no information to indicate that our CMS as a whole was inadequate or ineffective.

Nevertheless, there are inherent limits to the effectiveness of any risk management, compliance management and internal control system. Even a system judged to be adequate and effective cannot, for example, ensure that all actually materializing risks will be identified in advance or that any process disruptions will be ruled out under all circumstances.

THE RISK MANAGEMENT AND INTEGRATED INTERNAL CONTROL SYSTEM IN THE CONTEXT OF THE FINANCIAL REPORTING PROCESS

The accounting-related part of the RMS and ICS that is relevant for the financial statements of Volkswagen AG and the Volkswagen Group as well as its subsidiaries comprises measures intended to ensure that the information required for the preparation of the financial statements of Volkswagen AG, the consolidated financial statements and the combined management report of the Volkswagen Group and Volkswagen AG is complete, accurate and transmitted in a timely manner. These measures are designed to minimize the risk of material misstatement in the accounts and in external reporting.

Main features of the Risk Management and integrated Internal Control System in the context of the financial reporting process

The Volkswagen Group's accounting is essentially organized along decentralized lines. For the most part, accounting duties are performed by the consolidated companies themselves or entrusted to the Group's shared service centers. In principle, the financial statements of Volkswagen AG and its subsidiaries prepared in accordance with the IFRSs and the Volkswagen IFRS Accounting Manual are transmitted to the Group in encrypted form. A standard market product is used for encryption.

The aim of the Volkswagen IFRS Accounting Manual, which has been prepared taking into consideration external expert opinions, is to ensure the application and assessment of uniform accounting policies based on the requirements applicable to the parent. In particular, it includes more detailed guidance on the application of legal requirements and industry-specific issues. Components of the Group companies' reporting packages that are necessary to prepare the consolidated financial statements are also set out in detail there, and requirements have been established for the presentation and settlement of intragroup transactions and the balance reconciliation process that is based on these.

Control activities at Group level include analyzing and, if necessary, adjusting the data reported in the financial statements presented by the subsidiaries, taking into account the reports submitted by the auditors and the outcome of the meetings on the financial statements with representatives of the individual companies. These discussions address both the plausibility of the separate financial statements and specific significant issues at the subsidiaries. Alongside plausibility checks, other control mechanisms applied during the preparation of the separate and consolidated financial statements of Volkswagen AG include the clear delineation of areas of responsibility and the application of the "four eyes" principle.

The effectiveness of the internal control system in the context of the accounting process is systematically assessed in significant companies as part of the standardized ICS. This begins with a risk analysis and definition of controls with the aim of identifying significant risks for the financial reporting process. Regular tests based on samples are performed to evaluate the effectiveness of the controls. These form the basis for a self-evaluation of whether the controls are appropriately designed and effective.

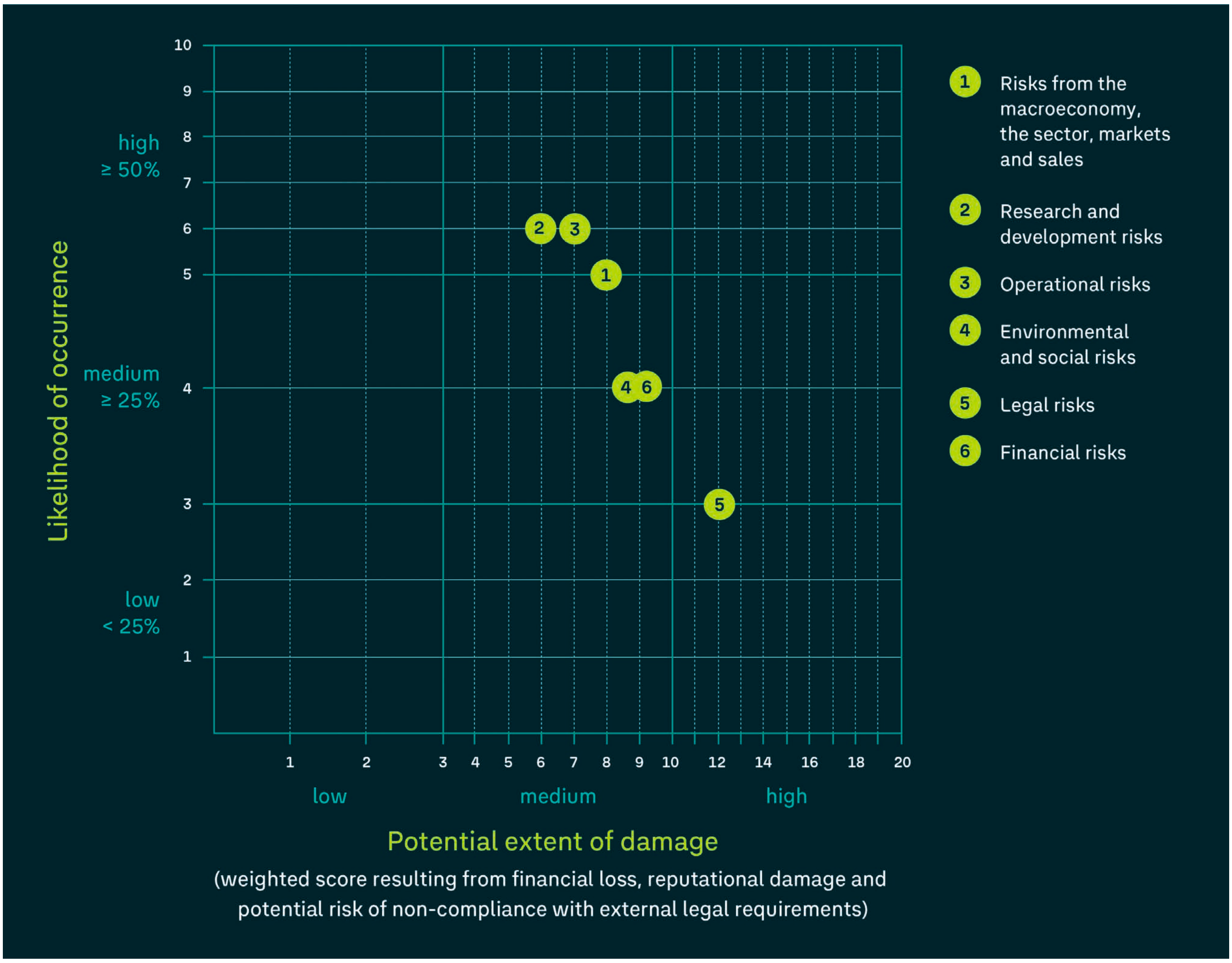
The combined management report of the Volkswagen Group and Volkswagen AG is prepared – in accordance with the applicable requirements and regulations – centrally but with the involvement of and in consultation with the Group units and companies. Specific systems are used for data collection in the Group departments.

In addition, the accounting-related internal control system is independently reviewed by Group Internal Audit in Germany and abroad.

Integrated consolidation and planning system

The Financial Accounting Controlling Tax System (FACTS) rolled out in the reporting year enables the Volkswagen Group to consolidate and analyze both Financial Reporting's backward-looking data and Controlling's forward-looking data. FACTS offers centralized master data management, uniform reporting, an authorization concept and the required flexibility with regard to changes to the legal environment, providing a technical platform that benefits Group Financial Reporting and Group Controlling in equal measure. To verify data consistency, FACTS has a multi-level validation system that primarily checks content plausibility between the balance sheet, the income statement and the notes.

AVERAGE SCORES OF THE RISK CATEGORIES



RISKS AND OPPORTUNITIES

In this section, we outline the main risks and opportunities arising in our business activities. In order to provide a better overview, we have grouped the risks and opportunities into categories. At the beginning of each risk category, we state the most significant risks in order of their importance as identified using the risk score from the QRP. We then describe the individual risks in no particular order. These individual risks, which are listed over and above the QRP, are generally inherent in nature and do not reach the materiality thresholds previously described. Unless explicitly mentioned, there were no material changes to the specific risks and opportunities compared with the previous year even though the weighting of individual risks has changed.

The assessment of the Volkswagen Group's risk categories and the reports to the Board of Management incorporate all risks with a risk score of 20 or more reported to the Group Risk Management department by the units included in the QRP. The risk categories are plotted based on the average scores. No risks with such scores were reported for the "Risks from mergers & acquisitions and/or other strategic partnerships/investments" risk category.

We use analyses of the competition and the competitive environment in addition to market studies to identify not only risks but also opportunities that have a positive impact on the design of our products, the efficiency with which they are produced, their success in the market and our cost structure. Where they can be assessed, risks and opportunities that we expect to occur are already reflected in our medium-term planning and our forecast.

Below, we therefore report on internal and external developments as risks and opportunities that, based on existing information, may result in a negative or positive deviation from our forecast or targets.

Risks and opportunities from the macroeconomy, the sector, markets and sales

For this risk category, the likelihood of occurrence is classified as high (previous year: high) and the potential extent of damage is classified as medium (previous year: medium).

The most significant risks from the QRP arise from a negative influence on markets and unit sales driven among other factors by trade restrictions, increasing protectionist tendencies and intensifying competition.

Macroeconomic risks and opportunities

We believe risks that could prevent or slow positive growth in global economic output arise primarily from a further escalation of the Russia-Ukraine conflict, the confrontations in the Middle East, turbulence in the financial, energy and other commodity markets, and supply shortages in connection with imbalances between supply and demand. These risks also arise from slowing globalization and growing fragmentation of the global economy, as well as from increasing geopolitical and geoeconomic tensions and conflicts. Political uncertainty (due among other things to shifts in the direction of political agendas), protectionist measures (for example resulting from trade tensions between the US and China and other trade partners such as the EU and Mexico) and structural deficits are other major risk factors that pose a threat to the performance of individual advanced economies, emerging markets and other regions. In addition, there are increasing environmental challenges that affect individual countries and regions to varying degrees. The change in the direction of monetary policy measures that can be seen around the world, the associated expectations of declining inflation and the continued relatively high interest rate level in many western economies also harbor risks for the macroeconomic environment. High levels of debt in the private and public sector in individual economies are clouding the outlook for growth and may likewise cause markets to respond negatively. Demographic change may also inhibit growth. A decline in growth in key countries and regions often has a direct impact on the state of the global economy and therefore poses a central risk.

The economic development of some emerging economies is being hampered primarily by reliance on energy and commodity prices and by capital inflows, but also by socio-political tensions. In addition, risks can arise from corruption, ineffective government structures and a lack of legal certainty.

In light of the existing, strong global interdependencies, local developments could also have adverse effects on the world economy. Further escalation of the conflicts in the Middle East, in Africa, and particularly of the conflict between Russia and Ukraine, for example, could cause upheaval in the global energy and other commodity markets and exacerbate migration trends. An aggravation of the situation in East Asia could also put a strain on the global economy. The same applies to violent conflicts, terrorist activities, cyberattacks and the spread of infectious diseases, which may suddenly result in unexpected market reactions.

Overall, we expect the global economy to grow in 2025 at a slightly slower pace than in 2024. However, due to the risk factors mentioned, as well as cyclical and structural aspects, a slump in global economic growth or a period of below-average growth rates is also possible.

The macroeconomic environment may also give rise to opportunities for the Volkswagen Group if actual developments turn out to be more positive than expected.

Sector-specific risks and market opportunities/potential

Western Europe, Germany in particular, and China are our main sales markets. A drop in demand in these regions due to the economic climate would have a particularly strong impact on the Company's earnings including financial services. We counter this risk with a clear, customer-oriented, innovative and synergistic product and pricing policy as well as a strong dealer network. To diversify our main sales markets, we are pursuing a long-term growth strategy in the USA.

Outside the current main sales markets, delivery volumes are spread widely across the key regions: Central and Eastern Europe, North America and South America. In addition, we either already have a strong presence in numerous existing and developing markets or are working systematically towards this goal. Particularly in smaller markets with growth potential, we are increasing our presence with the help of strategic partnerships in order to cater to local requirements.

The markets of Central and Eastern Europe, the Americas and Asia are particularly important to the Volkswagen Group. These markets harbor considerable potential; however, the underlying conditions in some countries in these regions make it difficult to increase unit sales figures there. Examples of these are customs regulations regarding the proportion of local production and minimum requirements for homologation and vehicle registrations, import restrictions in the form of potential bans on the use of specific foreign components and software solutions as well as various other trade barriers such as those looming in the United States. At the same time, wherever the economic and regulatory situation allows, there are opportunities above and beyond current projections. These arise from faster growth in the emerging markets where vehicle densities are currently still low.

Price pressure in established automotive markets for new and used vehicles as a result of high market saturation is a further risk for the Volkswagen Group as a supplier of volume and premium models. Competitive pressures are also likely to remain high in the future. Individual manufacturers may respond by offering incentives in order to meet their sales targets, putting the entire sector under additional pressure.

There is a risk that excess capacity in global automotive production may lead to a rise in inventories and therefore an increase in tied-up capital. With a decline in demand for vehicles and genuine parts, automotive manufacturers may adjust their capacities or intensify measures to promote sales. This would lead to additional costs and greater price pressure.

Supply chain disruptions could give rise to the risk of underutilization of capacity in global automobile production, meaning that existing demand might not be met in some instances and drift away.

Pent-up demand from times of crisis in individual established markets could result in a significant recovery if the economic environment recovers more quickly than expected.

In Europe, there is a risk that, in addition to fleet emissions and fuel consumption targets, more and more municipalities and cities will impose a driving ban on vehicles with combustion engines in order to ensure compliance with emission limits. China imposed a so-called "new energy vehicle quota" in 2019, according to which battery-electric vehicles, plug-in hybrids, or fuel cell vehicles must account for a certain proportion of a manufacturer's new passenger car fleet. In the United States, California has been imposing a regulation for several years now, which other US states are following. This regulation subjects manufacturers to increasingly strict legal requirements for the sale of zero-emission vehicles from year to year. To ensure compliance with emissions standards, we continuously tailor our range of vehicle model and engine variants to the conditions in the relevant markets. These requirements may lead to higher costs and consequently to price increases and declines in demand and volumes.

Economic performance may vary from region to region. The resulting risks for our trading and sales companies, such as in relation to efficient inventory management and a profitable dealer network, are substantial and are being responded to with appropriate measures on their part. However, financing business activities through bank loans remains difficult. Our financial services companies offer dealers financing with attractive terms with the aim of strengthening their business models and reducing operational risk. We have implemented a comprehensive liquidity risk management system to enable us to promptly counteract any dealership liquidity bottlenecks that could hinder smooth business operations.

We continue to approve loans for vehicle financing on the basis of the same cautious principles applied in the past, for example by taking into account the regulatory requirements of section 25a(1) of the *Kreditwesengesetz* (KWG – German Banking Act); in particular, this counteracts the risk of loan defaults.

Volkswagen maintains a selective distribution system. Within the European Union, dealers and service partners are selected – where permissible – by using qualitative and quantitative-qualitative criteria in accordance with the provisions of EU Regulations 461/2010 and 720/2022. The previously relevant EU Regulation 330/2010 was revised by the European Commission and replaced by the new, successor EU Regulation 720/2022, which entered into force on June 1, 2022. As things stand at present, this revised EU regulation does not require any changes to be made to the current distribution system of Volkswagen AG. However, Volkswagen AG is still required to observe the market situation and, if its market share ends up exceeding 40%, to review the quantitative-qualitative distribution system and adjust it as required.

On April 17, 2023, with its Regulation (EU) 2023/822, the European Commission extended the block exemption for the vehicle sector (MVBER – Regulation (EU) 461/2010) by another five years. The block exemption would have technically expired on May 31, 2023. However, in view of the aforementioned extension, the European Commission also issued Communication (EU) C/2023/2335 amending the "Supplementary guidelines on vertical restraints in agreements for the sale and repair of motor vehicles and for the distribution of spare parts for motor vehicles" that accompany Regulation (EU) No 461/2010 to allow for the environmental and digital transformation taking place in the vehicle sector. In the updated guidelines, the European Commission no longer focuses solely on "technical information", but refers in general terms only to "input", which, in addition to technical information, will in future include tools, training and vehicle-generated data. The guidelines also expressly clarify that if vehicle manufacturers unilaterally withhold a particular input, including vehicle-generated data, this may be considered abuse under Article 102 of the TFEU. Parallel to its obligation to provide data, Volkswagen AG is required to fulfill its obligation to comply with cybersecurity requirements. It is not yet possible to predict whether and to what extent Volkswagen AG will be affected by these types of claims from independent operators and what economic impact these claims may have.

Competition law requirements, including the Block Exemption Regulation 461/2010 and EU Regulations 2018/858 and 2021/1244, aim to ensure and promote effective competition in the motor vehicle aftermarket. Volkswagen AG, too, is exposed to this competitive pressure and associated risks with regard to its servicing and maintenance offering.

In Germany, legislation entered into force on December 2, 2020 to restrict or abolish design protection for repair parts through the introduction of a repair clause. The European Commission's legislative procedure to reform EU design law with regard to repair parts has been adopted. A restriction or abolition of design protection for replacement parts, including at European and national level in the EU, could adversely affect the Volkswagen Group's genuine parts business.

The automotive industry is facing a process of transformation with far-reaching changes. Electric drives, connected vehicles and autonomous driving are associated with both opportunities and risks for our vehicle sales, our after-sales business and our dealerships. In particular, more rapidly evolving customer requirements, the swift introduction of legislative initiatives, including in connection with the achievement of climate change mitigation targets, and the market entry of new competitors from outside the industry will require changed products at a faster pace of innovation as well as adjustments to business models and cost structures. There is uncertainty regarding the widespread use of electric vehicles and the necessary availability of the required charging infrastructure.

There is also a risk of global freight deliveries being shifted from trucks to other means of transport, and the resulting drop in demand for Group commercial vehicles.

Below, we present the regions and markets with the greatest growth potential for the Volkswagen Group.

> China
  Demand for vehicles is expected to further increase in the coming years due to the need for individual mobility. This also applies to the fast-growing e-mobility market, which is already dominated by high-volume domestic manufacturers, among others. Furthermore, it is expected that demand will shift from the coastal metropolises to the country's interior and that competitive pressure from local manufacturers will generally increase further. In order to leverage the opportunities offered by this market – especially with regard to e-mobility – and to defend our market position in China over the long term, we are continuously expanding our product range to include models that have been specially developed for this market. We are increasingly entering into partnerships in this growing market to be able to meet the requirements of regional customers as effectively as possible.
> India
  The demand for new vehicles is likely to increase over the coming years in this important future market, partly due to demographic change. The Volkswagen Group has consolidated its activities in India and offers a range of models tailored to customers' needs: the Virtus and Taigun from the Volkswagen Passenger Cars brand and the Škoda Kushaq, Slavia and Kylaq.
> USA
  In the saturated US market, we expect the proportion of light trucks (particularly SUVs and pickups) to further increase slightly in the coming years. In addition, we assume that the electrification of mobility will probably accelerate due to support measures and legally prescribed fleet emission and fuel consumption targets. These factors depend, however, on which administration is in office. In the USA, Volkswagen Group of America is steadfast in its pursuit to become a full-fledged volume supplier and expand its market share. The expansion of local production capacity – including production for electric vehicles since 2022 – will allow the Group to better serve the market in the North America region. We are also working intensively on offering additional products specifically tailored to the US market. By developing and producing a full-size pick-up and a robust SUV, the Volkswagen Group plans to tap into the electric vehicle market with the US brand icon Scout.
> Brazil
  Due to the need for individual mobility, demand for vehicles in Brazil is expected to slightly increase in the coming years, particularly in the low-price, small-vehicle segments. Given existing trade barriers, local production is an important factor in ensuring competitiveness. The growing number of automobile manufacturers with local production has resulted in a sharp increase in price pressure and competition. To strengthen our competitive position in Brazil, we offer vehicles tailored specially to this market that are locally produced, such as the Nivus and the new Polo Track.
> Middle East
  Political and economic uncertainty in the region is increasingly taking its toll on the passenger car markets. In spite of this volatility, the Middle East region offers short-term and long-term growth potential. We aim to leverage the potential for growth with a range of vehicles that has been specifically tailored to this market, without operating our own production facilities there.

Power Engineering

Global economic trends such as digitalization and the increasing interest in emissions-reducing technologies associated with decarbonization will continue. Growing global energy needs call for innovation in the industry and a growing willingness on the part of governments to invest in line with the global climate policy.

The development of the marine market continues to carry risk given the current uncertainty regarding future fuel and emissions regulations. The continuing uncertain geopolitical and macroeconomic situation holds additional risks, but also offers opportunities, for example in the navy and offshore wind energy business.

In turbomachinery, there is the risk that planned projects and orders will be scaled back or postponed due to negative developments in sales markets or individual applications.

These risks are countered by constantly monitoring the markets, focusing on less strongly affected market segments, working closely with all business partners such as customers and licensees, and introducing new and improved technologies.

We are working systematically to leverage market opportunities across the world, for example by positioning ourselves as a solution provider for reduced-CO_2 drive and energy generation technologies such as large-scale heat pumps, storage technologies and hydrogen production or carbon dioxide capture. Moreover, significant potential can be leveraged in the medium term by enhancing our after-sales business through the introduction of new digital products and the expansion of our service network. The requirements for occupational safety, which will continue to increase in the future, the availability of the plants that are already in operation, their efficient operation and the increase in environmental compatibility, together with the large number of engines and plants, will provide the basis for growth. Digital service solutions, for instance for remote plant surveillance, also offer further growth potential.

As part of the capital goods industry, the Power Engineering business is affected by fluctuations in the investment climate. Even minor changes in growth rates or growth forecasts, resulting from geopolitical uncertainties or volatile commodities and foreign exchange markets, for example, carry the risk of significant changes in demand or the cancellation of already existing orders.

The measures we use to counter the substantial economic and extraordinary risks include flexible production concepts and cost flexibility by means of temporary external personnel, working time accounts and *Kurzarbeit* (short-time working), and the necessary structural adjustments.

Sales risks

There is a risk that the Volkswagen Group could experience decreases in demand, possibly exacerbated by media reports or insufficient communication. Consumer demand is shaped not only by real factors such as disposable income, but also by psychological factors that cannot be planned for. For example, households' worries about the future economic situation may lead to unexpected buyer reluctance. This is particularly the case in saturated automotive markets such as Western Europe, where demand could drop as a result of owners holding on to their existing vehicles for longer. Other potential consequences include lower margins in the new and used car businesses and a temporary increase in funds tied up in working capital. We are strategically countering the risk of buyer reluctance with our attractive range of models and our strict customer orientation.

The Volkswagen Group's multibrand strategy may weaken individual Group brands if there are overlaps in customer segments or the product portfolio. This effect may be reinforced by the common-parts strategy. As a result, there could be a risk of internal cannibalization between the Group brands, higher marketing costs, or repositioning expenses. By sharpening the brand identities, we are also taking a strategic approach to minimize these risks.

The fleet customer business continues to be characterized by increasing concentration and internationalization, accompanied by the risk that the loss of individual fleet customers may result in relatively high volume losses.

Viewed over an extended period, the fleet customer business is more stable than the business with retail customers. The Volkswagen Group is well positioned with its broad portfolio of products and drive systems, as well as its target-group-focused customer care, and counteracts a concentration of default risks at individual fleet customers or markets. The consistently high market share in Europe shows that fleet customers still have confidence in the Group.

A combination of buyer reluctance in some markets as a result of the crisis, and increases in some vehicle taxes based on CO_2 emissions – which have already been observed in many European countries – may shift demand towards smaller segments and engines, for example. We counter the risk that such a shift will negatively impact the Volkswagen Group's financial situation by constantly developing new, fuel-efficient vehicles and alternative drive technologies, based on our drivetrain, fuel and mobility strategies.

Automotive markets around the world are exposed to risks from government intervention such as tax increases, which curb private consumption, and from restrictions on trade and protectionist measures in particular – such as those looming in the United States and sanctions. Furthermore, there are future risks from the sale of electrified vehicles if the minimum requirements for local content under free trade agreements cannot be achieved. Sales incentives may lead to shifts in the timing of demand.

Furthermore, government regulations aimed at protecting human rights are putting increased pressure on companies to create greater transparency in their international supply chains. While companies are implementing extensive measures in this regard, there is still a risk that complete transparency cannot be achieved. This may even lead to restrictions on imports of products suspected of being linked to human rights violations – either the products themselves or constituent parts.

Commercial vehicles are capital goods: even minor changes in growth rates or growth forecasts may significantly affect transport requirements and thus demand. The resulting risk of production fluctuations calls for a high degree of flexibility from the manufacturers. Although production volumes are significantly lower, the complexity of the trucks and buses range does in fact significantly exceed the complexity of the passenger cars range. Key factors for commercial vehicle customers are total cost of ownership, vehicle reliability and the service provided. Furthermore, customers are increasingly interested in additional services such as freight optimization and fleet utilization, which we offer in the commercial vehicle segment through the digital brand RIO, for example.

Power Engineering's two-stroke engines are produced exclusively by licensees, particularly in South Korea, China and Japan. Global demand for merchant ships is stable; however, the volatility in new shipbuilding orders poses the risk of declining license revenues. Due to changes in the competitive environment, especially in China, there is also the risk of losing market share.

Other factors

In addition to the risks outlined in the individual risk categories, there are other factors that cannot be predicted and whose repercussions are therefore difficult to control. Should these transpire, they could have an adverse effect on the further development of the Volkswagen Group. In particular, such occurrences include natural disasters, climate-induced extreme weather events, pandemics, violent conflicts, terrorist attacks and disruptions in the energy supply.

Research and development risks

For this risk category, the likelihood of occurrence is classified as high (previous year: high) and the potential extent of damage is classified as medium (previous year: medium).

The most significant risks from the QRP result from the inability to develop products in line with demand and requirements, in particular with regard to e-mobility, software and digitalization.

Risks arising from research and development

The automotive industry is undergoing a fundamental transformation process. For multinational corporations like Volkswagen, this means risks in the areas of customer/market, technological advancements and legislation. One risk posed is the implementation of ever more stringent emission and fuel consumption regulations, such as C6 in China or Euro-7 in Europe from 2025. Test procedures and test cycles (e.g. the Worldwide Harmonized Light Vehicles Test Procedure, WLTP), the continual stringency and expansion thereof to include production vehicles (for example as regards fleet consumption or the monitoring device for fuel/power consumption required by law), as well as compliance with approval processes (homologation) are becoming increasingly complex and time-consuming. The test specifications and homologation procedures also vary greatly from country to country. Statutory documentation requirements (for example regarding data protection or the use of artificial intelligence) are also increasingly weighing on our workflows.

On a national and international level, there are numerous legal requirements regarding the use, handling and storage of substances and mixtures (including restrictions concerning chemicals, heavy metals, biocides, persistent organic pollutants) as well as reporting obligations. There is therefore a risk of non-conformity in the manufacture, procurement and introduction of products such as automobiles or replacement parts.

The economic success and competitiveness of the Volkswagen Group depend on how swiftly we are able to tailor our portfolio of products and services to changing conditions. Given the intensity of competition and the speed of technological development, for example in the fields of digitalization and automated driving, there is a risk of failing to identify relevant trends early enough to respond accordingly.

We use the latest findings from the world of physics and other areas of science to plot our course. In addition, we conduct research such as trend analyses and customer surveys and examine the relevance of the results for our customers. We counter the risk that it may not be possible to develop modules, vehicles, or services – especially in relation to e-mobility, digitalization and software – within the specified time frame, to the required quality standards, or in line with cost specifications, by continuously and systematically monitoring the progress of all projects.

To reduce the risk of patent infringements, we conduct thorough analyses of third-party industrial property rights, increasingly also in relation to communication technologies.

We regularly compare the results of all of these analyses with the respective project targets; in the event of any discrepancies, we introduce appropriate countermeasures. Our end-to-end project organization fosters cooperation across all of the departments involved in the process, ensuring that specific requirements are incorporated into the development process as early as possible and that their implementation is planned in good time.

Risks and opportunities from the modular toolkit strategy

We are continuously expanding our modular toolkits, focusing on future customer requirements, legal requirements and infrastructural requirements.

However, with higher volumes there is a greater risk that supply chain disruption – for example due to parts supply shortages – or quality problems may affect an increasing number of vehicles.

The Modular Transverse Toolkit (MQB) is an extremely flexible vehicle architecture that was created to allow conceptual dimensions – such as the wheelbase, track width, wheel size and seat position – to be harmonized throughout the Group and utilized flexibly. Other dimensions, for example the distance from the pedals to the middle of the front wheels, are always the same, ensuring a uniform system in the front end of the car. Thanks to the resulting synergies, we are able to reduce both development costs and the necessary one-time expenses, as well as manufacturing times. The toolkits also allow us to produce different models from different brands in varying quantities, using the same equipment in a single plant. This means that our capacities can be used with greater flexibility throughout the entire Group, enabling us to achieve efficiency gains.

We have also transferred this principle of standardization with maximum flexibility to the Modular Electric Drive Toolkit (MEB) and Premium Platform Electric (PPE) concepts developed for all-electric drives. The synergies and efficiency gains offered by the modular toolkit strategy are enabling us to bring e-mobility into mass production worldwide with the MEB- and PPE-based vehicles. In future, we aim to reinforce these synergistic effects by combining the MEB and PPE in the Scalable Systems Platform (SSP).

Operational risks and opportunities

For this risk category, the likelihood of occurrence is classified as high (previous year: medium) and the potential extent of damage is classified as medium (previous year: medium).

The most significant risks from the QRP lie particularly in cybersecurity and new regulatory requirements regarding IT, as well as in tight procurement markets and in underutilization of sites.

Risks and opportunities from Procurement and Technology

The transformation of the automotive industry towards e-mobility is resulting in an increased need for financing among suppliers, presenting them with considerable challenges. These are being exacerbated by the current commodity price situation. The supplier risk management department in Procurement at the Volkswagen Group evaluates in particular the financial situation of suppliers, before they are entrusted with the implementation of projects. Procurement takes into account the recommendations of the supplier risk management department.

The risk of supply shortages and disruption to supply continues to exist, particularly in view of the prevailing global geopolitical and macroeconomic situation, natural disasters and the increased frequency of climate-induced extreme weather events. Fires, explosions, or the leakage of substances hazardous to health or the environment may likewise result in supply risks in procurement and heavily impair production. As a consequence, bottlenecks or even outages in production may occur, thus preventing the planned production volumes from being achieved. Early warning systems help to identify supply risks and prevent assembly line stoppages. We keep global and local risks under constant observation so as to be able to respond quickly to effects throughout the entire supply chain.

Supplies of semiconductors stabilized in the reporting year. However, due to rising demand for semiconductors in the automotive industry, fueled for example by autonomous driving and electrification, the renewed occurrence of a further allocation cycle cannot be ruled out completely. For this reason, Volkswagen is monitoring the chip supply situation very closely and has proactively taken measures to mitigate further interruptions to semiconductor supplies.

Supply risks are identified in Procurement at all times by means of early warning systems, and task force and mitigation structures have been created to reduce these risks. In addition, strategic measures are to be taken to avoid future impacts in the long term. Moreover, measures to counteract further risks include comprehensive safety and emergency response concepts such as fire prevention, property protection, hazardous goods management and task forces, and we take out corresponding insurance coverage where this makes economic sense.

The sharp increase in commodity and energy prices resulting from the global economic trends and crises of recent years plus the significant rise in personnel costs is impacting the financial situation of many suppliers. Furthermore, the rapid rise in financing costs combined with more restrictive lending is placing additional burdens on suppliers and limiting their ability to finance new projects and capacity adjustments. This, too, is giving rise to the risk of bottlenecks and disruptions in supplies.

Procurement employees specialized in restructuring and supply reliability constantly monitor the financial situation of our suppliers throughout the world, taking measures designed to counter the risk of possible supply disruptions.

Demand for resources, possible speculations on the market and current trends in the automotive industry, such as the growing share of electrified vehicles, may affect the availability and prices of certain raw materials. Trends in raw materials and demand are continuously analyzed and assessed on an interdisciplinary basis to enable steps to be taken at an early stage in the event of potential bottlenecks.

The risks in battery cell production relate particularly to the rising demand for battery cells, the resulting reliance on suppliers, technological change and battery recycling requirements. Additional risks may arise from long-term ties to cell manufacturers and the direct responsibility of Volkswagen in the supply chain. To counter these risks, the Volkswagen Group maintains multiple strategic supplier relationships while extending the scope of its own activities along the value chain (raw material extraction, cell production) at the same time.

Commodity risks can be partially mitigated through backward integration of the value chain. For example, partnerships and long-term supply agreements with commodity suppliers can be used to ensure the supply of the relevant material while also achieving competitive prices.

Quality problems may necessitate technical intervention involving a substantial financial outlay if the cost cannot be passed on to the supplier or can only be passed on to a limited extent. Assuring quality is of fundamental importance, particularly in the US, Brazilian, Indian and Chinese markets, for which we develop vehicles specific to the country and where local manufacturers and suppliers are established, especially as it may be difficult to predict the impact of regulations or official measures. We constantly analyze the conditions specific to each market and adapt our quality requirements to their individual needs. We counter the local risks we identify by continuously developing measures and implementing them locally, thereby preventing quality defects in the supply chain from arising.

Specialists in Procurement systematically investigate risks resulting from antitrust violations by suppliers and file claims for any losses that may arise.

Risks in the supply chain may also arise from the non-fulfillment of statutory duty of care in respect of human rights and the environment, which might lead, for example, to financial sanctions, to supply shortages in production or to sanctions in sales. The requirements are compared with existing processes with the help of gap analyses, and processes are developed and implemented to fill in any gaps. In order to meet our duty of care in respect of human rights, and to identify, counteract and prevent the associated risks in the value chain, we developed and implemented a responsible supply chain system in 2022. The aim of the system is to avoid and minimize human-rights, social or environmental risks along the Volkswagen Group's supply chain based on a risk analysis. The responsible supply chain system includes elements that build on each other. In addition to the risk analysis there are both standard and deep-dive actions. Standard actions include preventive and reactive measures. Deep-dive actions encompass the human rights focus system, the raw materials due diligence management system and collaboration with external partners to further develop the concept of sustainability in the supply chain.

Production risks

Production risks for the Volkswagen Group arise in particular from the overarching framework, from supply risks, from internal, strategic and operational challenges and from sales risks. Countermeasures and precautions are taken in accordance with the principles of risk management so as to mitigate each of the risks identified.

Risks arising from the overarching framework include in particular potential disruption to our own operating ability or to the supply of inputs crucial for operation that is caused by extreme weather events in the form of flooding and drought, severe storms or similar. These may lead to production stoppages with financial ramifications for the Group. The Group manages these risks by systematically analyzing the impacts of climate change on its production sites and using the findings to develop specific countermeasures for the individual locations and risk type.

Other overarching risks may arise as a result of social and political changes as well as from other failure of critical infrastructure – for example in the form of supply risks. Here the Volkswagen Group reduces its risk by taking measures to lower consumption and by making its use of raw materials more flexible, provided this is economically viable. In addition, we prepare compensatory measures between locations that reduce the economic effects of risks for the Group as a whole. Internally, the transformation from conventional vehicles with combustion engines to electric vehicles is giving rise to production risks. In individual cases, an uneven transition to e-mobility may lead to temporary gaps in capacity utilization. In principle, the international production network enables us to respond flexibly at the sites and adjust capacity utilization between production facilities by means of "turntable concepts". The diversity of our models, the reduced product life cycles and the use of complex processes and technical systems have increased the risk of a delay to the start of production of a vehicle in recent years. We address this risk by drawing on the experience of past production starts and identifying weaknesses at an early stage so as to ensure – to the highest degree possible – that production volumes and quality standards are met during the start of production of our vehicles throughout the Group. At an operational level, machine and system failures pose a risk in production. Our comprehensive preventive maintenance concepts and emergency response concepts can prevent these failures or mitigate their impact.

In unit sales, risks arise from fluctuations in demand as regards volumes and vehicle characteristics. Production risks arising from fluctuations in production volumes affecting vehicle models concern in particular utilization of production capacity. This is planned several years in advance based on long-term sales planning for all vehicle projects. The risk is that market momentum and changes in demand will not be forecast correctly. If forecasts are too optimistic, there is a risk that capacity will not be fully utilized. However, forecasts that are too pessimistic pose a risk of undercapacity, as a result of which it may not be possible to meet customer demand. As a countermeasure, the initial investment can be focused on a certain minimum number of units so that the full planned number of units or a higher number of units can be covered with flexible additional investments. In addition, turntable concepts help us to adjust capacity utilization between production facilities. Flexible working time models allow us to stabilize employee productivity when the number of production units fluctuates. In the event of a further unforeseen and prolonged decline in demand and subsequent excess capacity, there is a risk that restructuring measures or even site closures may become necessary. The availability of buildable orders for production poses another risk to unit sales. Legal changes, for instance in the context of the changeover to the WLTP test procedure or cybersecurity requirements in accordance with the UNECE regulation, may impact production. For one thing, a temporary reduction in the range causes demand to focus on the available variants. For another, gaps in production can occur if model variants have not been approved. In such cases, until official approval is granted, production can be stabilized by producing and temporarily storing vehicles, including customer-specific vehicles. The resulting tied-up capital and the availability of storage areas are limiting factors, however. There is a risk that a backlog will be created due to the slow outflow of built vehicles, which will also limit the number of production units. We counteract this risk by taking specific measures to speed up the process up to the end customer and through early contractual commitment of transport capacity.

Risks arising from long-term production

In the case of large projects within the Power Engineering Business Area, risks may arise that are often only identified over the course of the project. They may result in particular from contract design errors, inaccurate or incomplete information used in costing, post-contract changes in the economic and technical environment, weaknesses in project management, quality defects and unnoticed product malfunctions, faults during product emergence, or poor performance by subcontractors. Most notably, omissions at the start of a project, overshooting of the development budget or timeframe, and legislative changes are usually difficult to correct or compensate for and often entail substantial additional expenses. Although the supply situation has now returned to normal levels, there is still high volatility due to geopolitical variability and the increased frequency of natural disasters. There is a greater likelihood of events suddenly occurring that could have a detrimental impact on production costs and revenue recognition.

The aim is to identify these risks at an early stage and to take appropriate measures to eliminate or minimize them in advance, particularly during the bidding and planning phase of large upcoming projects. This is done by constantly optimizing the project control process across all project phases and by using a lessons-learned process and regular project reviews.

Quality risks

We strive to identify and rectify quality problems at an early stage during the development of our products to avoid, among other things, delays to the start of production. As we are using an increasing number of modular components as part of our platform strategy, it is particularly important when malfunctions do occur to identify the cause quickly and eliminate the faults. Nonconformity of internally or externally sourced parts, components or functions may necessitate time-consuming and cost-intensive measures, leading to recalls and therefore damage to the Volkswagen Group's image. To meet our customers' expectations and minimize warranty and ex gratia repair costs, we are continuously optimizing the processes at our brands with which we can prevent these faults.

If quality management is ineffective, there is a risk of losing ISO 9001 and KBA certification. This would lead directly to a loss of type approval from one or more authorities. We counter this risk by continuously training the Group's system auditors, while our quality management system and process quality undergo internal audits.

We also check the conformity of series products (CoP – conformity of production) in vehicle production plants as part of system audits with a CoP component. Further risks are associated with discrepancies identified in conformity of production measurements and in-service-conformity (ISC) measurements. We have established an effective system for monitoring the conformity of CoP and ISC measurements for manufactured vehicles. To ensure that the results of the emissions CoP and ISC measurements are analyzed systematically, we have implemented an IT system throughout the Group. This is used for status reporting and documenting the results of the series of measurements.

Vehicle registration and operation criteria are defined and monitored by national and, in some cases, international authorities. Furthermore, several countries have special – and in part new – rules aimed at protecting customers in their dealings with vehicle manufacturers. We have established quality processes so that the Volkswagen Group brands and their products fulfill all respective applicable requirements and local authorities receive timely notification of all issues requiring reporting. In this way, we reduce the risk of customer complaints or other negative consequences.

In view of the increasing technical complexity of vehicles due to their internal and external connectivity, and the platforms and toolkit systems in use across brands, it is important to ensure the quality of the parts and software components supplied. This is lending ever greater importance to cybersecurity. To better monitor and manage the risk of cyberattacks on our vehicles in the future, we continuously optimize the Automotive Cyber Security Management Systems in all Group brands and exchange information about processes and products across the brands. In addition to mastering the complexity resulting from ever-increasing cybersecurity requirements, the focus here is primarily on protecting customers and our products. Harmonized processes across the Group, such as the car security incident process, enable a fast reaction speed across the brands in the event of an attack so that any weaknesses in our products can be promptly eliminated. The Automotive Cyber Security Management System is an integral part of our quality management system, which helps us leverage synergies with already existing structures. This approach serves to fulfil the legal requirements of the UNECE regulation on cybersecurity.

We have established the *Ausschuss Produktsicherheit* (APS – Product Safety Committee) to comprehensively evaluate and efficiently resolve product safety risks for customers as the product users and have set out its responsibilities and processes in Group policies. The Group brands and companies implement these policies in the form of in-house regulations. In the event of safety defects, doubts about compliance with legal requirements, or quality issues relating to the brand image, the APS examines the matter concerned and decides on an appropriate response. In this context, the APS is also responsible for managing related inquiries from authorities. The cross-divisional Car Security Board (CSB) provides support with regard to cybersecurity issues.

We have also created and established central units within the organization, which are responsible for managing incoming reports on APS- and CSB-related topics. We have established a universal, transparent management and tracking system to follow up on all such reports across the Group without employee involvement, right through to the APS decision. In addition, numerous events and training courses are held to improve awareness of safety risks and the legal conformity of our products among all employees. These activities aim to avoid risks from delayed, lacking, or incomplete reporting and preliminary analyses. The entire APS process is, moreover, subject to regular review in the form of internal and external audits aimed at ensuring compliance with the requirements and thus also minimizing risks arising from the decision-making process on the part of the APS or CSB.

IT risks

At Volkswagen, a global mobility provider, the information technology (IT) used in all business units Group-wide is assuming an ever more important role. IT risks exist in relation to the three protective goals of confidentiality, integrity and availability. These risks include, in particular, the unauthorized access to, modification and extraction of sensitive electronic corporate or customer data as well as limited systems availability as a consequence of downtime, disasters and the volatile geopolitical situation. Proper handling of data is a key factor in preserving data integrity and flawless system performance.

The high standards we set for the quality of our products also apply to the way in which we handle our customers' and employees' data. There is a risk of cyberattacks, particularly on our digital offerings. Legal regulations including the UNECE cybersecurity regulation (R155) define the requirements for our vehicle and software development. These also have a great impact on our IT systems. We therefore work on an interdisciplinary basis to protect our connected vehicles and mobility services. Our guiding principles are data security, transparency, IT autonomy and the safety and security of our customers when using our services.

We counter the risk of unauthorized access to, modification or extraction of corporate and customer data through risk-based use of IT security technologies such as modern security systems for detecting malware and malicious behavior, and also by updating these technologies when the need arises or an incident occurs. One example from the reporting year was our immediate response to a misconfiguration becoming publicly known; we promptly updated our security technologies to address the issue.

We achieve additional protection by restricting the allocation of access rights to systems and central administration, including recurring identity checks. Based on business impact analyses, we counter data destruction or disruption to operation by designing systems with redundancy and implementing backup strategies.

Identified IT-related risks are regularly assessed using the methodology specified by the Group and are reported to the Board of Management. Risk mitigation is followed up at top-management level. This includes, for example, business-critical IT systems used across the Group or sensitive data such as vehicle or customer data.

An overarching committee with members from Information Security, Data Protection, Group Security, Legal Affairs and other parties involved handles interdisciplinary information security and reports directly to the Group Board of Management. Technical measures are complemented by a wide range of awareness-raising measures and training courses for employees as well as crisis simulations that create and deepen awareness of information security and train on how to act correctly in the event of an emergency.

We use market-leading technologies that are customary on the market and state of the art to protect our IT landscape, adhering to standards applicable throughout the Company. We future-proof our IT through continual standardization and updates. Continuously increasing automation enhances process reliability and the quality of processing.

The further development and Group-wide use of IT governance processes, particularly the further standardization of the risk management process for IT and information security, also help to identify weaknesses at an early stage and to reduce or avoid risks effectively.

Another focus is the continuous advancement of Group-wide security measures to detect, avert and deal with cyberthreats. Artificial intelligence is playing an increasingly important role in this context.

Risks arising from media impact

The image of the Volkswagen Group and its brands is one of the most important assets and forms the basis for long-term business success. Our policy and strategic orientation on issues such as integrity, ethics, sustainability and climate protection are the focus of public interest. One of the basic principles of our business activities is therefore to continuously check and pay particular attention to compliance with legal requirements and ethical principles. However, we are aware that misconduct or criminal acts committed by individuals and the resulting reputational damage can never be fully prevented. Media reactions can have a negative effect on the image of the Volkswagen Group and its brands. Our transparent communication and also our crisis response help to soften the impact of negative media responses.

Environmental and social risks

For this risk category, the likelihood of occurrence is classified as medium (previous year: high) and the potential extent of damage is classified as medium (previous year: medium).

The most significant risks from the QRP arise from non-fulfillment of CO_2-related requirements and transformation-related programs for the future.

Personnel risks

We use a range of instruments to counter economic risks and changes in the market, the competitive situation and shortages of supplier components. These help the Volkswagen Group to remain flexible in terms of staff deployment when faced with a fluctuating order situation – whether orders are in decline, or there is an increase in demand for our products. These instruments include time accounts to which hours are added when overtime is necessary and from which hours are deducted in quiet periods, enabling our factories to adjust their capacity to production volume with measures such as extra shifts, closure days, flexible shift models and legally regulated instruments such as *Kurzarbeit* (short-time working). The use of temporary workers also allows us to be more flexible in our planning. All of these measures help the Volkswagen Group to maintain a permanent workforce that is generally stable, even when orders fluctuate. Moreover, there is a risk that the terms of new or existing collective agreements will not deliver the necessary cost savings for the efficiency programs adopted. Ways in which we counter this risk include consistently monitoring the targets agreed by the collective bargaining parties and internationally coordinated management of collective bargaining across the Volkswagen Group worldwide.

The technical expertise and individual commitment of employees are indispensable prerequisites for the success of the Volkswagen Group. We counter the risk of not being able to develop sufficient expertise in the Company's different vocational groups with our strategically oriented and holistic human resource development, which gives all employees attractive training and development opportunities. By boosting our training programs, particularly at our international locations, we are able to adequately address the challenges of technological change and the structural transformation of the automotive industry.

To counter the potential risk of a shortage of skilled specialists – especially in the areas of digitalization and IT – we are continuously expanding our recruitment tools. Our systematic talent relationship management, for example, enables us to make contact with talented candidates from strategically relevant target groups at an early stage and to build a long-term relationship between them and the Group. In addition to the standard dual vocational training, programs such as our *Studium im Praxisverbund* integrated degree and the Volkswagen-sponsored non-profit École 42 in Wolfsburg, Berlin and Prague ensure a pipeline of highly qualified and motivated employees. By systematically increasing our attractiveness as an employer, we are able to gain talented people in areas that are crucial for the future, such as electrical engineering, chemistry and information technology. With tools such as these, we want to ensure that our need for qualified new staff is covered, even amid a shortage of skilled labor.

We also counter the risks associated with employee turnover and loss of expertise – for example as a result of retirement – with intensive, department-specific succession planning and training.

The advancing digitalization of our personnel processes involves risks arising from the processing of personal data, but also system-based improvements so that Volkswagen can ensure compliance with data protection laws when processing personal data. The Volkswagen Group is aware of its responsibility in the processing of this data. To ensure that this processing is carried out in a manner that is compliant with data protection requirements, we address risks as part of our data protection management system by implementing a wide range of measures.

Compliance with legal requirements, the identification and assessment of work-related risks, the derivation of appropriate measures and monitoring of their effectiveness form the basis of successful occupational health and safety measures and contribute to maintaining the health of our employees as members of society. Ensuring a safe and healthy working environment is an important element of corporate sustainability, particularly during our transformation. It is also a major component of employer attractiveness, as it helps to effectively reduce the associated risks and minimize process disruptions and production stoppages.

Environmental protection regulations

The specific CO_2 emission targets for all new passenger car and light commercial vehicle fleets for manufacturers are set out in Regulation (EU) No 2019/631 in the EU for 2020 and subsequent years. This regulation is a material component of the European climate protection policy and therefore forms the key regulatory framework for product design and marketing by all vehicle manufacturers selling in the European market.

For new passenger car fleets in the 27 EU member states, including Norway and Iceland (EU27+2), a reduction of 15% in CO_2 emissions will be required from 2025 and a reduction of 55% from 2030. For new light commercial vehicle fleets, the required reductions will be 15% from 2025 and 50% from 2030. For 2035, a CO_2 reduction target of 100% will apply to new passenger car and light commercial vehicle fleets. In each case, the starting point for the calculation is the WLTP fleet value in 2021. These more stringent targets can essentially only be achieved through a growing proportion of electric vehicles within the fleet. The European Commission plans to revisit these targets as part of the Carbon Review for 2026.

If the respective fleet target is not fulfilled, the Commission may impose an excess emissions premium in the amount of €95 per excess gram of CO_2 per newly registered vehicle.

Regulations governing fleet fuel consumption of new vehicles are also being developed or introduced outside the EU, for example in Brazil, China, the United Kingdom, India, Japan, Canada, Mexico, Saudi Arabia, Switzerland, South Korea, Taiwan, New Zealand, Australia and the USA.

Fuel consumption regulations in China are being gradually tightened with a fleet average target of 4.6 l/100 km for 2025. More stringent rules are expected for the period after 2025. In addition to this legislation on fleet consumption, a new energy vehicle quota applies in China. This requires every manufacturer to increase the share of electric vehicles in its total production or import volumes. For 2024, this quota was 28% and had to be fulfilled through battery-electric vehicles, plug-in hybrids, or fuel cell vehicles. The quota will be raised to 38% for 2025. There is no indication as to possible targets after 2025 yet.

In the USA, the annual CO_2 and efficiency targets to be fulfilled by the fleet for new passenger cars and light commercial vehicles are defined by the Greenhouse Gas (GHG) legislation and Corporate Average Fuel Economy (CAFE) legislation. The fact that performance is accounted for over several years as well as the option to purchase credits provide flexibility in target achievement. If targets are missed, payments to the authority may be due and/or vehicle registrations may be prohibited, depending on the regulation. In December 2021, the previous administration published new CO_2 fleet targets for the period from 2022 to 2026. The industry-wide fleet average for passenger cars and light commercial vehicles is to be reduced from 137 g CO_2/km in 2022 to 106 g CO_2/km in 2026. The CAFE efficiency targets for 2024 to 2026 were announced in spring 2022. The previous administration set a target for 50% of all new vehicle sales to be electric by 2030. The GHG and CAFE fleet targets for the period from 2027 to 2032 were accordingly published in 2024. An industry-wide fleet average for passenger cars and light commercial vehicles of 53 g CO_2/km or an efficiency value of 51.4 miles per gallon is to be achieved by 2032. Over and above this, California and the other US states applying the California Zero-Emission Vehicle Regulation are required to meet electrification rates for the new vehicle fleet that rise each year. The goal is to achieve the complete electrification of all passenger cars and light commercial vehicles by 2035. It is expected that the existing fleet specifications will be subject to review under the current administration.

The tightening of fleet-based CO_2 emissions and fuel consumption regulations makes it necessary to use the latest mobility technologies in all affected markets. Above all, electrified and also purely electric drivetrains are becoming increasingly common. The Volkswagen Group closely coordinates technology and product planning with its brands so as to avoid, for example, failure to meet fleet value targets, which would entail severe payment obligations. Whether the Group meets its fleet targets largely depends on its technological and financial capabilities, which are reflected in, for example, our drivetrain and fuel strategy.

Alongside technical and portfolio electrification measures, it is also possible to use local statutory mechanisms such as the creation of emission pools in Europe, for example, or the trading of emission credits in the United States and China. Legislation provides further region-specific flexibility to aid target achievement. For example:

> Additional innovative technologies in the vehicle that reduce fuel consumption outside of the test cycle are eligible for credits (eco-innovations and off-cycle credits)
> Particularly efficient vehicles qualify for super-credits
> Special rules are in place for small-series producers and niche manufacturers

The Real Driving Emissions (RDE) Regulation for passenger cars and light commercial vehicles is another of the main European regulations. New, uniform limits for nitrogen oxide and particulate emissions in real road traffic have applied to new vehicle types across the EU since September 2017. This makes the RDE test procedure fundamentally different from the Euro-6 standard still in force, which stipulates that the limits on the chassis dynamometer are authoritative. The RDE regulation is intended primarily to improve air quality in urban areas and areas close to traffic, leading to stricter requirements for exhaust gas aftertreatment in passenger cars and light commercial vehicles. Stricter RDE processes and requirements have resulted in certain challenges, for example relating to test criteria and homologation. Successor emissions legislation (Euro-7) was completed in late 2023. The final regulation was published in the Official Journal in April 2024. This successor legislation is mandatory from November 2026 for new vehicle types and from November 2027 for all new vehicles.

The other main EU regulations affecting the automotive industry include:

> the Car Labeling Directive (1999/94/EC), which will be brought into line with Regulation (EU) 2017/1151;
> the Fuel Quality Directive (FQD – 2009/30/EC) updating the fuel quality specifications and introducing energy efficiency specifications for fuel production;
> the Renewable Energy Directive (RED – EU 2023/2413) introducing sustainability criteria, which contains higher quotas for advanced biofuels and e-fuels (RFNBOs);
> the proposal for revision (COM/2021/563) of the Energy Taxation Directive (2003/96/EC) updating the minimum tax rates for all energy products and electricity.

The debate around driving bans for diesel vehicles in Germany has lost some of its heat given the strong improvements in air quality measurements. In 2024, all air quality limits were met for the first time. In some cases, these issues have been, and continue to be, the subject of legal proceedings. Individual cities throughout Germany have already imposed zonal traffic bans for older vehicles such as Euro-4/IV diesel. It is argued that only driving bans for diesel vehicles can bring about the necessary short-term reduction in NO_2 immissions. The aforementioned debate could negatively affect sales of diesel vehicles and result in financial liabilities and possible official requirements.

Local bans on the use of diesel vehicles are already in place in a number of other countries, though these mainly affect older vehicles with lower emissions standards. Regulations in Belgium that successively ban older vehicles from larger cities are one example. In addition to major cities such as Paris and London, countries are also discussing future bans on vehicles with internal combustion engines.

Around the world, commercial vehicles are subject to increasingly stringent environmental and other regulations. The goal of achieving climate neutrality by 2050 defined for the 27 EU member states in the European Green Deal plus the related ambitious carbon reduction targets by 2030 (general reduction of CO_2 emissions in the EU by at least 55% by 2030 and by 90% by 2040 compared to 1990 levels) pose a major challenge for TRATON and the entire heavy commercial vehicle sector.

In mid-2024, the EU set new ambitious targets for manufacturers of heavy commercial vehicles in the new Regulation (EU) 2024/1610 (CO_2 Regulation) in order to reduce CO_2 emissions in Europe over the course of this decade and the next. This reaffirmed the existing objective for 2025 of cutting the CO_2 emissions of heavy trucks of more than 16 tonnes by 15%. However, the EU raised the reduction target from 30% to 45% by 2030 and set it for these vehicles at 65% by 2035 and at 90% by 2040, based on a benchmark from the period from July 2019 to June 2020. These targets will also be extended to subgroups of commercial vehicles over five tonnes, including intercity buses and coaches. Some special vehicles are still exempt. To speed up the rollout of zero-emission city buses, the EU also decided that all new city buses must be zero-emission from 2035, with an interim target of 90% in 2030. If these emissions targets are not achieved, penalties of €4,250 will be imposed per gram of CO_2/tonne-kilometer (tkm) of excess emissions, starting from 2025.

The new Euro-7 emission standard for limiting harmful emissions such as nitrogen oxides (NO_x) or particulate matter from vehicle exhaust gases was adopted in the EU and the corresponding legislation was published in the EU Official Journal in May 2024. Implementation of this standard poses a challenge both in terms of the limit values and testing methods. Many technical details still need to be defined in secondary legislation.

TRATON is also impacted by the new NO_x regulation and possible further tightening of carbon emission regulations in the USA. The US Environmental Protection Agency (EPA) has already imposed stricter CO_2 limits for heavy commercial vehicles. The new regulations stipulate that a significant proportion of heavy commercial vehicles must be zero-emission by 2032 in order to achieve the climate targets set. In early 2023, the California Air Resources Board (CARB) approved the Advanced Clean Fleet (ACF) regulation, which requires fleet owners to transition to zero-emission vehicles. Some fleet requirements took effect in 2024, but vary by industry. The ACF also sets out that by 2036 all trucks sold in California must be zero-emission vehicles. As a result, TRATON may be subject to different regulatory standards in the USA as a whole and in individual states, which means that emissions regulations may come into force at different times and with varying degrees of stringency.

China has already brought in the China 6 (CN 6) emissions standard for heavy commercial vehicles in 2023 in an effort to reduce pollutant emissions. New Stage IV fuel consumption limits will also enter into force there in July 2025, as will the New Energy Vehicle Credit Policy Plan, which is slated to be implemented from 2026 to reduce carbon emissions for all commercial vehicles. New regulations are being developed and existing ones are being revised apace, particularly with regard to advanced driver assistance systems, intelligent and connected vehicles, and new energy vehicles.

Adapting commercial vehicles to new emission standards is technologically complex and expensive, especially given the often contradictory regulations applicable to CO_2 and other pollutant emissions from internal combustion engines. Using new technologies to reduce carbon and other exhaust gas emissions is indispensable for meeting the targets set for the EU, North America and China. This is why TRATON is investing heavily in climate-friendly alternative drive systems – especially battery-electric commercial vehicles.

A number of special environmental protection requirements apply to the Power Engineering segment. For example, the International Maritime Organization has issued the International Convention for the Prevention of Pollution from Ships (MARPOL – MARine POLlution), which applies to ship engines. The permitted emissions are being lowered in phases under MARPOL ANNEX VI. A reduction of the sulfur content in marine fuel has been implemented globally in recent years. Particularly stringent environmental regulations apply in emission control areas in Europe and the USA/Canada. Expansion to further regions such as the Mediterranean or Japan is being planned; other regions or territories such as the Black Sea, Alaska, Australia or South Korea are also in discussion. Moreover, emission limits are in force under Regulation (EU) 2016/1628 and in accordance with the regulations of the US Environmental Protection Agency (EPA), for example.

We are pushing for a maritime energy transition in specialist bodies and also promote this to the general public. In a first step, we are supporting the switch to liquefied natural gas (LNG) as a fuel for maritime applications, and offer dual fuel and gas-powered engines for new and retrofitted vessels. For long-term, climate-neutral operation of seagoing vessels, we advocate power-to-X technology, in which excess sustainably generated electricity is converted into carbon-neutral gas or liquid fuel, especially hydrogen, methanol or ammonia.

As regards stationary equipment, there are a number of national rules in place worldwide that limit the emissions permitted in each case. In 2008, the World Bank Group set limits for gas and diesel engines in its Environmental, Health, and Safety Guidelines for Thermal Power Plants. These guidelines, which are currently being revised, are required to be applied in countries that have adopted no national requirements of their own or have requirements that are less stringent. In addition, the United Nations adopted the Convention on Long-range Transboundary Air Pollution back in 1979, setting upper limits on total emissions as well as nitrogen oxide for the signatory states (including all EU states, other countries in Eastern Europe, the USA and Canada). These are also due for revision. Enhancements to the product portfolio in the Power Engineering segment focus on improving the efficiency and emissions reduction of equipment and systems. While adhering to current and future emissions requirements, we are advancing innovative energy solutions to actively shape the climate transition.

Legal risks

For this risk category, the likelihood of occurrence is classified as medium (previous year: low) and the potential extent of damage is classified as high (previous year: high).

The most significant risks from the QRP are associated with the diesel issue.

Litigation

Volkswagen AG and the companies in which it is directly or indirectly invested are involved in a substantial number of legal disputes and governmental proceedings in Germany and abroad. Such legal disputes and other proceedings occur, among other things, in connection with products and services or in relation to employees, public authorities, dealers, investors, customers, suppliers, or other contracting parties. For the companies in question, these disputes and proceedings may result in payments such as fines or in other obligations or consequences. In particular, substantial compensatory or punitive damages may have to be paid and cost-intensive measures may have to be implemented. In this context, specific estimation of the objectively likely consequences is often possible only to a very limited extent, if at all.

Various legal proceedings are pending worldwide in which customers are asserting purported product-related claims, either individually or in class actions. These claims are as a rule based on alleged vehicle defects, including defects alleged in vehicle parts supplied to the Volkswagen Group.

Compliance with legal or regulatory requirements is another area in which risks may arise. This is particularly true in gray areas where Volkswagen and the relevant public authorities may interpret the law differently.

In connection with their business activities, Volkswagen Group companies engage in constant dialogue with regulatory agencies, including the *Kraftfahrt-Bundesamt* (KBA – German Federal Motor Transport Authority). It is not possible to predict with assurance how government regulators will assess certain issues of fact and law in a particular situation. For this reason, the possibility that certain vehicle characteristics and/or type approval aspects may in particular ultimately be deemed deficient or impermissible cannot be ruled out. This is fundamentally a question of the regulatory agency's specific evaluation in a concrete situation.

A comparable challenge results from the tension between divergent national and international statutory or regulatory requirements regarding obligations to transfer information or documents, on the one hand, and privacy mandates under national and international data protection law on the other. Volkswagen is advised by outside law firms on these issues so as to preclude compliance violations as far as possible despite the sometimes unclear state of the law.

Litigation may furthermore result from demands for more extensive climate protection measures or from allegedly incomplete disclosures regarding the impact of climate change. The response of the Volkswagen Group to this risk includes, among other things, certification of its self-imposed decarbonization targets through independent and internationally respected organizations and systematic alignment of its non-financial reporting with the requirements of the law and the capital markets.

Risks may also result from actions for infringement of intellectual property, including infringement of patents, brands, or other third-party rights, particularly in Germany, before the Unified Patent Court and in the United

States. If Volkswagen is alleged or determined to have violated third-party intellectual property rights, it may for instance have to pay damages, modify manufacturing processes, or redesign products, and may be barred from selling certain products; this may result in delivery and production restrictions or interruptions.

Criminal acts by individuals, which even the best compliance management system can never completely prevent, are another potential source of legal risks.

Appropriate insurance has been taken out to cover these risks where they were sufficiently definite and such coverage was economically sensible. Where necessary based on the information currently available, identified and correspondingly measurable risks have been reflected by recognizing provisions in amounts considered appropriate or disclosing contingent liabilities, as the case may be. As some risks cannot be assessed or can only be assessed to a limited extent, the possibility of material loss or damage not covered by the insured amounts or by provisions cannot be ruled out. This is, for instance, the case with regard to the legal risks assessed in connection with the diesel issue.

Unless otherwise explicitly stated, the amounts disclosed for the litigation being reported on refer only to the respective principal claim. Ancillary claims, such as for interest and litigation expense, are generally not considered.

Diesel issue

On September 18, 2015, the US Environmental Protection Agency (EPA) publicly announced in a "Notice of Violation" that irregularities in relation to nitrogen oxide (NO_x) emissions had been discovered in emissions tests on certain Volkswagen Group vehicles with 2.0 l diesel engines in the USA. In this context, Volkswagen AG announced that noticeable discrepancies between the figures recorded in testing and those measured in actual road use had been identified in type EA 189 diesel engines and that this engine type had been installed in roughly eleven million vehicles worldwide. On November 2, 2015, the EPA issued a "Notice of Violation" alleging that irregularities had also been discovered in the software installed in US vehicles with type V6 3.0 l diesel engines.

The so-called diesel issue is rooted in a modification of parts of the software of the relevant engine control units – which, according to Volkswagen AG's legal position, is only unlawful under US law – for the type EA 189 diesel engines that Volkswagen AG was developing at that time. This software function was developed and implemented from 2006 on without knowledge at the level of the Board of Management. Members of the Board of Management did not learn of the development and implementation of this software function until the summer of 2015.

There are furthermore no findings that, following the publication in May 2014 of the study by the International Council on Clean Transportation, an unlawful "defeat device" under US law was disclosed to the persons responsible for preparing the 2014 annual and consolidated financial statements as the cause of the high NO_x emissions in certain US vehicles with 2.0 l type EA 189 diesel engines. Rather, at the time the 2014 annual and consolidated financial statements were being prepared, the persons responsible for preparing these financial statements remained under the impression that the issue could be resolved with comparatively little expense. In the course of the summer of 2015, however, it became progressively apparent to individual members of Volkswagen AG's Board of Management that the cause of the discrepancies in the USA was a modification of parts of the software of the engine control unit that was later identified as an unlawful "defeat device" as defined by US law. This culminated in Volkswagen's disclosure of a "defeat device" to the EPA and the California Air Resources Board (CARB), a department of the Environmental Protection Agency of the State of California, on September 3, 2015. According to the assessment at the time by the responsible persons dealing with the matter, the magnitude of the costs expected to result for the Volkswagen Group (recall costs, retrofitting costs, and financial penalties) was not fundamentally dissimilar to that in previous cases involving other vehicle manufacturers. It therefore appeared to be manageable overall considering the business activities of the Volkswagen Group. This assessment by Volkswagen AG was based, among other things, on the advice of a law firm engaged in the USA for regulatory approval issues, according to which similar cases had in the past been amicably resolved with the US authorities. The EPA's publication of the "Notice of Violation" on September 18, 2015, which the Board of Management had not expected, especially at that time, then presented the situation in an entirely different light.

The AUDI AG Board of Management members in office at the time in question have likewise stated that they had no knowledge of the use of "defeat device" software that was prohibited by US law in the type V6 3.0 l TDI engines until the EPA issued its November 2015 "Notice of Violation."

Within the Volkswagen Group, Volkswagen AG has development responsibility for the four-cylinder diesel engines and AUDI AG has development responsibility for the six- and eight-cylinder diesel engines.

As a consequence of the diesel issue, numerous judicial and regulatory proceedings were initiated in various countries. Volkswagen has in the interim succeeded in making substantial progress and ending many of these proceedings. In the USA, Volkswagen AG and certain affiliates reached settlement agreements with various government authorities and private plaintiffs, the latter represented by a Plaintiffs' Steering Committee in a multidistrict litigation in the US state of California. The agreements in question include various partial consent decrees as well as a plea agreement that resolved certain civil claims as well as criminal charges under US federal law and the laws of certain US states in connection with the diesel issue. Although Volkswagen is firmly committed to fulfilling the obligations arising from these agreements, a breach of these obligations cannot be completely ruled out. In the event of a violation, significant penalties could be imposed as stipulated in the agreements, in addition to the possibility of further monetary fines, criminal sanctions and injunctive relief.

In agreement with the respective responsible authorities, the Volkswagen Group is making technical measures available worldwide for virtually all diesel vehicles with type EA 189 engines. For all clusters (groups of vehicles) within its jurisdiction, the KBA determined that implementation of the technical measures would not result in any adverse changes in fuel consumption, CO_2 emissions, engine output, maximum torque, and noise emissions.

Following the studies carried out by AUDI AG to check all relevant diesel concepts for possible irregularities and retrofit potential, measures proposed by AUDI AG have been adopted and mandated by the KBA in various recall orders pertaining to vehicle models with V6 and V8 TDI engines. AUDI AG continues to anticipate that the total cost, including recall expenses, of the ongoing largely software-based retrofit program that began in July 2017 will be manageable and has recognized corresponding balance-sheet risk provisions. AUDI AG has in the meantime developed software updates for affected powertrains and, after approval by the KBA, already installed these updates in the vehicles of a large number of affected customers.

In connection with the diesel issue, potential consequences for Volkswagen's results of operations, financial position and net assets could emerge primarily in the following legal areas:

1. Criminal and administrative proceedings worldwide (excluding the USA/Canada)
Criminal investigations, regulatory offense proceedings, and/or administrative proceedings have been commenced in some countries. Criminal investigations into the core factual issues are being conducted by the Offices of the Public Prosecutor in Braunschweig and Munich.

In September 2021, the Braunschweig Regional Court began hearing the indictment of several current or former employees of Volkswagen AG on charges that include fraud in connection with the diesel issue involving type EA 189 engines. How long the trial will take is currently unclear. Proceedings against a former Chair of the Board of Management of Volkswagen AG were severed from the above case and then joined for joint trial by the Braunschweig Regional Court with separate proceedings, that were initially terminated on a provisional basis, against the same former Chair of the Board of Management on charges of market manipulation relating to capital market disclosure obligations. Shortly after beginning in the third quarter of 2024, the main trial proceedings were again suspended. It is not possible to predict when the main trial proceedings will be resumed again. The

Braunschweig Office of the Public Prosecutor is no longer conducting any investigations against Volkswagen AG in connection with the aforementioned proceedings.

In June 2020, the Munich II Regional Court accepted the substantially unchanged indictment of the Munich II Office of the Public Prosecutor, which also named a former Chair of the Board of Management of AUDI AG, and opened the main trial proceedings on charges of, among other things, fraud in connection with the diesel issue involving 3.0 l and 4.2 l TDI engines. The trial before the Munich II Regional Court concluded in June 2023; the former Chair of the Board of Management of AUDI AG and the other two defendants were sentenced to prison terms, the enforcement of which was in each case suspended subject to probation. The conditions of probation include the payment of sums set by the court. The judgment is not yet final. All three defendants have filed appeals on issues of law. The Office of the Public Prosecutor has likewise appealed the judgment against one of the defendants.

In August 2020, the Munich II Office of the Public Prosecutor issued a further indictment charging three former members of the Board of Management of AUDI AG and others with, among other things, fraud in connection with the diesel issue involving 3.0 l and 4.2 l TDI engines. The Munich II Regional Court, which must decide whether to accept the indictment, has since definitively terminated the proceedings against one of the three defendant former members of the Board of Management of AUDI AG subject to payment of a sum set by the court. The Munich II Regional Court has not yet decided whether to accept the indictment against the other two former members of the Board of Management of AUDI AG.

As the type approval authority of proper jurisdiction, the KBA is moreover continuously testing Audi, Volkswagen, and Porsche brand vehicles for problematic functions. If certain functions are deemed impermissible by the KBA, the affected vehicles are recalled pursuant to a recall order or they are brought back into compliance by means of a voluntary service measure.

In judgments rendered in July and November 2022, the European Court of Justice (ECJ) ruled that a so-called thermal window (i.e. a temperature-dependent exhaust gas recirculation) in the range of 15°C and 33°C outside temperature represents a defeat device. In this context, the ECJ developed a new, unwritten criterion according to which a thermal window, even if it serves to prevent sudden and extraordinary damage, is impermissible if it is active "for most of the year under real driving conditions prevalent in the territory of the European Union." The KBA commenced formal administrative proceedings relating to certain first and second generation type EA 896 engines that were installed in certain older vehicle models as well as to individual vehicle models with type EA 189 engines. In July and October 2023, the KBA issued two administrative rulings against AUDI AG in which it ruled that the originally incorporated thermal window version failed to meet the ECJ's new vehicle engineering criterion in some of the affected vehicles. AUDI AG has appealed the rulings, and they are therefore not final. The KBA issued corresponding administrative rulings against Porsche AG in December 2023 and against Volkswagen AG in January 2024. Porsche AG and Volkswagen AG have appealed the rulings. The Volkswagen Group had previously already begun rolling out software updates that modify the thermal window in accordance with the ECJ's new vehicle engineering criterion and will continue to do so.

In a trial level decision rendered in late February 2023, the Schleswig Administrative Court upheld a lawsuit brought by *Deutsche Umwelthilfe* (DUH – Environmental Action Germany) against the KBA and invalidated the notice of approval for a software update for certain older Golf Plus model vehicles to the extent this notice classified the thermal window feature, the altitude correction feature, and the taxi switch feature as permissible deactivation devices (defeat devices). Altitude correction refers to altitude-dependent exhaust gas recirculation. The taxi switch modifies exhaust gas recirculation when a vehicle with a running engine stands motionless for a certain period of time. Volkswagen AG is involved in the litigation as an interested party summoned. In late April 2023, Volkswagen AG and the KBA filed appeals against the judgment of the Schleswig Administrative Court. This decision is thus not legally final. DUH has filed two additional lawsuits with the Schleswig Administrative Court. The first action contests the notices of approval for further Audi and Porsche brand vehicles equipped with type EA 189 engines as well as with selected V-TDI engines; the second action is directed against all Group diesel vehicles with the Euro-5 and Euro-6b/c exhaust emission standard. In the first action, the Schleswig Administrative Court issued a judgment in January 2024 that extended its initial February 2023 decision to additional vehicles with type EA 189 engines and invalidated the KBA's notices of approval for these vehicles. The court granted both leave to appeal (on points of fact and law) and to leap-frog appeal (on points of law). This decision is thus not legally final.

Moreover, additional administrative proceedings relating to the diesel issue are ongoing in other jurisdictions. The companies of the Volkswagen Group are cooperating with the government authorities.

Risks may furthermore result from possible decisions by the ECJ construing EU type approval provisions.

Whether the criminal and administrative proceedings will ultimately result in fines or other consequences for the Company, and if so what amounts these may entail, is currently subject to estimation risks. According to Volkswagen's estimates, the likelihood that a sanction will be imposed is 50% or less in the majority of these proceedings. Contingent liabilities have therefore been disclosed where the amount of such liabilities could be measured and the likelihood of a sanction being imposed was assessed at not less than 10%.

2. Product-related lawsuits worldwide (excluding the USA/Canada)

A general possibility exists that customers in the affected markets will file civil lawsuits or that importers and dealers will assert recourse claims against Volkswagen AG and other Volkswagen Group companies. Besides individual lawsuits, various forms of collective actions (i.e. assertion of individual claims by plaintiffs acting jointly or as representatives of a class) are available in various jurisdictions. Furthermore, in a number of markets it is possible for consumer and/or environmental organizations to bring suit to enforce alleged rights to injunctive relief, declaratory judgment, or damages.

Customer class action lawsuits and actions brought by consumer and/or environmental organizations were pending in the reporting year against Volkswagen AG and other Volkswagen Group companies in a number of countries including Belgium, Brazil, England and Wales, France, Germany, Italy, the Netherlands, and South Africa. These actions asserted alleged rights to damages and other relief. The pending actions included in particular the following:

In Belgium, a settlement agreement completely resolving all claims in the class action brought by the Belgian consumer organization *Test Aankoop VZW* was entered into in December 2024. In the settlement, *Test Aankoop VZW* and Volkswagen AG agreed to refrain from appealing the July 2023 trial level judgment and to implement the terms thereof. This judgment ordered Volkswagen AG to pay 5% of the purchase price, or 5% of the difference between the purchase price and the resale price, if a consumer had purchased a vehicle with a type EA 189 engine between September 1, 2014 and September 22, 2015, had not installed the software update, and was able to produce the relevant evidentiary documentation.

In Brazil, two consumer protection class actions are pending. In the first class action, which pertains to some 17 thousand Amarok vehicles, the Superior Court of Justice in August 2022 rejected in part the appeal filed by Volkswagen do Brasil against the May 2019 judgment at the first appeals level that had initially reduced the damage liability of Volkswagen do Brasil considerably to around BRL 172 million. Following Volkswagen do Brasil's appeal, the Superior Court of Justice vacated its own prior decision in its entirety. The case was remanded to the lower appellate court for rehearing of certain issues. Volkswagen do Brasil is permitted to introduce new evidence. The judgment is enforceable, but remains non-final. In the second class action, which pertains to roughly 67 thousand later generation Amarok vehicles, the Superior Court of Justice rejected the appeal filed by the plaintiff against the June 2023 appellate court decision in April 2024. Subsequently, the plaintiff filed an interlocutory appeal against this decision with the Superior Court of Justice at the end of April 2024.

financialright GmbH had originally filed approximately 45 thousand consolidated actions before various German courts asserting claims assigned to it by customers in Germany, Slovenia, and Switzerland against Volkswagen Group companies. The proceedings have since been fully resolved following the withdrawal of numerous requests for relief and complaints as well as various settlement agreements. Objectively valuable claims that were withdrawn and then raised again have likewise already been resolved for the most part; otherwise, provisions have been recognized.

Actions have been filed in courts in England, Wales, and Scotland against Volkswagen AG, Volkswagen Group United Kingdom Limited, Volkswagen Financial Services (UK) Limited, and other Volkswagen Group companies in connection with various other diesel vehicles. So-called "outline generic particulars of claim," which provide a rough overview of the grounds of the complaint, were served in England and Wales in September 2024. In Scotland, motions for commencement of a class action and appointment of a representative were formally served, starting in October 2024, on Volkswagen Group United Kingdom Limited, Volkswagen Financial Services (UK) Limited, Volkswagen AG, SEAT S.A., and Škoda Auto a.s. The details of the respective complaints remain uncertain.

In France, a class action is pending that was filed by the French consumer organization *Confédération de la Consommation, du Logement et du Cadre de Vie* (CLCV) against Volkswagen Group Automotive Retail France, Volkswagen Group France, and Volkswagen AG for up to 1 million French owners and lessees of vehicles with type EA 189 engines. This is an opt-in class action in which CLCV is primarily seeking rescission without compensation for use of the vehicle or, in the alternative, damages amounting to 20-30% of the purchase price.

In Italy, the parties to the class action brought by the consumer organization *Altroconsumo* signed a settlement agreement in May 2024 completely resolving all claims for roughly 60 thousand customers validly registered in the class action who had purchased VW, Audi, Škoda, or SEAT vehicles from 2009 to 2015 with type EA 189 engines that were affected by the diesel issue. Both sides refrained from appealing last year's judgment at the first appellate level by the Venice appeals court, thus terminating the proceedings. Provisions totaling roughly €50 million were recognized for the settlement and its implementation.

In the Netherlands, an opt-out class action is pending that was brought by *Stichting Volkswagen Car Claim* seeking declaratory rulings for up to 201 thousand customers. A declaratory judgment partially granting the relief sought was issued in July 2021. In the opinion of the court, Volkswagen AG and the other defendant Group companies acted unlawfully with respect to the original engine management software. The court moreover held that consumers are entitled to a purchase price reduction from the defendant dealerships. No specific payment obligations result from the declaratory judgment. Any individual claims would then have to be established afterwards in separate proceedings. Volkswagen AG and the other defendant Group companies appealed the decision. Furthermore, an opt-out class action lawsuit brought by the Diesel Emissions Justice Foundation (DEJF) seeking monetary damages on behalf of Dutch consumers is also pending; the action involves vehicles with type EA 189 engines, among others. The trial court rendered an interlocutory judgment in March 2022 holding the new class action regime – which permits damage awards in addition to declaratory judgment on the existence of claims – to be inapplicable to the instant lawsuit. On appeal by DEJF, the appellate court in August 2024 modified the interlocutory judgment and held that the new class action regime is applicable to vehicles in the Euro 6 emissions category. However, the court held the new class action regime to be inapplicable to vehicles in lower emissions categories (such as Euro 5). The decision is not yet final.

In South Africa, an opt-out class action seeking damages is pending; the action pertains to some 80 thousand vehicles, including vehicles with type EA 189 engines.

Furthermore, individual lawsuits and similar proceedings are pending against Volkswagen AG and other Volkswagen Group companies in various countries; most of these lawsuits are seeking damages or rescission of the purchase contract.

In Germany, roughly 10 thousand individual lawsuits relating to various diesel engine types are currently pending against Volkswagen AG or other Group companies, with the plaintiffs suing for damages or rescission of the contract in most cases. Fundamental judgments handed down by the BGH in previous years resolve legal issues of major importance for the litigation still pending. Details on these decisions can be found in the chapter entitled "Litigation" in the Annual Report of the Volkswagen Group for the fiscal year in which the respective fundamental judgment was issued.

Volkswagen estimates the likelihood that the plaintiffs will prevail to be 50% or less in the great majority of cases: customer class actions, complaints filed by consumer and/or environmental organizations, and individual lawsuits. Contingent liabilities are disclosed for these proceedings where the amount of such liabilities can be measured and the chance that the plaintiff will prevail was assessed as not remote. Given the early stage of the proceedings, it is in some cases not yet possible to quantify the realistic risk exposure. Furthermore, provisions were recognized to the extent necessary based on the current assessment.

At this time, it cannot be estimated how many customers will choose to file lawsuits in the future in addition to those already pending and what prospect of success such lawsuits might have.

3. Lawsuits filed by investors worldwide (excluding the USA/Canada)

Investors from Germany and abroad have filed claims for damages against Volkswagen AG – in some cases along with Porsche Automobil Holding SE (Porsche SE) as joint and several debtors – based on purported losses due to alleged misconduct in capital market communications in connection with the diesel issue.

Almost all investor lawsuits are now pending before the Braunschweig Regional Court or the Braunschweig Higher Regional Court. In August 2016, the Braunschweig Regional Court issued an order referring common questions of law and fact relevant to the investor lawsuits pending in Braunschweig to the Higher Regional Court in Braunschweig for binding declaratory rulings pursuant to the *Kapitalanleger-Musterverfahrensgesetz* (KapMuG – German Capital Investor Model Declaratory Judgment Act). The investor lawsuits pending against Volkswagen AG in Germany are stayed pending resolution of the common issues, unless the cases can be dismissed for reasons independent of the common issues that are to be adjudicated in the model case proceedings. The resolution in the model case proceedings of the common questions of law and fact will be binding for the pending cases that have been stayed as described. The model case plaintiff is Deka Investment GmbH. Oral argument in the model case proceedings before the Braunschweig Higher Regional Court began in September 2018. The Braunschweig Higher Regional Court issued several notification rulings stating its position on certain legal issues of fundamental importance for the litigation. In July 2023, the Braunschweig Higher Regional Court issued an order for the taking of evidence including the examination of numerous persons as well as the production and consultation of documents and records. The mandated taking of evidence focuses initially on whether the Board of Management of Volkswagen AG or individual members thereof and/or individual members of Volkswagen AG's Ad Hoc Disclosure Clearing Office (the persons with ad hoc disclosure responsibility in the court's view) had or, as Volkswagen AG's state of knowledge indicates, lacked knowledge of the installation of deactivation devices prohibited under US law in Volkswagen AG vehicles, as well as on the conceptions of these persons regarding the potential share price impact of the information that each respectively possessed. Volkswagen AG has the burden of proof on some issues. The taking of testimony commenced in September 2023 and will also continue in 2025. Several witnesses invoked a privilege against giving testimony. In some cases (not as to persons with ad hoc disclosure responsibility), the Braunschweig Higher Regional Court affirmed a comprehensive right to refuse to testify. In other cases, the decision was deferred in light of ongoing criminal investigations against the individuals in question. A large number of witnesses have testified since mid-September 2023. To date, none of the witnesses heard has testified that members of the Board of Management or persons with ad hoc disclosure responsibility at Volkswagen AG had knowledge prior to September 18, 2015 of any information relating to the diesel issue that Volkswagen AG considered to have share price relevance. Pursuant to § 286 of the Code of Civil Procedure, the Braunschweig Higher Regional Court must decide at its discretion and conviction, taking account of the entire content of the hearings and the results of the evidence taken.

Further investor lawsuits are pending before the Stuttgart Regional Court against Volkswagen AG, in some cases along with Porsche SE as joint and several debtor. An additional investor action for model declaratory judgment was filed with the Stuttgart Higher Regional Court against Porsche SE; Volkswagen AG is involved in this action as a third party intervening in support of a party to the dispute. The Wolverhampton City Council, Administrating Authority for the West Midlands Metropolitan Authorities Pension Fund, was appointed model case plaintiff. The Stuttgart Higher Regional Court rendered a model declaratory judgment in late March 2023. Based on the determinations made in the model declaratory judgment and the current substantive status of the underlying actions, all of the suspended investor lawsuits against Porsche SE would in effect have to be dismissed. The model declaratory judgment is not yet final. The model case plaintiff, several interested parties summoned, and Porsche SE petitioned the BGH for review on points of law. Volkswagen AG joined the proceedings as a third-party supporting the petition for review of Porsche SE.

Excluding the United States and Canada, the amount of the claims being asserted worldwide against Volkswagen AG in connection with the diesel issue in the form of investor lawsuits, judicial applications for dunning and conciliation procedures, and claims registered under the KapMuG declined to approximately €8.7 billion in the reporting year due to the withdrawal and legally final dismissal of lawsuits. Since the beginning of the proceedings, investor lawsuits in excess of €1 billion have thus been withdrawn or finally and conclusively dismissed. Volkswagen AG remains of the opinion that it duly complied with its capital market obligations. Therefore, no provisions have been recognized for these investor lawsuits. Contingent liabilities have been disclosed where the chance of success was estimated to be not less than 10%.

4. Proceedings in the USA/Canada

In the USA and Canada, the matters described in the EPA's "Notices of Violation" remain the subject of various types of lawsuits and requests for information that have been filed against Volkswagen AG and other Volkswagen Group companies, in particular by customers, investors, and various government agencies in the United States and Canada.

In November 2023, Volkswagen reached a settlement agreement resolving the environmental claims brought by the Attorney General of the State of Texas and various Texas municipalities against Volkswagen AG, Volkswagen Group of America, Inc., and certain affiliates. The settlement agreement became final in January 2024 after it was approved by the court.

In March 2019, the US Securities and Exchange Commission (SEC) filed a lawsuit against, among others, Volkswagen AG, Volkswagen Group of America Finance, LLC (VWGoAF), and VW Credit, Inc., asserting claims under US federal securities law based, among other things, on alleged misstatements and omissions in connection with the offer and sale of certain bonds and asset-backed securities. In August 2020, the US District Court for the Northern District of California dismissed, among other things, all claims against VW Credit, Inc. relating to asset-backed securities. In September 2020, the SEC filed an amended complaint that, among other things, removed the dismissed claims. In March 2024, VWGoAF submitted to the SEC an executed consent to enter into a final judgment, without admitting or denying the allegations of the SEC's amended complaint filed in September 2020, which requires, among other things, payment in the amount of about USD 49 million. Subsequently, the SEC and VWGoAF filed a motion for entry of final judgment as to VWGoAF requesting the U.S. District Court for the Northern District of California to enter final judgment that would fully resolve the SEC's claims against VWGoAF. In April 2024, the court granted the motion and entered final judgment as to VWGoAF, and issued an order dismissing with prejudice all claims against Volkswagen AG and a former Chair of the Board of Management of Volkswagen AG. Accordingly, the SEC's claims against all defendants in this lawsuit have been fully resolved.

5. Special audit

In a November 2017 ruling, the Higher Regional Court of Celle ordered, upon the request of three US funds, the appointment of a special auditor for Volkswagen AG. The special auditor was supposed to examine whether the members of the Board of Management and Supervisory Board of Volkswagen AG breached their duties in connection with the diesel issue from June 22, 2006 onwards and, if so, whether this resulted in damages for Volkswagen AG. Volkswagen AG had filed a constitutional complaint with the German Federal Constitutional Court against this decision, which was originally unappealable as a formal matter. Volkswagen AG also filed a constitutional complaint against the subsequent (and likewise formally unappealable) decision by the Higher Regional Court of Celle to appoint a special auditor other than the one initially appointed. Following November 2022 rulings by the Federal Constitutional Court that upheld both of the constitutional complaints and remanded the cases to the Celle Higher Regional Court, this court dismissed the motion for appointment of a special auditor as well as the petitioners' motion in the action for replacement of the special auditor by rulings of November 2024 and December 2024 respectively. The petitioners have filed appeals on points of law with the BGH against both decisions. Volkswagen AG had in addition previously filed an action before the Braunschweig Regional Court seeking to enjoin the special auditor from performing the audit as long as he had not furnished sufficient proof of his independence. The Braunschweig Regional Court dismissed the action for injunctive relief in the summer of 2022; Volkswagen AG then appealed this decision to the Braunschweig Higher Regional Court.

A second motion seeking appointment of a special auditor for Volkswagen AG to examine matters relating to the diesel issue was filed with the Regional Court of Hanover. The proceedings in this matter were resumed after initially being stayed pending the decision of the Federal Constitutional Court in the first special audit case.

6. Risk assessment regarding the diesel issue

An amount of around €0.6 (0.9) billion has been included in the provisions for litigation and legal risks as of December 31, 2024 to account for the currently known legal risks related to the diesel issue based on the presently available information and the current assessments. Where adequately measurable at this stage, contingent liabilities relating to the diesel issue have been disclosed in the notes in an aggregate amount of €4.0 (4.0) billion, whereby roughly €3.8 (3.8) billion of this amount results from lawsuits filed by investors in Germany. The provisions recognized, the contingent liabilities disclosed, and the other latent legal risks in the context of the diesel issue are in part subject to substantial estimation risks given the complexity of the individual relevant factors, the ongoing coordination with the authorities, and the fact that the fact-finding efforts have not yet been concluded. Should these legal or estimation risks materialize, this could result in further substantial financial charges. In particular, adjustment of the provisions recognized in light of knowledge acquired or events occurring in the future cannot be ruled out.

In line with IAS 37.92, no further statements have been made concerning estimates of financial impact or regarding uncertainty as to the amount or maturity of provisions and contingent liabilities in relation to the diesel issue. This is so as to not compromise the results of the proceedings or the interests of the Company.

Additional important legal cases

In 2011, *ARFB Anlegerschutz UG (haftungsbeschränkt)* filed a claim for damages against Volkswagen AG and Porsche SE for allegedly violating disclosure requirements under capital market law in connection with the acquisition of ordinary shares in Volkswagen AG by Porsche SE in 2008. The damages being sought based on allegedly assigned rights currently amount to approximately €2.26 billion. In late September 2022 the 1st Antitrust Chamber of the Higher Regional Court of Celle issued a model case ruling by which all of the plaintiffs' objects of declaratory judgment were either dismissed or declared to be irrelevant. The legal positions of the model case defendants were thus upheld in their entirety. Two appeals alleging error of law in the model case ruling have been received, one of which is also directed against Volkswagen AG.

In Brazil, the Brazilian tax authorities commenced tax proceedings against Volkswagen Truck & Bus (formerly: MAN Latin America); at issue in these proceedings are the tax consequences of the acquisition structure chosen for Volkswagen Truck & Bus in 2009. In December 2017, an adverse administrative appeal ruling was rendered against Volkswagen Truck & Bus. Volkswagen Truck & Bus challenged this ruling before the regular court in 2018. In 2024, new legislation led to significant reductions in the penalties. Estimation of the risk in the event the tax authorities prevail on all points is subject to uncertainty because of differences in the amount of penalties and interest that might then apply under Brazilian law. However, a positive outcome for Volkswagen Truck & Bus remains the expectation. Should this not occur, a risk of about BRL 3.1 billion could result for the contested period from 2009 onwards; this amount has been included in contingent liabilities in the notes.

The Indian customs authorities have initiated investigations into the question of the application of local customs duties at ŠKODA AUTO Volkswagen India Private Limited and have issued a "Show Cause Notice". A final decision by the Indian authorities has not yet been made. However, due to the early stage of the investigations and the resulting uncertainty surrounding information currently available, risks in this regard cannot be conclusively quantified.

After Volkswagen do Brasil had successfully brought an action in the Brazilian courts against what was held to constitute unconstitutional double taxation of vehicles on the part of the Brazilian federal government, Volkswagen do Brasil received a refund of the excess amount paid from the state of Brazil. In December 2023, the Brazilian dealership association *Associação Brasileira Dos Distribuidores Volkswagen* (Assobrav) and individual dealers, among others, filed lawsuits against Volkswagen do Brasil alleging that the dealers were at least partially entitled to the refunded amount. Eight such actions are pending. The lawsuit brought by Assobrav with a provisionally estimated amount in dispute of roughly BRL 2.4 billion is by far the largest of these actions. In January 2024, the court dismissed the dealership association’s lawsuit in its entirety. Assobrav subsequently appealed the dismissal; the judgment is not yet final.

In 2011, the European Commission conducted searches at European truck manufacturers for suspected unlawful exchange of information during the period from 1997 to 2011; in November 2014, the Commission issued a statement of objections to MAN, Scania, and the other truck manufacturers concerned. In its settlement decision of July 2016, the European Commission assessed fines against five European truck manufacturers. MAN’s fine was waived in full as the company had informed the European Commission about the irregularities as a key witness. In September 2017, the European Commission fined Scania €0.88 billion. In a judgment rendered in February 2022, the European General Court (Court of First Instance) rejected in its entirety the appeal filed by Scania in this connection. Scania’s April 2022 appeal against this judgment was rejected in full by the ECJ, the court of last resort, in February 2024. Furthermore, antitrust lawsuits seeking damages have been received from customers. As is the case in any antitrust proceedings, this may result in further lawsuits for damages. No provisions have been recognized for a large number of these legal disputes as they are not expected to result in final damage awards at the highest appeals level. For those actions in which, after reassessing the risks, the final outcome at the highest appeals level appears more likely than not to result in the payment of damages by MAN or Scania, provisions have been recognized in an amount of €162 million.

In July 2021, the European Commission assessed a fine totaling roughly €502 million against Volkswagen AG, AUDI AG, and Dr. Ing. h.c. F. Porsche AG pursuant to a settlement decision. Volkswagen declined to file an appeal, hence the decision became final in 2021. The subject matter scope of the decision was limited to the cooperation of German automobile manufacturers on individual technical questions in connection with the development and introduction of SCR (selective catalytic reduction) systems for passenger cars that were sold in the European Economic Area. The manufacturers were not charged with any other misconduct such as price fixing or allocating markets and customers. Following the European Commission’s July 2021 administrative fine decision, several class actions were filed in the United Kingdom beginning in late 2021 against Volkswagen AG, among others. Neither provisions nor contingent liabilities have been reported as a realistic estimate of risk exposure is not possible at the present stage of the proceedings. After analyzing potential violations based on the facts of the EU case, the Korean competition authority KFTC issued its administrative fine decision in April 2023. No fine was imposed on Volkswagen AG, and Porsche AG is not affected by the decision. A fine equaling just under €3 million was assessed against AUDI AG. AUDI AG and Volkswagen AG have appealed the decision to the relevant court in Seoul/Korea. The Turkish competition authorities, who investigated similar matters, issued a final decision in January 2022 in which they determined anticompetitive behavior to allegedly exist, but found that it had no effect on Türkiye, for which reason they refrained from imposing fines on the German automakers. The written grounds of the final decision are not yet available. Volkswagen AG, AUDI AG, and Porsche AG have filed appeals. Based on comparable matters, the Chinese competition authority has instituted proceedings against Volkswagen AG, AUDI AG, and Porsche AG, among others, and issued requests for information. On the basis of comparable matters, the Brazilian competition authority Conselho Administrativo de Defesa Econômica (CADE) likewise opened proceedings in July 2024 against Volkswagen AG, AUDI AG, Porsche AG, and others.

In March 2022, the European Commission and the Competition and Markets Authority (CMA), the English antitrust authorities, searched the premises of various automotive manufacturers and automotive industry organizations and/or served them with formal requests for information. In the Volkswagen Group, the investigation affects Volkswagen Group UK, which was searched by the CMA, and Volkswagen AG, which has received a Group-wide information request from the European Commission. The investigation relates to European, Japanese, and Korean manufacturers as well as national organizations operating in such countries and the European organization European Automobile Manufacturers' Association (ACEA), which are suspected of having agreed from 2001/2002 to the initiation of the proceedings to avoid paying for the services of recycling companies that dispose of end-of-life vehicles (ELV) (specifically passenger cars and light utility vehicles). Also alleged is an agreement to refrain from competitive use of ELV issues, that is, not to publicize relevant recycling data (recyclates, recyclability, recovery) for competitive purposes. The violation under investigation is alleged to have taken place in particular in the ACEA Working Group Recycling and related sub-groups thereof. Volkswagen AG is responding to the European Commission's information requests. In June 2024, the Chinese competition authorities also served Volkswagen AG with a request for information in this matter. The Korean competition authority KFTC also carried out a search of Volkswagen Group Korea in the same context. Volkswagen Group UK is cooperating with the CMA. In this matter, CMA furthermore issued requests for information to Volkswagen AG. In July 2022, Volkswagen AG filed an action for judical review challenging the CMA's requests for information in particular because Volkswagen AG believes that they exceed the CMA's jurisdiction. In February 2023, the court granted the claim. The CMA appealed this judgment in April 2023, and in January 2024 the appellate court ruled in the CMA's favor. Volkswagen AG has appealed this decision to the Supreme Court. Concurrent therewith, Volkswagen AG continues to examine the possibilities for reasonable cooperation with the CMA.

In October 2024, the Brazilian competition authority CADE opened proceedings against numerous companies on charges of improper anti-competitive exchange of human resources information. Within the Volkswagen Group, Volkswagen do Brasil is party to the proceedings.

In addition, a few national and international authorities initiated antitrust investigations. Volkswagen is cooperating closely with the responsible authorities in these investigations. An assessment of the underlying situation is not possible at this early stage.

In the lawsuit that Greenpeace is supporting in Braunschweig, the Braunschweig Higher Regional Court rejected the plaintiffs' appeal in June 2024 and upheld the Braunschweig Regional Court's February 2023 dismissal of the complaint. In their complaint filed in November 2021, the plaintiffs in the action had sought, among other things, to compel Volkswagen AG to initially reduce in stages, and by 2029 completely cease, its production and placement into the stream of commerce of vehicles with internal combustion engines, as well as to reduce greenhouse gas emissions from development, production, and marketing (including third party vehicle use). The lawsuit further sought to compel Volkswagen to exercise influence over Group companies, subsidiaries, and joint ventures so as to cause them to fulfill these demands as well. The appellate court's June 2024 decision is final and terminates the Braunschweig lawsuit. In addition, another action with similar requests for relief and by and large the same rationale has been filed against Volkswagen AG by an organic farmer, again with the support of Greenpeace, before the Detmold Regional Court. This action was likewise dismissed as unfounded by the Detmold Regional Court in February 2023. In April 2023, the plaintiffs appealed this decision to the Hamm Higher Regional Court.

In Russia, Automobile Plant GAZ LLC (GAZ) had initially filed actions against Volkswagen AG and others in 2023 alleging damage claims totaling around RUB 44 billion. In fulfillment of a court-confirmed settlement, GAZ withdrew one of its lawsuits, thus terminating these proceedings. In July 2024, the trial court in the remaining lawsuit alleging claims of roughly RUB 28.5 billion ordered Volkswagen AG to pay damages in an amount of roughly RUB 16.9 billion. In December 2024, the appellate court hearing the appeal of Volkswagen AG affirmed the trial court's judgment. Volkswagen AG has appealed this decision and will continue to mount a comprehensive defense.

In line with IAS 37.92, no further statements have been made concerning estimates of financial impact or regarding uncertainty as to the amount or maturity of provisions and contingent liabilities in relation to additional important legal cases. This is so as to not compromise the results of the proceedings or the interests of the Company.

Tax and tariff risks

Volkswagen AG and its subsidiaries have operations worldwide and are audited by local tax and customs authorities on an ongoing basis. Amendments to tax laws, customs regulations, changes in legal precedent and their interpretation by the authorities in the respective countries may lead to payments of taxes and tariffs that differ from the estimates made in the financial statements. Risks arise particularly from tax assessment of the cross-border supply of intragroup goods and services. Through organizational measures, such as the implementation of advance pricing agreements, as well as the monitoring of transfer prices or monitoring of compliance with customs regulations, Volkswagen constantly tracks the development of corresponding risks, as well as the impact thereof on the consolidated financial statements.

Appropriate provisions were recognized for potential future retrospective payments of taxes or tariffs or for ancillary tax payments arising in this connection.

The Volkswagen Group is aware of its social responsibility to comply with tax and customs regulations (compliance) and is committed to being a responsible and reliable payer of taxes and tariffs (tax governance).

The organizational principles relating to the Volkswagen Group's tax and customs affairs are set out in the relevant Group policies, which are reviewed annually to verify that they are up to date. The organizational principles defined therein are designed to ensure that tax- and tariff-related financial and regulatory risks as well as any resulting reputational risks can be identified and evaluated. These risks are communicated, proactively managed and monitored, and are comprehensively incorporated into our risk management processes and systems. In particular, uniform requirements are defined for the implementation of a Group-wide tax compliance management system; these requirements must be met by the Group companies and serve to monitor adherence to tax regulations.

The Board of Management has also published its tax strategy principles, which focus in particular on correct fulfillment of tax obligations. Among other things, these principles require Group companies to conduct transactions with each other at arm's length in order to satisfy relevant OECD guidelines for multinational enterprises. Inappropriate legal arrangements, and particularly an "aggressive" tax strategy must be avoided.

Financial risks

For this risk category, the likelihood of occurrence is classified as medium (previous year: high) and the potential extent of damage is classified as medium (previous year: medium).

The most significant risks from the QRP arise mainly from the deterioration offinancing opportunities.

Strategies for hedging financial risks and the resulting risks arising from financial instruments

In the course of our business activities, financial risks may arise from changes in interest rates, exchange rates, raw material prices, or share and fund prices – but also from unforeseeable events such as a sudden outbreak of geopolitical tensions and conflicts or the intensification of existing ones. We continuously monitor these financial and liquidity risks and mitigate them using non-derivative and derivative financial instruments. These give rise to counterparty risks, which we limit using our counterparty risk management.

Interest rate risk refers to potential losses that could arise as a result of changes in market interest rates. It occurs because of interest rate mismatches between asset and liability items in a portfolio or on the balance sheet. We hedge interest rate risk – where appropriate in combination with currency risk – and risks arising from fluctuations in the value of financial instruments by means of interest rate swaps, cross-currency interest rate swaps and other interest rate contracts with generally matching amounts and maturities. However, variable interest rate positions exist as a result of the issuance of a floating rate bond in the Automotive Division in 2024 which was not matched with a derivative to eliminate the interest rate risk. The principle of matching amounts and maturities applies to financing arrangements within the Volkswagen Group in the Automotive Division. In the Financial Services Division, the risk of changes in the interest rate is managed on the basis of limits using interest rate derivatives as part of the defined risk strategy.

Foreign currency risk is reduced in particular through natural hedging, i.e. by adapting our production capacity at our locations around the world, establishing new production facilities in the most important currency regions and also procuring a large percentage of components locally. We hedge the residual exchange rate risk using hedging instruments. These mainly comprise currency forwards and currency options. We use these transactions to limit the exchange rate risk associated with forecasted cash flows from operating activities, intragroup financing and liquidity positions in currencies other than the respective functional currency, for example as a result of restrictions on capital movements. The currency forwards and currency options can have a term of up to ten years. We use these to hedge our principal foreign currency risks, mostly against the euro and primarily in Australian dollars, Brazilian real, Canadian dollars, Chinese renminbi, Czech koruna, Hong Kong dollars, Hungarian forints, Indian rupees, Japanese yen, Mexican pesos, Norwegian kroner, Polish zloty, pounds sterling, Singapore dollars, South African rand, South Korean won, Swedish kronor, Swiss francs, Taiwan dollars and US dollars.

The hedging of commodity prices entails risks relating to the availability of raw materials and price trends. We continuously analyze potential risks arising from changes in commodity and energy prices in the market so that immediate action can be taken whenever these arise. We limit these risks particularly by entering into forward transactions and swaps. We have used appropriate contracts to hedge some of our requirements for commodities such as aluminum, copper and lead over a period of up to six years. We have also entered into price hedges for cobalt and lithium with maximum terms of less than three years. In the case of nickel, the strategic hedging horizon is up to ten years, although existing hedges focus particularly on the next six years. Appropriate contracts have also been put in place to hedge prices of electricity and gas deliveries.

The precious metals platinum, palladium and rhodium have shorter hedging periods, generally amounting to a maximum of up to three years. For selected commodities, this may also involve increases in physical inventories. We have also entered into transactions for emission allowances to hedge the prices of a portion of the CO_2 emissions generated beyond the free allocations as part of the European Union Emissions Trading System (EU ETS) over the coming years.

Special funds, in which we invest surplus liquidity, entail equity price risks and fund price risks in particular. We reduce these risks through the diversified investment of funds and through minimum values set out in the respective investment guidelines. In addition, exchange rates are hedged when market conditions are appropriate.

Channeling excess liquidity into investments and entering into derivatives contracts gives rise to counterparty risk. Partial or complete failure by a counterparty to perform its obligation to pay interest and repay principal, for example, would have a negative impact on the Volkswagen Group's earnings and liquidity. We counter this risk through our counterparty risk management, which we describe in more detail in the section entitled "Principles and Goals of Financial Management" in the "Results of Operations, Financial Position and Net Assets" chapter. The financial instruments held for hedging purposes give rise to counterparty risks, and also to balance sheet risks, which we limit using hedge accounting.

By diversifying when selecting business partners, we work to limit the impact of a default and keep the Volkswagen Group solvent at all times, even in the event of a default by individual counterparties.

In addition, financial instruments used in risk hedging strategies may result in losses if the hedging exchange rates are less favorable than the rates achievable on the market at the maturity of the financial instrument.

Our hedging policy, the hedging rules, the default and liquidity risks, and the quantification of the hedging transactions mentioned, risks that arise in connection with trade receivables, and risks arising from financial services are explained in the notes to the consolidated financial statements. We also disclose information on market risk within the meaning of IFRS 7 in the notes.

Liquidity risk

Volkswagen is reliant on its ability to adequately cover its financing needs. There is a potential liquidity risk that we will be unable to cover existing capital requirements by raising funds or unable to finance the Group on reasonable terms, which in turn can have a substantially negative impact on Volkswagen's business position, earnings, financial position and net assets.

In principle, the Automotive Division and Financial Services Division refinance themselves independently of one another. However, they are subject to very similar refinancing risks. In the Automotive Division, the Company's solvency is primarily safeguarded through retained, non-distributed earnings, by drawing down on credit lines and by issuing financial instruments on the money and capital markets. The capital requirements of the financial services business are covered mainly by raising funds in the national and international financial markets, among other things through securitizations of receivables and the issuance of unsecured bonds, as well as through customer deposits from the direct banking business.

One of the ways in which Volkswagen finances its investments is with loans provided by national development banks such as *Kreditanstalt für Wiederaufbau* (KfW) or *Banco Nacional de Desenvolvimento Econômico e Social* (BNDES), or by supranational development banks.

In addition to committed credit lines, uncommitted credit lines from commercial banks supplement our broadly diversified refinancing structure.

Financing opportunities can be hindered by worsening financial and general market conditions (also resulting from a sudden outbreak of geopolitical tensions and conflicts or an intensification of existing ones) and by a worsening credit profile and outlook or a downgrade or withdrawal of the credit rating. The increasing relevance of ESG ratings to investors is also of growing significance in this context. In such cases, there is a risk of a fall in demand from market participants for securities issued by Volkswagen, which may additionally have a detrimental effect on the interest rates payable and restrict access to the capital market.

Risks and opportunities in the financial services business

While carrying out our financial services activities, we are primarily exposed to credit risks and residual value risks along with our dependence on the Group's vehicle business.

Credit risk is defined as the danger of a financial loss resultingfrom defaults incustomer transactions. These are caused by the default of the borrower or lessee. The default is caused by the borrower's or lessee's insolvency or unwillingness to pay. In other words, the counterparty does not make the agreed interest payments or repayments of principal on time or does not pay the full amounts.

The aim of a systematic credit risk monitoring system is to identify potential borrower or lessee insolvencies at an early stage, anticipate possible losses by recognizing appropriate allowances and, if possible, initiate corrective action in respect of a potential default. If, for example, an economic downturn leads to a higher number of insolvencies or greater unwillingness of borrowers or lessees to make payments, higher loss allowances and amortization expenses must be recognized.

Credit checks on borrowers are the primary basis for lending decisions. Rating or scoring systems are used that provide the relevant departments with an objective basis for reaching a decision on a loan or a lease.

An opportunity from credit risks may arise if the losses from the lending and leasing business are lower than the previously expected losses and the corresponding risk provision recognized on this basis. Particularly in countries where higher risk provision is needed due to the uncertain economic situation, the realized losses may be lower than the expected losses if the economy stabilizes and borrowers' credit ratings improve as a result.

Credit risks are monitored and managed on the basis of defined guidelines and processes. All lending is monitored in relation to the financial circumstances of the borrower or lessee, contractual obligations, conditions stipulated by both outside parties and the company itself and defined in the credit approval process, available collateral and adherence to any limits granted. As such, commitments are managed according to the degree of risk involved (standard, intensified and problem loan management). Credit risk is also managed by means of approval or reporting limits and defining loan approval authority. Such limits and authority are specified separately for each individual branch and subsidiary.

Residual value risk arises from the fact that the predicted market value for an asset leased or financed could turn out to be lower on remarketing at the end of the contract than the residual value calculated when the contract was concluded, or that the sales revenue realized could be less than the carrying amount of the vehicle in the event that the contract is ended prematurely as a result of legal contract termination options being exercised. On the other hand, there is a possibility that remarketing could generate proceeds greater than the calculated residual value or carrying amount.

Referring to the bearer of residual value risk, a distinction is made between direct and indirect residual value risks. A direct residual value risk means that our financial services companies directly bear this risk. An indirect residual value risk arises if the residual value risk has been transferred to a third party (such as a dealer) on the basis of a contractual agreement. In such cases, there is a counterparty default risk in respect of the bearer of the residual value risk. If the bearer of the residual value risk defaults, the indirect residual value risk passes back to our financial services company and becomes a direct residual value risk. In other words, our financial services company re-assumes responsibility for remarketing the vehicles.

Management of the residual value risk is based on a defined control cycle, which ensures that risks are fully assessed, monitored, responded to and communicated. This process structure enables us to manage residual risks professionally and also to systematically improve and enhance the way we handle residual value risks.

As part of risk management procedures, the adequacy of the provision for risk and the potential residual value risk are regularly reviewed in respect of direct residual value risk. The preparation of the risk management report includes a review of adequacy in which the level of existing direct residual value risk is compared against the level of the provisions recognized for risks. Based on the resulting potential residual value risk, various measures are initiated as part of an active risk management approach to limit this risk. With regard to new business, the residual value recommendation must take into account current market circumstances and factors that might have an influence in future.

You can find more information on risks in the financial services business in the 2024 annual reports of Volkswagen Financial Services AG and Volkswagen Bank GmbH as well as Volkswagen Financial Services Overseas AG.

Opportunities and risks from mergers & acquisitions and/or other strategic partnerships/investments

No risks with a score of 20 or more were reported for this risk category.

Opportunities and risks from partnerships

As part of our Group strategy, we are stepping up our efforts to forge partnerships, both for the transformation of our core business and for the establishment of new areas of business.

We are increasingly concentrating on partnerships, acquisitions and venture capital investments. Our intent here is to generate maximum value for the Group and its brands and obtain the opportunity to expand our expertise, particularly in new areas of business. Our innovative presence in the markets supports this process. We enter into partnerships at a local level to help us identify regional customer needs more accurately, establish competitive cost structures and thus develop and offer market-driven products. At the same time, partnerships are associated with the risk that the interests of our business partners might differ from our own or that common goals cannot be achieved, for example due to insufficient financial performance. Furthermore, specific risks and expenses may arise from the provision of data and systems in new development partnerships in a way that meets the requirements of the relevant jurisdictions (e.g. national data protection law) and roles (e.g. the need-to-know principle of the Volkswagen Group). To mitigate the aforementioned risks, development partnerships receive not only technical support but also assistance on legal and IT-related aspects.

Close interaction with partners in the field of e-mobility in the form of partnerships and joint ventures supports technological change. Examples include battery development, software development, mobility solutions and the development of a comprehensive charging infrastructure. This cooperation involves risks such as an increased coordination workload, more complex decision-making processes and the loss of expertise. At the same time, opportunities are presented by the pooling of specialist knowledge, by horizontal and vertical integration and by better use of resources. Volkswagen has therefore created cross-departmental teams to closely support all such partnerships.

The marketing of the Modular Electric Drive Toolkit to third parties, for example as part of the strategic alliance with Ford, could result in damage claims in the event of problems with procurement, production and quality.

Volkswagen owns a large number of patents and other industrial property rights and copyrights. Patent and licensing infringements may also arise in partnerships and thus result in the unauthorized disclosure of company-specific expertise. Volkswagen monitors the sales markets and also protects its expertise with legal action.

Risks arising from the recoverability of goodwill or brand names and from equity investments

For the goodwill recognized in the financial statements and for brand names, as well as for equity investments, there is a risk that the carrying amount of goodwill may be higher than the recoverable amount and that an impairment loss must therefore be recognized. At least once a year, Volkswagen tests whether the value of the goodwill or the brand names might have been impaired. It bases these tests on the underlying cash-generating units. We also regularly test the equity investments for impairment. The determination of a possible impairment of goodwill and the acquired brand names as a result of the impairment testing depends to a large extent on how the legal representatives estimate the future cash flows and calculate the discount rates to be applied in each case. Against the backdrop of the ongoing transformation of the core business towards e-mobility and digitalization, the shift to self-driving vehicles and stricter environmental requirements, there are uncertainties to be considered in the estimate of the Volkswagen Group's future share of the battery-electric vehicle market as well as the achievable margins and long-term growth rates. Uncertainties relating to a possible delay in the enforcement of e-mobility and the stiff competition from China also need to be taken into account. The estimates are subject to risk and may be revised if environmental regulations or market conditions change. Potential effects are taken into account in our medium-term planning and thus in the calculation of future cash flows, including in impairment tests. If there are objective indications that the recoverable amount of the asset concerned is lower than the carrying amount, Volkswagen recognizes this as a non-cash impairment. An impairment can be caused, for example, by an increase in interest rates or deteriorating business prospects.

Risks from the disposal of equity investments

An unexpected need for funding may lead to a situation in which assets have to be sold for a lower amount not equivalent to their value.

SUMMARY OF THE RISK AND OPPORTUNITY SITUATION

The overall risk and opportunity situation of the Volkswagen Group is derived from the individual risks and opportunities presented above. To ensure that these risks are controlled, we have established a comprehensive risk management system. The most significant risks across all risk categories for the Volkswagen Group arise from a negative trend in markets and unit sales – driven by increasing trade restrictions, protectionist tendencies and intensifying competition –, failure to meet CO_2-related requirements, the development of products that are not in line with demand and requirements, in particular with regard to e-mobility and software and in relation to cybersecurity, and the underutilization of sites. For 2025, there may be negative impacts from limited availability of parts, energy and other raw materials as well as from geopolitical tensions and conflicts – such as the Russia-Ukraine conflict, confrontations in the Middle East, and increasing uncertainties regarding the political orientation of the USA. Furthermore, there are residual risks for the Volkswagen Group from the diesel issue. Based on the information available to us today, there are no risks that could endanger the continued existence of material Group companies or the Volkswagen Group.

Outlook for 2025

Our planning is based on the assumption that global economic output will grow overall in 2025 at a slightly slower pace than in 2024. Declining inflation in major economic regions and the resulting easing of monetary policy are expected to boost consumer demand. We continue to believe that risks will arise from increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine conflict, the confrontations in the Middle East, and deepening uncertainties regarding the political orientation of the USA. We assume that both the advanced economies and the emerging markets will record somewhat weaker momentum on average than that of the reporting year.

The trend in the automotive industry closely follows global economic developments. We assume that competition in the international automotive markets will intensify further. Crisis-related disruption to the global supply chain and the resulting impact on vehicle availability may weigh on the volume of new registrations. Moreover, sudden new or intensified geopolitical tension and conflicts could lead to rising prices for materials and declining availability of energy.

We predict that trends in the markets for passenger cars in the individual regions will be mixed but predominantly positive in 2025. Overall, the global volume of new car sales is expected to be slightly higher than the prior-year level. For 2025, we anticipate that the volume of new passenger car registrations in Western Europe will be noticeably higher than that recorded in the reporting year. In the German passenger car market, we expect the volume of new registrations in 2025 to be slightly up on the prior-year level. Sales of passenger cars in 2025 are expected to strongly exceed the prior-year figures overall in markets in Central and Eastern Europe – subject to the further development of the Russia-Ukraine conflict. The sales volume in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America overall and in the United States in 2025 is forecast to be similar to the level seen in the previous year. We anticipate a noticeable increase overall in new registrations in the South American markets in 2025 compared with the previous year. The passenger car markets in the Asia-Pacific region in 2025 are expected to be similar to the previous year.

Trends in the markets for light commercial vehicles in the individual regions will be mixed; on the whole, we expect the sales volume for 2025 to be similar to the previous year’s figure.

For 2025, we expect that new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes will be down noticeably on the previous year in the markets that are relevant for the Volkswagen Group, with variations from region to region. A noticeable year-on-year increase in demand is anticipated for 2025 in the bus markets relevant for the Volkswagen Group, whereby this will vary depending on the region.

We assume that automotive financial services will prove highly important to global vehicle sales in 2025 in synergy with the development of the vehicle markets.

In a challenging market environment, we anticipate that the number of deliveries to customers of the Volkswagen Group will be similar to the previous year.

Challenges will arise in particular from an environment of political uncertainty, expanding trade restrictions and geopolitical tensions, the increasing intensity of competition, volatile commodity, energy and foreign exchange markets, and more stringent emissions-related requirements.

We expect the sales revenue of the Volkswagen Group and the Passenger Cars and Light Commercial Vehicles segment to exceed the previous year's figure by up to 5% in 2025. The operating return on sales is projected to be between 5.5% and 6.5% for the Group and between 6% and 7% for the Passenger Cars and Light Commercial Vehicles segment. For the Commercial Vehicles segment, we anticipate an operating return on sales of 7.5% to 8.5% amid sales revenue on a level with the previous year. For the Financial Services Division, we forecast an increase of up to 5% in sales revenue compared with the prior year and an operating result in the range of €4.0 billion.

In the Automotive Division, we are assuming an investment ratio of between 12% and 13% in 2025. We expect net cash flow for 2025 to be between €2 billion and €5 billion. This includes cash outflows for investments for the future as well as for restructuring measures. Net liquidity in the Automotive Division in 2025 is expected to be between €34 billion and €37 billion. Our goal remains unchanged, namely, to continue with our robust financing and liquidity policy.

Wolfsburg, February 25, 2025
The Board of Management

5

Sustainability Report

(Combined non-financial statement of the Volkswagen Group and Volkswagen AG. Part of the combined Management Report)

General information

Sustainability is deeply rooted in the Volkswagen Group and an integral part of our Group strategy. We are providing important and goal-oriented new impetus with our Group sustainability strategy regenerate+ and take a broad and comprehensive approach to sustainability – environmentally, socially and economically.

ABOUT THIS SUSTAINABILITY REPORT

For the reporting year 2024, Volkswagen AG is issuing acombined, non-financial statement (sustainability report) for the Volkswagen Group and Volkswagen AG. The combined, non-financial report is drawn up in accordance with sections 315c, in conjunction with sections 289c through 289e of the *Handelsgesetzbuch* (HGB – German Commercial Code). For the reporting year 2024, the European Sustainability Reporting Standards (ESRS) were applied in full for the first time as a framework for the sustainability report (sustainability statement) as they provide the basis for the provisions on sustainability reporting in accordance with the European Union's Corporate Sustainability Reporting Directive (CSRD).

Notes on use of the ESRS

General explanations on the standards.

The ESRS currently comprises 12 standards, two of which are overarching standards setting out general requirements (ESRS 1) and general disclosures (ESRS 2). An additional ten topical standards address environmental, social and governance topics:

> Environmental information (Environment, E standards): climate change (ESRS E1), pollution (ESRS E2), water and marine resources (ESRS E3), biodiversity and ecosystems (ESRS E4), resource use and circular economy (ESRS E5);
> Social information (Social, S standards): own workforce (ESRS S1), workers in the value chain (ESRS S2), affected communities (ESRS S3), consumers and end-users (ESRS S4);
> Governance information (Governance, G standard): business conduct (ESRS G1).

Each standard is based on disclosure requirements containing specific datapoint requirements. The disclosure requirements relevant to the Volkswagen Group were determined by means of a double materiality assessment. The Annex to the Sustainability Report contains a detailed index indicating which ESRS disclosures can be found in which section of the report.

Scope of the report

Volkswagen AG's sustainability report was prepared on a consolidated basis. The scope of consolidation was identified using the consolidated financial statements as a basis. The report generally covers all fully consolidated companies within the Volkswagen Group. The following adjustments were made for the gathering of data related to environmental information and information on business conduct:

> E standards: Data is gathered primarily for the fully consolidated production companies. In addition, the two controlled, but not fully consolidated companies Volkswagen Sarajevo d.o.o., Vogosca/Bosnia and Herzegovina and Audi Formula Racing GmbH/Neuburg an der Donau are also included in this scope. Furthermore,

the Chinese vehicle and component production joint ventures, over which the Group has operational control, are primarily taken into account for certain disclosures pertaining to greenhouse gas emissions and energy, emissions to air and water, and biodiversity-sensitive areas.
> G standard: The disclosures under corruption and bribery in the chapter on “Business conduct information” take all controlled companies into account. The controlled companies also represent the scope of application for awareness-raising and training measures, depending on their individual risk profiles pursuant to the internal compliance risk assessment (ICRA).

Both the upstream and downstream value chain is taken into account in the assessment of impacts, risks and opportunities. The option of a gradual introduction was taken in selecting datapoints.

Methodological specifications

Methodological specifications were used in the preparation of the sustainability report.
> The following time horizons were applied in reporting unless otherwise indicated:
  The short-term time horizon corresponds to a period of less than one year after the end of the reporting year.
  The medium-term time horizon is the period from the end of the short-term reporting period up to a period of five years.
  The long-term time horizon comprises all periods in excess of five years.
> Where disclosures are required in relation to specific circumstances within the meaning of ESRS 2, this is clearly indicated for the relevant datapoints.
> The sustainability report also contains an index for ESRS datapoints that derive from other EU legislation. This can be found in the Annex to the Sustainability Report.

BUSINESS MODEL, VALUE CHAIN AND STRATEGY

Business model and Group structure

Volkswagen AG is the parent company of the Volkswagen Group. It develops vehicles and components for the Group brands, and also produces and sells vehicles, in particular passenger cars and light commercial vehicles for the Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands. In its capacity as parent company, Volkswagen AG holds direct or indirect interests in AUDI AG, SEAT S.A., Škoda Auto a.s., Dr. Ing. h.c. F. Porsche AG, TRATON SE, Volkswagen Financial Services AG, Volkswagen Financial Services Overseas AG and a large number of other companies in Germany and abroad. More detailed disclosures are contained in the list of shareholdings in accordance with sections 285 and 313 of the HGB, which can be accessed at www.volkswagen-group.com/investor-relations and is part of the annual financial statements.

Volkswagen AG is a vertically integrated energy supply company as defined by section 3 no. 38 of the *Energiewirtschaftsgesetz* (EnWG – German Energy Industry Act) and is therefore subject to the provisions of the EnWG. In the electricity sector, Volkswagen AG generates, sells and distributes electricity as a group together with its subsidiaries. As a result of the power plant at the Volkswagen factory in Wolfsburg ceasing to use coal-fired power generation, sales revenue of €2.4 million was generated through the sale of coal in the fiscal year 2024.

A total of 614,082 employees were employed at the Volkswagen Group at the end of the 2024 reporting year. A comprehensive list broken down by region can be found in the “Employees and non-employees” chapter.

The Volkswagen Group is one of the leading multibrand groups in the automotive industry. The company’s business activities comprise the Automotive and Financial Services divisions. The Volkswagen Group’s significant products comprise passenger cars, commercial vehicles, and power engineering in the Automotive Division, as well as financial services.

Our core brands within the Automotive Division – with the exception of the Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands – are independent legal entities.

The Automotive Division comprises the Passenger Cars, Commercial Vehicles and Power Engineering business areas.

The Passenger Cars Business Area primarily consolidates the Volkswagen Group’s passenger car brands and the Volkswagen Commercial Vehicles brand. Activities focus on the development of vehicles, engines, motors, vehicle software and batteries, the production and sale of passenger cars and light commercial vehicles, and the genuine parts business. The product portfolio ranges from compact cars to luxury vehicles and also includes motorcycles, and is supplemented by mobility solutions.

Automotive Division			Financial Services Division
Passenger Cars Business Area	**Commercial Vehicles Business Area**	**Power Engineering Business Area**	**Volkswagen Group Mobility**
Core brand group (Volkswagen Passenger Cars, Škoda, SEAT/CUPRA, Volkswagen Commercial Vehicles, Tech. Components)	TRATON Commercial Vehicles	MAN Energy Solutions	**Others**
Progressive brand group (Audi, Lamborghini, Bentley, Ducati)			
Sport Luxury brand group (Porsche Automotive)			
CARIAD			
Battery			
Other			

The Commercial Vehicles Business Area primarily comprises the development of vehicles, engines, motors, the production and sale of trucks and buses, the genuine parts business and related services. The commercial vehicles portfolio ranges from light vans to heavy trucks and buses. The collaboration between the commercial vehicle brands is coordinated within TRATON SE.

The Power Engineering Business Area combines the large-bore diesel engines, turbomachinery and propulsion components businesses.

The activities of the Financial Services Division comprise dealership and customer financing, leasing, direct banking and insurance activities, fleet management and mobility services.

With its brands, the Volkswagen Group mainly serves individual, corporate and fleet customers in all markets around the world that are relevant for the Group, including Europe and other markets, North America, South America and Asia-Pacific.

Volkswagen AG and the Volkswagen Group are managed by the Volkswagen AG Board of Management in accordance with the Volkswagen AG Articles of Association and the rules of procedure for Volkswagen AG's Board of Management issued by the Supervisory Board.

Accordingly, responsibilities in the Board of Management are currently divided among ten Board functions. In addition to the "Chair of the Board of Management" function, the other Board functions are "Technology", "Finance and Operations", "Human Resources and Trucks brand group", "Integrity and Legal Affairs", "Progressive brand group", "Sport Luxury brand group", "China", "IT" and "Core brand group". The Chair of the Board of Management is also responsible for the "Sport Luxury brand group" Board function.

Directly attached to the Board are a number of Group Management functions that act as an extension to the Board functions. These comprise the "Group Sales", "Group Production", "Group Procurement" and "Group Research and Development" functions.

The allocation of responsibilities on the Board of Management is based on the rules of procedure decided by the Supervisory Board. The way this is structured is intended to help the Board of Management to focus on key tasks such as strategy, central decisions on the Company's direction, capital allocation and financial requirements. The task of the extended board-level management functions is to leverage synergies in the Group and to connect the brands and divisions. Board of Management committees exist at Group level for the following areas: products, technologies, investments, digital transformation, integrity and compliance, risk management and management issues. In addition to the responsible Board of Management members, the committees include representatives of the departments relevant to the subject, and of the brands, brand groups and companies involved. We are continually revising and optimizing these and other top management committees in the Group in order to verify that they still align with our Group strategy and to further increase the efficiency of their decision making. This reduces complexity and reinforces governance within the Group.

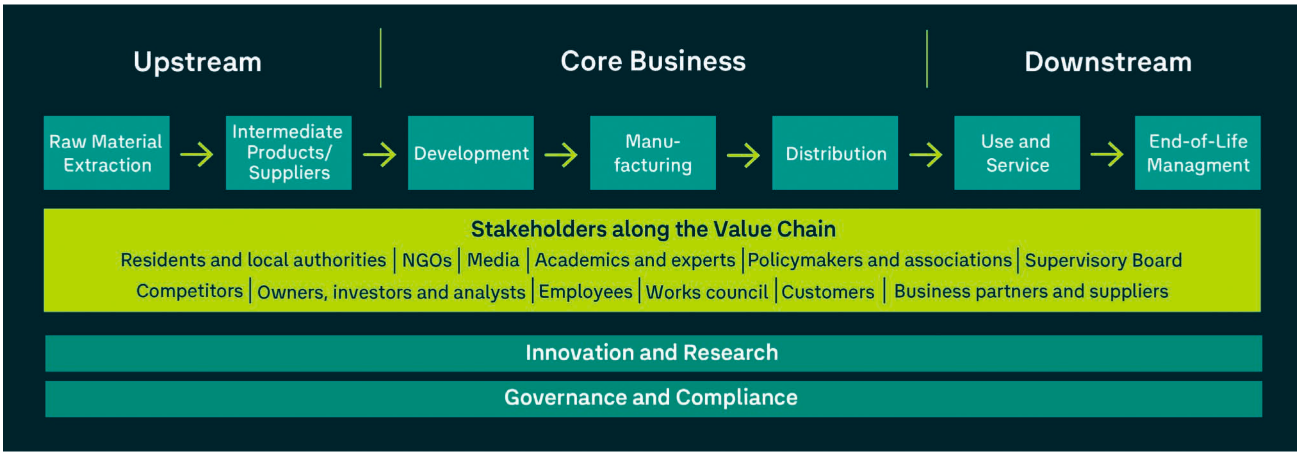
Each brand within the Volkswagen Group is managed by a brand board of management, which is responsible for the brand's independent and self-contained development and business operations. To the extent permitted by law, the board adheres to the Group targets and requirements laid down by the Board of Management of Volkswagen AG, as well as to the agreements in the brand groups. This allows Group-wide interests to be pursued, while at the same time safeguarding and reinforcing each brand's specific characteristics. Matters that are of importance to the Group as a whole are submitted to the Volkswagen AG Board of Management to enable synergetic implementation, to the extent permitted by law. Group policies decided by the Group Board of Management are an important instrument in this regard. Volkswagen AG employs Group policies as steering instruments to communicate its requirements, such as uniform standards and frameworks for action, to the Group companies. The rights and obligations of the statutory bodies of the relevant brand company thereby remain unaffected.

The Volkswagen Group companies are managed solely by their respective managements. The management of each individual company takes into account not only the interest of its own company but also the interests of the Group, the relevant brand group and the individual brands in accordance with the framework laid down by law.

We are convinced that our corporate structure, which connects not only the brand groups but also the technology platforms, will enable us to make better use of existing expertise and economies of scale, leverage synergies more systematically and accelerate decision making. In our view, clear responsibilities and a high degree of business responsibility in the brand groups and technology platforms form the basis for our sustainable success.

The Volkswagen Group value chain

To safeguard the Volkswagen Group's business, the Group has a broadly distributed and complex value chain. Both upstream and downstream process steps in this value chain are increasingly vertically integrated into the Group's own business activities.



Upstream value chain

The upstream segment of the value chain comprises the extraction of raw materials and the production of components and parts. The Volkswagen Group maintains close relationships with a large number of suppliers who play a key role in the provision of raw materials and intermediates.

It also operates its own production facilities and plants in which key components such as engines, motors, transmissions and suspensions are made. Its control of these key production steps means Volkswagen can ensure high quality standards and also directly implement innovative technologies and processes.

The Volkswagen Group also works closely with a large number of suppliers that provide specialized components and services to further improve the efficiency and quality of production.

Core business

The core business comprises the following central activities: the development of vehicles, engines, motors and vehicle software, the production and sale of passenger cars, light commercial vehicles, trucks, buses and motorcycles, as well as businesses for genuine parts, large-bore diesel engines, turbomachinery and components. The particularly relevant stakeholders in this regard are employees and the Works Council.

In the development phase, the Volkswagen Group invests in advanced technologies and innovative designs with the aim of producing state-of-the-art and environmentally friendly vehicles. Production takes place in globally distributed production facilities, which focus on efficiency and quality. Efficient logistics processes are designed to ensure seamless integration of all steps, from production to delivery, and also to help to reduce emissions and costs. Distribution takes place via a global network of authorized Volkswagen dealers and distributors who promptly and reliably make the vehicles available to customers.

This is where the value chain of Volkswagen Group Mobility comes in, with its range of services including vehicle leasing and financing, insurance and other vehicle-related mobility products – for private and individual commercial buyers as well as for fleet customers. In addition, the authorized dealers and business partners also offer maintenance contracts.

Downstream value chain

The downstream segment of the value chain covers the vehicle's use phase and end-of-life management. The use of the vehicles and associated services play a key role in this phase. The authorized dealers and service facilities offer comprehensive servicing and repair services, and ensure that customers always have access to high-quality replacement parts. On top of this, the growing mobility services segment addresses customers' needs in terms of flexibility and comfort. This includes offering vehicles as needed, such as through leasing, rental and car subscriptions, as well as mobility on demand such as ride pooling and ride hailing – in the future also in autonomous form.

Over the next few years, the Group is planning to consolidate the entire ecosystem of its brands' mobility services and offer it to customers across up to three vehicle lifecycles. On the one hand, this will generate additional income over the lifecycle of a vehicle. On the other hand, within the context of circular materials, it encourages the use of raw materials from used vehicles that are kept on the Group's books.

End-of-life management is an integral part of the Volkswagen Group's sustainability strategy. The focus here is on product and battery recycling.

The rapid expansion of charging infrastructure is and remains an important prerequisite for ramping up e-mobility. In light of this, the Volkswagen Group is driving the expansion of charging infrastructure with its partners Elli in Europe, CAMS in China and Electrify America in North America. Furthermore, the Group and its partner Elli are also active within the energy sector with the aim of transitioning Elli from a provider of charging infrastructure into a full energy service provider.

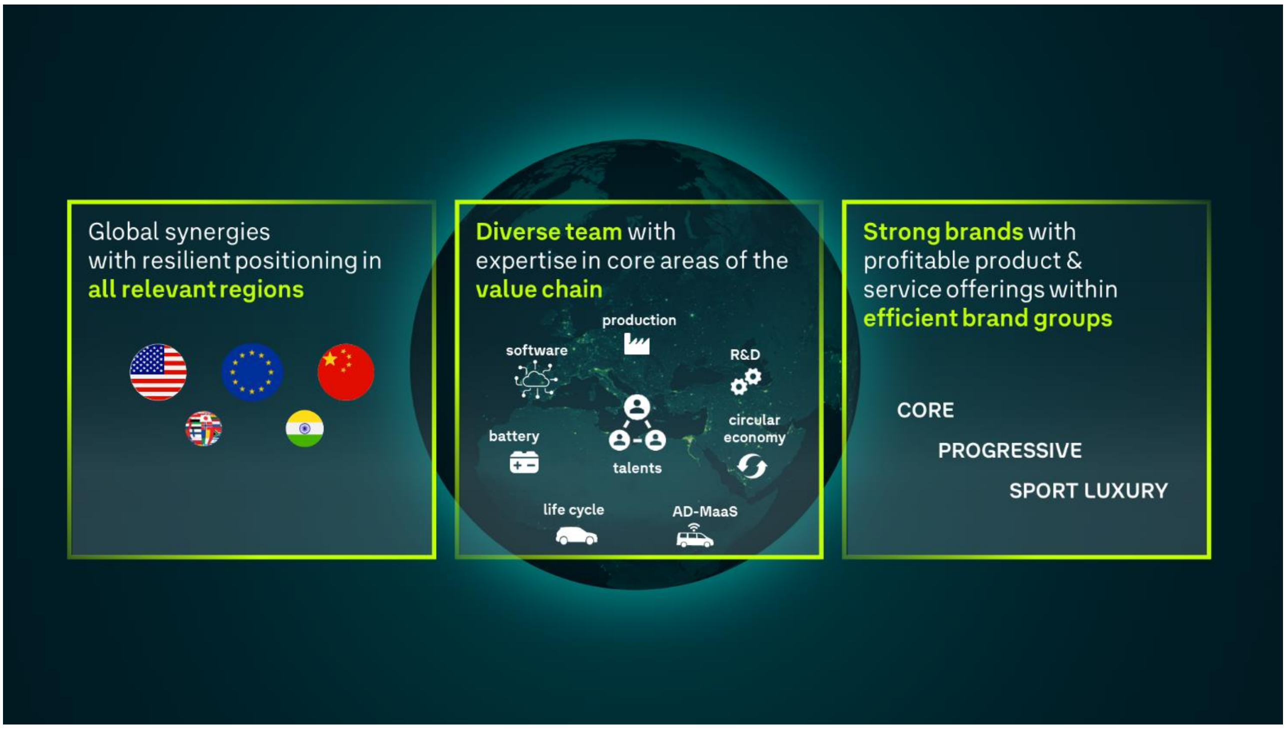
Group strategy

Fast-moving global megatrends, rapid technological advances, changes in customer requirements and, last but not least, the macroeconomic and political climate and regulatory framework are presenting the automotive industry with historic challenges. Artificial intelligence is creating opportunities that were not even conceivable until recently and bringing about change in nearly all industries and walks of life. Society and its values are also in a state of flux. Awareness of our planet and how our way of life is impacting on it is becoming increasingly important.

Against this backdrop, we scrutinized our own direction in fiscal year 2024 and developed The Group Strategy – Mobility for generations. This new Group strategy addresses important topics from previous strategies and takes these to the next level.

The first step entailed formulating the main requirements and overarching targets for the strategy. They include resilience, so that we position our global business robustly in times of geopolitical tensions; adaptivity, so that we have the capacity to respond quickly to changes in the course of the transformation of the mobility industry; and financial robustness, so that we can finance the necessary investments in product innovations.

REQUIREMENTS AND OVERARCHING TARGETS OF THE GROUP STRATEGY



From these we derive our strategic vision of being the global automotive tech driver. This aggregates the material areas for action for the Volkswagen Group in three fields:

- resilient positioning in all relevant regions in order to leverage global synergies;
- refocusing areas of expertise within the value chain, also increasingly in conjunction with partners; and
- strong brands with profitable product and service offerings, to be managed by the Group in efficient brand groups.

CORE TOPICS AND IMPERATIVES OF THE GROUP STRATEGY

To realize our vision of becoming the global automotive tech driver, we defined clearly delineated corporate goals in the form of nine imperatives as part of the Group strategy assigned to three core topics:

> Excite customers globally:
  We aim to excite customers globally by offering a strong product portfolio, an attractive range of services throughout the entire customer and product life cycle and competitive technologies.
> Unleash our full potential:
  We intend to unleash our full business potential by consciously deciding between synergies and implementation speed, making our Company more attractive to talented individuals and unlocking the opportunities provided by artificial intelligence.
> Focus on fundamentals:
  We are focusing on creating a robust company base with reduced cost structures and resilient structures, and we see sustainability as a basic maxim for our actions.

Our regenerate+ sustainability strategy is enshrined in the Group strategy within the core "Focus on fundamentals" issue in the "Elevate sustainability" imperative.

Group sustainability strategy

Sustainability is deeply rooted in the Volkswagen Group and an integral part of our Group strategy. We are providing important and goal-oriented new impetus with our regenerate+ Group sustainability strategy presented in the 2024 Annual Report. Society needs engagement that generates positive added value in order to help our planet to regenerate and to shape a future worth living in for current and future generations. We want to contribute to this and take a broad and comprehensive approach to sustainability – environmentally, socially and economically. Our vision is to become a mobility provider with positive added value for nature and society. To this end, we will seek to work in partnership with all our stakeholders in order to learn and further improve.

The Group sustainability strategy regenerate+ applies to the entire Volkswagen Group – i.e. to the Group departments, to all the brands, and to subsidiaries. This is how we comprehensively address our products, services, and stakeholders, who at brand level also include our customers. We want to use regenerate+ to differentiate ourselves as the Volkswagen Group and, at the same time, enable our brands to position themselves in their specific market environment.

Together, we follow a vision for the Volkswagen Group and drive sustainable value creation. Transformation is a process, and we are constantly in motion. We review our ambitious targets and continuously adapt them. We will continue along this path by systematically implementing our new Group sustainability strategy regenerate+, which features clear measures in four dimensions: nature, our people, society, and business.

The dimensions of regenerate+

Nature

As a mobility provider, the Volkswagen Group has an impact on nature and the environment throughout its entire value chain. A core objective of the Group sustainability strategy is therefore to achieve more than simply cutting emissions. Our vision is to have a positive impact on people and the environment, and to contribute to restoration and improvement of ecosystems and living conditions by means of regenerative actions.

Climate protection: The Volkswagen Group wants to achieve net carbon neutrality

The Volkswagen Group is committed to the Paris Agreement and aligns its own activities with the 1.5 degree goal. We aim to achieve net carbon neutrality by 2050. The intermediate target: To reduce the carbon footprint per kilometer traveled during the use phase of our passenger cars and light commercial vehicles by 30% by 2030 (compared to 2018).

A further goal is for global production sites to achieve net carbon neutrality by 2040 – ten years earlier than originally planned. To this end, greenhouse gas emissions are due to be reduced by 90% by 2040 compared to 2018, among other measures. In order to achieve this, the Volkswagen Group wants to change its energy supply, for example, and increase energy efficiency. The objective is to be procuring 100% of external electricity from carbon-neutral sources at all sites by 2030. The external electricity supply at our European sites is already 100% from renewable sources.

Our specific objective in the context of the "Zero Impact Factory" initiative is to gradually reduce the absolute negative environmental impacts of our production sites for passenger cars, light commercial vehicles and components by 37.5% by 2030, by 68.8% by 2040, and ultimately towards achieving net neutrality by 2050, all compared to 2018 levels. In the comparative period from 2010 to 2024, CO_2 emissions and energy consumption per vehicle produced were reduced by 62.8% and 21.5%, respectively. Furthermore, per vehicle, water consumption has been reduced by 27.1%, waste by 79.4% and VOC emissions by 67.5%.

Resources: The Volkswagen Group is working to continuously reduce its demand for primary raw materials

The finite nature of natural resources and the social and environmental consequences of mining raw materials make the development of a circular economy a key sustainability topic. The focus here is primarily on conserving resources. In this context, the Volkswagen Group has set itself Group-wide ambitions for the first time. We are also aiming for 40% of the materials in our products to be made from recycled products by 2040.

Throughout the ID. family, headliners, fabrics, carpets, seats, door trim panels and decorative inlays are already made of recycled materials (e.g., seat covers with yarn made of ocean plastics and recycled PET bottles).

Ecosystem: The Volkswagen Group promotes biodiversity

The production and operation of our vehicles impact biodiversity through emissions, land use, and transportation. We want to minimize this impact by working to reduce our land use and thus add value to nature and improve biodiversity. We are working to increase biodiversity at our production sites and within the supply chain.

The Volkswagen Group is aware of its responsibility. We support conservation projects worldwide and have been involved in protecting and preserving biodiversity since 2007. As a founding member of the Biodiversity in Good Company e.V. initiative, we acknowledge the three goals of the international Convention on Biological Diversity (CBD). Moreover, we have defined corresponding action areas to make our contribution to achieving these goals within the framework of our business activities. We report on this every two years in our progress report.

We also want to support biodiversity by establishing a Biodiversity Fund with an annual allocation of up to €25 million for external projects starting in 2025. These projects will be carefully selected by an independent decision-making body.

Our people

The Volkswagen Group is a social employer. We stand for a diverse, inclusive, and non-discriminatory culture. By paying fair wages, we help to secure our employees' standard of living at our locations. We invest extensively in the qualification, safety and health of our employees.

Culture: The Volkswagen Group promotes a diverse, inclusive, and non-discriminatory culture

At the Volkswagen Group, we reject discrimination in any form. We promote cooperative behavior in the workplace and are committed to inclusion. We are convinced that integrity and compliance can only be practiced in a culture free of fear, and we create the conditions for this. We are particularly focused on increasing the proportion of women at all levels of the workforce. As a company traditionally dominated by engineers and technical workers, we face special challenges, as do all automotive companies. By 2025, the proportion of women in management is to be increased to over 20%.

Diversity is also important to us with regard to culture, origin, and native language. Every year, we measure the degree of internationalization in the top management of the Volkswagen Group and our goal is to continuously increase it.

Workforce: The Volkswagen Group wants to be a unique employer and lead teams to success

The transformation of the automotive industry is making work at a company like the Volkswagen Group more diverse and interesting. Coding is taking its place alongside traditional engineering, artificial intelligence is relieving employees of routine tasks, and digital business models are increasingly taking their place alongside physical products. At the Volkswagen Group, we want to capitalize on these advantages to provide all employees with a unique working experience. It is important to us that everyone can keep pace with change. That is why we are investing heavily in training. We are aiming for 30 hours of training per employee per year by 2030.

Occupational health and safety: The Volkswagen Group is known for its excellent occupational health and safety

Ensuring a safe and healthy working environment is not only a key component of sustainable corporate management but also the basis for individual well-being, good work results, and effective collaboration. We will further expand our prevention programs for employees in the coming years. The Volkswagen Group favors preventive approaches to promote the physical and mental health and well-being of its employees. In the area of accident statistics, our goal is also to establish an accident frequency rate at a leading level for all brands and companies. For the systematic management and quality assurance of our health and safety activities, all Volkswagen Group production sites with more than 1,000 employees are to be certified in accordance with ISO 45001 by 2026.

Society

As one of the world's largest automotive manufacturers, the Volkswagen Group has a great responsibility toward its partners, stakeholders and society. The aim is not only to live up to this responsibility and role but, above and beyond this, to have a positive impact. The holistic approach of our regenerate+ sustainability strategy provides the basis for advancing sustainability together with our partners and stakeholders.

Supply chain: The Volkswagen Group creates responsible and sustainable supply chains

The Volkswagen Group is committed to enabling sustainable mobility for future generations. This entails meeting our legal, social, and environmental responsibilities not only within the Group but also in our supply chain. This includes more than 63,000 supplier locations in 96 countries around the world, which will be organized responsibly, not only to minimize risks, but also to ensure a positive contribution for all partners.

The aim is to be able to show by 2040 that, in terms of sales revenue, over 95% of suppliers have a positive sustainability rating (S-Rating).

Customers & stakeholders: The Volkswagen Group is a reliable partner

The Volkswagen Group prides itself on being a trustworthy partner, both now and in the future. Our reputation is based not only on our rich heritage but also on our clear commitment to shaping the sustainable mobility landscape of tomorrow.

As a globally active company, our business activities impact the lives of an array of different people. We consider it our responsibility to actively shape the framework for our business activities in dialog with all stakeholders. To this end, we participate in ongoing dialog characterized by openness, structure, and constructive and critical engagement with all stakeholders. Central to this approach is the cultivation of relationships, understanding various needs, and working together for mutual benefit. Our goal is to cultivate meaningful connections, build trust, and forge lasting partnerships through this dialog.

Social engagement: The Volkswagen Group is increasing its positive social impact

Society and the Volkswagen Group are inextricably linked, each shaping and influencing the other. With this interconnectedness comes a profound responsibility to promote positive change – within our own locations and beyond. To achieve this goal, the Volkswagen Group supports various projects through donations. Our employees' direct involvement in voluntary work also contributes to this goal. Through the Group sustainability strategy regenerate+, we consolidate and harmonize these efforts under the banner of Societal Impact, integrating them into our holistic approach to sustainability.

At the heart of our Societal Impact efforts is the promotion of Corporate Citizenship projects in the form of forward-looking initiatives that prioritize environmental protection, education and community development at many of our locations around the world. In addition to donations made by the Group, our companies and our employees, the Volkswagen Group is planning to establish a new Sustainability Impact Fund with an annual allocation of up to €20 million starting in 2025. This fund will be specifically dedicated to sustainability projects. In this way, we want to improve our social impact.

Business

The Volkswagen Group is advancing its business model through the holistic approach of regenerate+, driving innovation in new business areas, products, services, and financing models. The Volkswagen Group also gears its operations to its sustainability approach with investors on the capital market.

Sales Revenue: The Volkswagen Group uses and promotes sustainability-oriented business areas.

Sustainability and climate-friendly business practices are of central strategic and operative importance to the Volkswagen Group and represent a key pillar of the Group's ambitious Group sustainability strategy. The impact on all investment decisions is therefore large.

Sustainability remains fundamental for our business and will continue to become even more relevant. The escalating perceptible impact of climate change, growing consumer awareness of sustainable living and voluntary frameworks such as the Paris Agreement are key drivers in this context.

Electric mobility plays a key role in reducing emissions from road traffic. In 2024, the share of BEVs in the Volkswagen Group was 8.3% (previous year: 8.3%). The global share is due to reach 50% by 2030. Production ramp-up is a process that the Volkswagen Group continuously reviews and adapts.

Through MAN Energy Solutions, we also offer technologies (e.g. for carbon capture and storage, heat pumps, and large engines powered by future fuels) that play a key role in the decarbonization of critical industries.

Since 2023, the Volkswagen Group has also been investing in decarbonization efforts both internally and externally through a venture capital fund. Established with an initial anchor investment of USD 300 million, this fund aims to accelerate the development of innovative decarbonization technologies and solutions across the mobility value chain.

Financing: The Volkswagen Group is strengthening and intensifying its sustainable financing.

Positioned as one of the leaders in the global automotive sector, our goal is to actively shape sustainability-oriented financing.

By 2030, the Volkswagen Group aims to finance at least 30% of its outstanding bond volume through green bonds, with the aim to increase this figure to 50% by 2040. In order to achieve these goals, the majority of our annual euro bond issues are already structured as green bonds or comply with the EU taxonomy classification system.

INTERESTS AND VIEWS OF STAKEHOLDERS

As an international company, our business activities impact the lives of a large number of different people. Appropriately aligned stakeholder engagement is essential so as to determine the Group sustainability strategy's material areas for action and become aware of stakeholders' increasing and changing expectations at an early stage. The Volkswagen Group understands its obligations with regard to stakeholder engagement to include systematic and continuous interaction with our key interest and stakeholder groups within society, actively listening to them, and taking account of their input when developing our strategies. The goal is an open, constructive and also critical exchange with the stakeholder groups shown in the chart. We endeavor to understand their requirements and expectations of us, to discuss key topics from the Group sustainability strategy regenerate+ with them and to explain how these tie in with the Group strategy and its implementation.

Our stakeholders are defined as individuals, groups or organizations who have an influence on or are influenced by the course or the result of corporate decisions. The Volkswagen Group has identified ten groups as the most important stakeholder groups. Our employees and customers are at the center of the stakeholder network. Based on continuous stakeholder analysis, we also identified eight more groups. Continuous communication between internal and external stakeholder groups is important to the Volkswagen Group. In this context, the Supervisory Board and the Works Council act not only as supervisory and advisory bodies but also as interfaces between internal and external stakeholders. As the supervisory body, the Supervisory Board of the Volkswagen Group is regularly informed of the views and interests of the affected stakeholders with respect to the sustainability-related impacts in accordance with both statutory and its own reporting requirements. Due to the fact that the Supervisory Board is required to provide its consent, it is directly involved in the decision-making process, especially in decisions of fundamental importance. It has equal numbers of shareholder and employee representatives. so as to achieve a balance of interests, views and rights of employees at the highest level of the Group.

The Volkswagen Group builds the interests of its customers into its strategy and business model by focusing its brands on customer centricity, innovation and sustainability. The brands and regions have their own stakeholder engagement strategies and strive to ensure through customer surveys and market research that their products and services meet customers' expectations.

The Volkswagen Group's task is to bring together and coordinate the activities in an integrated framework. This framework includes:

> Stakeholder engagement on a Group level with specific formats and a focus on stakeholders relevant across the Group
> Advising and coordinating the brands and regions on the implementation of their stakeholder engagement activities
> Carrying out regular stakeholder analyses and stakeholder surveys

In the reporting year, the Volkswagen Group developed the stakeholder engagement strategy into a relationship strategy. To this end, we introduced new formats intended to create the opportunity for even more interactive and transparent communication on important sustainability issues relevant to corporate strategy and society so that stakeholders' suggestions and recommendations can be even better incorporated in future. The Volkswagen

Group's stakeholder engagement is primarily guided by our Group strategy. In addition, stakeholder interests concerning topics relevant to sustainability are taken into account by the specialist functions responsible. Further details on this can be found in the relevant topical standards, particularly in the chapters on social information.

In accordance with the requirements of the ESRS, the Volkswagen Group performed a double materiality assessment, which is also referred to as a materiality assessment in the following. A detailed description is provided under "Procedure for and results of the double materiality assessment". As part of developing the regenerate+ Group sustainability strategy, content and topics from the materiality assessment were routinely incorporated into the focus of our dialog activities and into other formats such as the reputation study. This annual study was performed between 2017 and 2023 in order to regularly identify potential impacts on stakeholder interests and Group strategy and take these into account during strategy development. Due to the changing economic, social, and regulatory framework conditions, both the reputation indicator and the study were fundamentally revised in 2024 and redesigned for the collection of new data in 2025. It makes a decisive contribution to anchoring stakeholder engagement in the Group sustainability strategy and, from 2025, will be measured using the Global Reputation metric for the Group and reported to the Board of Management and Supervisory Board in connection with additional regenerate+ metrics. Eliciting this KPI allows us to gain a holistic view of attitudes and opinions on the company and enables us to identify whether and how evaluations change over the course of time.

Communication formats are geared toward the interest groups in question. These range from annual stakeholder dialogs on strategic orientation and the Group's development to event-related communication formats on current topics from business, society, and politics.

The publication of the regenerate+ Group sustainability strategy was accompanied by a stakeholder engagement campaign in order to enter into direct dialog with target groups. This also comprises the employee stakeholder group, which is informed about the content of the new strategy via a specific information platform on the intranet, by means of published articles and presentations, and through digital information events. In addition, employees were able to ask their questions or express interest through emails, contact forms or direct responses at the events.

The interests and views of value chain workers and Corporate Citizenship policies are also integrated into the entire Group through the Group sustainability strategy regenerate+. Project and stakeholder management relating to the topic of Societal Impact, including the subtopics of Corporate Citizenship and donations, takes place on site and is the responsibility of each unit concerned. This also includes the views and interests of affected communities.

A description of the integration of the topic of human rights throughout the Volkswagen Group is provided within the framework of the compliance management system, which regulates compliance with human rights due diligence, in the "Employees and non-employees" chapter and within the framework of the responsible supply chain system (ReSC system) in the "Workers in the value chain" chapter.

"The Group Sustainability Forum" was held in Berlin in October 2024. An intensive dialog on the Group sustainability strategy and stakeholder interests took place with representatives from the science community, NGOs and industry and other stakeholders.

As part of the dialog event and in the context of the revision of stakeholder engagement, we reorganized the independent Group Sustainability Council in terms of both its nature and its composition. The Sustainability Council's first two terms of office were focused largely on the topics of reputation and the company's holistic strategic direction. The new concept now aims to challenge and jointly further develop the relevant topics in the Group sustainability strategy that were identified in the materiality assessment. The new Sustainability Council is comprised of one group of experts per dimension of regenerate+. Three selected and independent external experts work together with three internal representatives from the Group in Sustainability Practice Groups and jointly further develop the strategic topics. This new format allows us to ensure that feedback for and ideas on the Volkswagen Group's strategy and initiatives are used in their continuous further development. The new Sustainability Council also has the opportunity to share the results of its work and ideas with the Group Board of Management at regular intervals in meetings and dialog formats.

The council's twelve external members were spread among the four dimensions of regenerate+ as follows:

NATURE

DR. FRAUKE FISCHER
Agentur Auf!
University of Würzburg
Specialist area: Biodiversity
Regional focus: Germany and Africa

REBECCA TAUER
WWF Deutschland
Specialist area: Circular economy
Regional focus: Germany

DR. JULIAN ZUBER
GermanZero e. V.
Specialist area: Climate legislation
Regional focus: Germany

SOCIETY

ARON CRAMER
BSR
Specialist area: Corporate responsibility
Regional focus: USA

LAURA-KRISTINE KRAUSE
Yale University
More in Common e. V.
Specialist area: Social cohesion
Regional focus: Germany

MARCIN PIERSIAK
Alliance for Responsible Mining
Specialist area: Sustainable procurement
Regional focus: Colombia, Europe and Africa

OUR PEOPLE

DR. JOEL HARTTER
Parallel Labs
University of Colorado
Specialist area: Human-centered strategies
Regional focus: USA

CHRISTINA SCHILDMANN
Hans-Böckler Foundation
Specialist area: Work of the future
Regional focus: Germany

HANNAH ZOLLER
University of Labour
Specialist area: Continuing professional development
Regional focus: Germany

BUSINESS

ROSALINE MAY LEE
Rensselaer Polytechnic Institute
Specialist area: Transformation and innovation
Regional focus: USA and China

WILLIAM TODTS
Transport & Environment
Specialist area: Sustainable mobility
Regional focus: Belgium and Europe

JEAN-LOUIS WARNHOLZ
Future Inc.
Specialist area: Future strategies and financial technology
Regional focus: USA

INFORMATION ON THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

Composition and diversity of the Board of Management

Pursuant to article 6 of the Volkswagen AG Articles of Association, the Board of Management consists of at least three persons. As of December 31, 2024, there were nine members of the Board of Management.

When appointing the Board of Management, the Supervisory Board takes a variety of aspects, including diversity, into account. The Supervisory Board understands diversity, as an assessment criterion, to mean in particular different yet complementary specialist profiles and professional and general experience, also in the international domain, with all genders being appropriately represented. The Supervisory Board also pays particular attention to the following aspects in this regard:

> Members of the Board of Management should have many years of management experience.
> Members of the Board of Management should, if possible, have experience based on different training and professional backgrounds.
> The Board of Management as a whole should have technical expertise, especially knowledge of and experience in the manufacture and sale of vehicles and motor and engines of all kinds as well as other technical products, in addition to experience in the international domain.
> The Board of Management as a whole should have many years of experience in research and development, production, sales, finance and human resources management, as well as legal affairs and compliance.
> There should also be a sufficient mix of ages on the Board of Management.
> Efforts are made to achieve a higher proportion of women than the statutory minimum. In line with the Gesetz zur Ergänzung und Änderung der Regelungen für die gleichberechtigte Teilhabe von Frauen an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst (Führungspositionen-Gesetz II, FüPoG II – Second Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector), Volkswagen AG is subject to a mandatory participation requirement under which there must be at least one woman and at least one man on the Board of Management. The proportion of women in the Board of Management is currently 11.1%.

The aim of the diversity concept is for the Board of Management members to embody a range of expertise, experience, perspectives, gender and age. This diversity promotes a good understanding of Volkswagen AG's organizational and business affairs. In particular, it enables the members of the Board of Management to be open to new ideas by avoiding groupthink. It will thus contribute to the successful management of the company. The reasoning behind the aforementioned requirements for the Board of Management's composition is to ensure that it has experience relevant for the divisions, products, and geographical locations of the Volkswagen Group.

Composition and diversity of the Supervisory Board

The Supervisory Board of Volkswagen AG consists of 20 members, half of whom are shareholder representatives. In accordance with Article 11(1) of the Articles of Association of Volkswagen AG, the State of Lower Saxony is entitled to appoint two of these shareholder representatives for as long as it directly or indirectly holds at least 15% of the Company's ordinary shares. The remaining shareholder representatives on the Supervisory Board are elected by the General Meeting. The other half of the Supervisory Board consists of employee representatives. These are elected by the employees in accordance with the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act). A total of seven of these employee representatives are employees elected by the workforce. The other three employee representatives are trade union representatives elected by the workforce.

To properly perform its supervisory and advisory duties, the Supervisory Board as a whole must collectively have the required expertise, i.e. knowledge, skills and professional experience. For this, the members of the Supervisory Board must collectively be familiar with the sector in which the Company operates – i.e. the automotive industry – and be able to assess the business conducted by the Company. This includes in particular knowledge, skills and professional experience relating to the transformation of the automotive sector, for example where e-mobility and mobility services are concerned. In addition, the Supervisory Board members as a whole must collectively have expertise relating to sustainability issues relevant to the company. This relates, for instance, to knowledge, skills and professional experience relating to resources, supply chains, energy supply, corporate social responsibility, sustainable technologies and corresponding business models. The Supervisory

Board and its committees may decide to call upon experts and other appropriate individuals to advise on individual matters and also on ESG issues as needed. Further information on the qualification of the Supervisory Board can be found in the qualification matrix in the chapter “Group Corporate Governance Declaration”. The allocation of competencies is based on a self-assessment by the respective Supervisory Board member

Attention is paid to diversity when seeking qualified individuals to best strengthen the specialist and managerial expertise of the Supervisory Board as a whole. The Supervisory Board and Nomination Committee, in particular, are called upon to implement the profile of skills and expertise and the diversity concept within the context of their candidate proposals to the Annual General Meeting. In preparing such proposals, the extent to which the work of the Supervisory Board will benefit from a diversity of expertise and perspectives among its members, from professional profiles that complement one another, from professional and general experience (including in the international domain) and from an appropriate gender balance should be considered for each case. A wide range of experience and specialist knowledge should be represented on the Supervisory Board. In addition, the Supervisory Board as a whole should have an extensive diversity of opinions and knowledge so as to enable it to develop a good understanding of the status quo and the longer-term opportunities and risks in connection with the company’s business activities. The Supervisory Board also recommends that the employee representatives and unions (which have the right to submit proposals in employee representative elections) and the State of Lower Saxony (which has a right to appoint Supervisory Board members) take into account the requirements of the Supervisory Board regarding its composition. The same applies to individuals entitled to make proposals should a court-appointed replacement be necessary. The aforementioned requirements for the composition of the Supervisory Board are intended to ensure that the full Board has relevant experience in the business activity and geographical locations of the Volkswagen Group. Attention is also paid to members’ independence when appointments are made to the Supervisory Board. According to the definition under the ESRS, the ten workers’ representatives and five shareholder representatives in the Supervisory Board’s current composition are independent, which is equivalent to 75%.

The statutory quota of at least 30% women and at least 30% men applies to the Supervisory Board under the *Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst* (*Führungspositionen-Gesetz*, FüPoG – German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors). In total, 40% of the members of the Supervisory Board of Volkswagen AG are currently women.

Sustainability-related aspects of the remuneration system for members of the Board of Management of Volkswagen AG

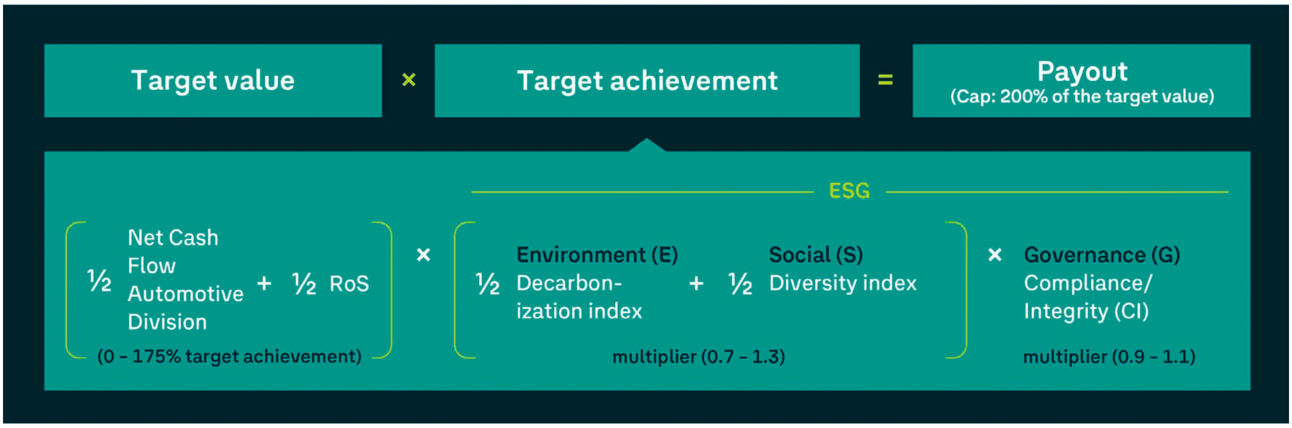
The remuneration of the Board of Management is based on the remuneration system adopted by the Supervisory Board on December 14, 2020 with effect from January 1, 2021, which the Supervisory Board most recently revised in December 2023 and April 2024 with effect from January 1, 2024 in order to better reflect the interests of the capital market in particular. The remuneration system for the members of the Board of Management is clear and transparent. It implements the requirements of the AktG as amended by the *Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie* (ARUG II – German Act on the Implementation of the Second Shareholder Rights Directive) and takes into account the recommendations of the German Corporate Governance Code.

The remuneration of the members of the Board of Management comprises fixed and variable components. The fixed components are the base salary, fringe benefits and occupational retirement provision. The variable components are the annual bonus with a one-year assessment period, and the performance share plan with a four-year assessment period (long-term incentive). The remuneration of the Board of Management and Supervisory Board members appointed in fiscal year 2024 can be found in the remuneration report.

The long-term incentive serves to align the remuneration of the Board of Management members with the Company’s long-term performance. The earnings per share financial performance target in conjunction with share price performance and the dividends paid, measured over four years, is to ensure the long-term effect of the behavioral incentives and supports the strategic target of achieving competitive profitability.
The annual bonus is tied to the financial performance targets Net cash flow in the Automotive Division (“net cash flow in the Automotive Division”) and Operating return on sales of the Volkswagen Group (“RoS”) as well as to

achievement of the sustainability objectives (environmental, social, governance, "ESG"), each of which is taken into account using a multiplier ("ESG factor"). Integration of the ESG factor takes the importance the sustainability targets into account. In this context, the decarbonization, sentiment and diversity index and the governance factor provide extensive cover for various sustainability aspects.

The Supervisory Board used the option provided to apply the diversity index only and suspend the opinion survey as an ESG criterion with respect to the social subtarget for 2024, as the measurement method for the opinion survey is currently being revised. The decarbonization index measures the emissions of CO_2 and CO_2 equivalents by the passenger car- and light commercial vehicle-producing brands over the entire life cycle and documents the progress in improving our carbon footprint. The decarbonization index operationalizes the Volkswagen Group's climate change mitigation targets and is therefore the core parameter in the Group related to climate change mitigation. Further information on the greenhouse gas emission reduction targets (Scope 1, 2 and 3) is provided in the "Climate change" chapter. The diversity index is used worldwide to determine the development of the proportion of women in management and the internationalization of top management. The indicator provides incentives for an exemplary leadership and corporate culture. The governance factor is a means for the Supervisory Board to express its satisfaction with the expected and actual conduct of the Board of Management with regard to the criteria of integrity and compliance.



The ESG factors underlying the remuneration system are described in the Group management report and Group sustainability report. They are included in the strategic non-financial key performance indicators and allocated to the topics identified as material in the double materiality assessment of the Volkswagen Group conducted for this reporting year for the first time.

The following overview shows the minimum values, target values and maximum values set by the Supervisory Board for fiscal year 2024 for the environmental (decarbonization index) and social (diversity index) subtargets along with the actual figures and target achievement levels in fiscal year 2024.

	ENVIRONMENT		SOCIAL
	Decarbonization index		Diversity index
in t CO_2e/vehicle	2024	Points	2024
Maximum value	42.5	Maximum value	157.0
100% target level	44.3	100% target level	150.0
Minimum value	47.1	Minimum value	143.0
Actual	46.4	Actual	168.0
Target achievement (factor)	0.8	Target achievement (factor)	1.3

As a rule, the governance factor should be 1.0 and may only be reduced to 0.9 or raised to 1.1 in exceptional circumstances based on the professional judgment of the Supervisory Board. For fiscal year 2024, the Supervisory Board set the governance factor at the standard value of 1.0 for all members of the Board of Management; this takes into account and assesses the collective performance of the Board of Management as a whole and the performance of each Management Board member individually.

The remuneration of the members of the Supervisory Board consists of fixed remuneration and the meeting attendance fee, and if applicable, fixed remuneration for work in the committees.

SUSTAINABILITY MANAGEMENT

Sustainability means maintaining intact environmental, social and economic systems with long-term viability at global, regional and local level. The Volkswagen Group can influence these systems in various ways and actively takes responsibility to help preserve their sustainability. The vision is to become a mobility provider with positive added value for nature and society. Our sustainability management is an important pillar for the continuous improvement of our sustainability performance. The related structures, processes, and responsibilities are codified in a dedicated Group policy on sustainability management.

The Chairman of the Board of Management of Volkswagen AG has cross-functional overall responsibility for sustainability. Members of the Board of Management take on additional responsibilities in line with their responsibility for specific management systems relating to sustainability, and further responsibility is also taken on at Group level by the Chief Sustainability Officer. The Group Sustainability department is part of Group and Product Strategy and the Office of the Corporate Secretary, which belongs to the board-level management function of the CEO. Strategically anchoring sustainability in the company in this way will help improve its resilience because it creates solid foundations for sustainable development and resistance to external influences.

Sustainability and the newly created Group sustainability strategy regenerate+ are part of the Group's TOP 10 program and are managed through the strategic management structure of the Group strategy. In order to make progress on our dimensions and focus topics as transparent as possible - in line with the Group strategy and the objectives of the Group's TOP 10 program valid for the fiscal year - the strategic goals/targets and milestones are structured and regularly measured using the OKR (Objectives and Key Results) method. Accordingly, strategic objectives and targeted key results are defined for all regenerate+ dimensions and focus topics. These are to be realized largely through time-limited projects and work packages, each of which is measured by the metrics and other key performance indicators. The level of achievement is monitored on an ongoing basis, and the overall situation presented three times a year (bi-annually from 2025) to the Board of Management, among others. In this way, the relevance of the focus topics, and their objectives, milestones, projects and work packages, are regularly reviewed at Group level. Their focus is continuously monitored and adjusted as necessary.

Metrics have been defined for regenerate+ to aid its systematic implementation and to make progress transparent. The metrics and targets of the Group sustainability strategy are not only used for internal management but are also repeatedly discussed with partners, society, and the capital market.

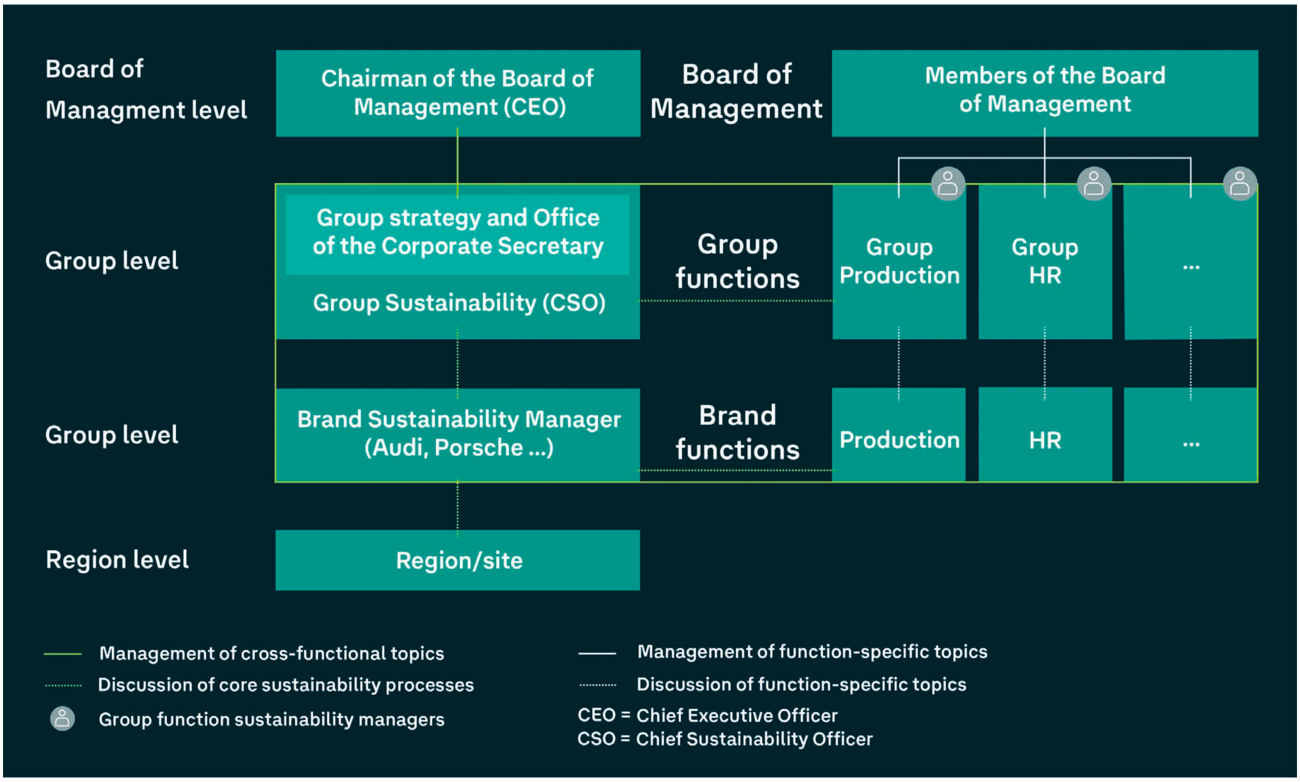
Furthermore, the Group Sustainability department coordinates all sustainability-related activities and the Group-wide, cross-functional network for sustainability. Communication with Group functions, brands and companies is structured via clearly defined core processes. The objective is to create transparency regarding external requirements and translate these into corporate action with the aim of continual improvement of the Group's sustainability performance.

The central core processes include development of the Group sustainability strategy and materiality assessment, stakeholder management, ESG ratings, sustainability policies and reporting on sustainability matters.

In addition, the individual board-level management functions are responsible for and manage the function-specific sustainability topics. The relevant Group function is responsible for implementing policies in order to address impacts, risks, and opportunities. If resolutions on topics relevant to sustainability are recommended to the Board of Management, their impact on sustainability strategy issues must be assessed and agreed in advance with the Chief Sustainability Officer.

The Supervisory Board of Volkswagen AG supervises and advises the Board of Management in the management of the company and is directly involved in the decision-making process, in particular in decisions of fundamental importance to the enterprise, by virtue of the fact that its consent is required. Supervision and advice by the Supervisory Board also cover sustainability topics. For example, the Audit Committee deals with matters such as the audit of the sustainability report and the monitoring of processes relating to the sustainability report. The Supervisory Board also considers the sustainability report within the scope of its examination of the management report, based on the prior examination by the Audit Committee and the findings of the audit of the sustainability report by the auditor commissioned for the purpose. In addition, the Supervisory Board has appointed an ESG officer. This role is currently performed by Mr. Hans Dieter Pötsch. Ms. Marianne Heiß, Mr. Mansoor Al-Mahmoud, Mr. Hans Dieter Pötsch and Mr. Ferdinand Oliver Porsche track and monitor the latest developments in the area of sustainability reporting and the auditing and assurance thereof, and bring this expertise to the work of the Supervisory Board and Audit Committee of Volkswagen AG. Regular status reports in accordance with the statutory requirements of the Board of Management, as well as the requirements stipulated by the Supervisory Board, ensure that the Supervisory Board is informed at all times about all developments and changes relevant for its duties. When necessary, the Supervisory Board consults renowned external experts who support the Supervisory Board with their specialized knowledge and objective assessments.

At brand and company level, the brand sustainability managers carry out the cross-functional coordination of sustainability topics. They refine the brand-specific sustainability strategy and are solely responsible for its content, implementation and management, as well as for reporting on sustainability matters within the brand. In addition, they are outward representatives for their brand on the subject of sustainability and liaise with the Group Sustainability department.



The Board of Management of Volkswagen AG regularly concerns itself with the results of the interdisciplinary core sustainability processes to obtain an overview of the company's sustainability performance. In the 2024 reporting year, for example, the results of the double materiality assessment were confirmed by the Group Board of Management in this context. The Audit Committee of the Supervisory Board also considered the results of the materiality assessment.

In addition, these results were compared with the objectives of the Group sustainability strategy regenerate+, where they served as input for reviewing the general resilience of the strategy and ensuring that identified impacts, risks and opportunities are adequately taken into account.

The review initially focused on a quantitative assessment of the coverage of the identified impacts, risks and opportunities related to regenerate+. With their time horizon of 10 years and more, the strategic targets and ambitions of regenerate+ are consistent with the definition of a long-term time horizon pursuant to the ESRS. In addition, the realization of short and medium-term (intermediate) targets and actions is the responsibility of the respective specialist functions and is reported in the topical standards.

This comparison demonstrated that regenerate+ covers all sustainability-specific topics in the long term that are of relevance for the strategic development of holistic sustainability performance. The only exceptions are a small number of topic-specific impacts, risks and opportunities, for example in the customers and end-users, and political engagement and lobbying activities topic areas, which are covered by the specific activities in the relevant departments or brands. The identified risks are also considered indirectly in the review process in accordance with the core process. Risks are mitigated in this context via the policies in the Group functions. Established management tools, such as the risk management system, are available to identify potential risks at an early stage.

In addition to the analysis described above of the coverage with respect to regenerate+, a resilience analysis was carried out in the reporting year regarding the material impacts, risks, and opportunities in the areas Climate change (ESRS E1) and Biodiversity and ecosystems (ESRS E4). These analyses deem the business and operating models to be resilient in the short, medium and long term. Details on the approach and findings of the respective resilience analysis are provided in the "Climate change" and "Biodiversity and ecosystems" chapters.

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

The aim of the Volkswagen Group's risk management system (RMS) and standardized internal control system (ICS) is to identify potential risks at an early stage so that suitable countermeasures can be taken to avert the threat of loss to the company, and any risks that might jeopardize its continued existence can be ruled out. In recent years, the standardized ICS was developed to better protect against process risks and was introduced in key companies. In 26 catalogs of controls, the Group companies within its scope are presented with requirements in respect of the process risks and control objectives to be covered in order to protect the value chain in a standardized manner. In addition to financial reporting issues, they address matters such as process risks in development or production, as well as in the areas of compliance and sustainability. A risk-driven review of the companies to be included in the standardized ICS is performed annually. The catalogs of controls are checked at regular intervals to verify that they are up to date and are regularly expanded.

To meet the sustainability reporting requirements and to safeguard the associated reporting process, material risks along the reporting process were identified in a risk analysis in the reporting year and mitigating internal controls were implemented in the standardized ICS using a catalog of controls for the sustainability reporting process.

In this context, the components of the reporting process – from ensuring that the scope is complete and correct, through the materiality assessment and the opportunities, risks, and impacts identified, to the completeness and accuracy of the presentation in the external reporting – were identified as risks and included in full in the catalog of controls as process risks to be covered.

A risk-oriented policy was created to meet the risk of incorrect calculation, recording or processing of datapoints. This takes into account aspects such as the complexity of the data generation. Depending on the risk classification of the datapoints, these are included in the standardized ICS central approach or are documented decentrally.

The standardized ICS covers the regular review of the material risks identified along the reporting process, the associated controls, the identification of potential control weaknesses and their rectification, and the corresponding reporting. Reports are submitted each quarter to the Group Board of Management and the Audit Committee of the Supervisory Board regarding the degree to which rectification work has been completed on the control weaknesses identified. Further information on the risk management approach can be found under "Procedure for and results of the double materiality assessment"

PROCEDURE FOR AND RESULTS OF THE DOUBLE MATERIALITY ASSESSMENT

For the purpose of determining which topics must be reported in the sustainability report, the ESRS stipulate that a double materiality assessment be performed in the respective standards. This process involves identifying and evaluating the Volkswagen Group's material impacts, risks and opportunities in relation to sustainability matters. In 2023, a methodology was established within the Volkswagen Group, intended to provide both the Volkswagen Group and Volkswagen Group companies that will be subject to reporting requirements in future with guidance on implementing the materiality assessment in the reporting year 2024. The aim of this approach was to ensure that the assessment is carried out in accordance with standardized steps and criteria. As such, separate double materiality assessments pursuant to the defined assessment methodology were performed both for the Volkswagen Group and for the subgroup comprised of Volkswagen Financial Services AG (including Volkswagen Bank GmbH and Volkswagen Leasing GmbH) and Volkswagen Financial Services Overseas AG, Porsche AG Group and TRATON Group for fiscal year 2024. The intention is to update the materiality assessment annually.

Methodology, assumptions and input parameters

The materiality assessment covered both the Volkswagen Group's own operations and the upstream and downstream value chain process steps described under "Business model, value chain and strategy". Assets were included in the analysis in individual cases.

As we are a global Group, we took a global view of impacts, risks and opportunities. Experts from Volkswagen AG carried out the identification and assessment for the Group as a whole based on a standardized assessment scale. Selected experts from Group companies were involved in the case of certain impacts. The aim of this approach was to lower uncertainties in the assessment process and validate assumptions. Existing analyses and classifications were used where available to ensure that the assessment was based on data. This included analyses from other ESG due diligence processes, such as the *Lieferkettensorgfaltspflichtengesetz* (German Supply Chain Due Diligence Act) for the S-Standards, life cycle assessments for ESRS E1 and ESRS E5, SCIP chemical analysis for ESRS E2, water footprint for ESRS E3 and location analysis for ESRS E4. Where there was uncertainty about impacts (particularly in the case of impacts on business relationships and further along the value chain), conservative assumptions that had been harmonized across the Group were used. In addition, a climate risk analysis (see "Climate change" chapter) and an analysis of impacts on biodiversity (see "Biodiversity and ecosystems" chapter) were carried out.

Process steps in detail

The process within the Volkswagen Group is divided into four fundamental steps.

> 1. Analysis of context
> 2. Collection of impacts, risks, and opportunities
> 3. Assessment of impacts, risks, and opportunities
> 4. Validation of the results of the double materiality assessment

Analysis of context

As part of a context analysis, the Volkswagen Group defined its relevant stakeholder groups, business model and value chain in relation to the ESRS requirements. As a binding basis for the materiality assessment topic list, the 37 subtopics of the ESRS were defined, with sub-subtopics also taken into account. In addition, entity-specific characteristics were analyzed. The Group perspective was covered by means of a comparison with the materiality assessment for the previous year's sustainability report, which met the requirements of the Global Reporting Initiative (GRI), and the Group sustainability strategy regenerate+. In addition, a comparison was made with topics applied by Group companies, competitors, external ESG frameworks and ESG ratings. Corporate Citizenship was defined as an additional entity-specific subtopic of the Affected communities (ESRS S3) topical standard. This is set out in the "Corporate Citizenship" chapter. Consequently, 38 topics were used for the materiality assessments in the Volkswagen Group.

Collection of impacts, risks, and opportunities

The 38 topics were used to collect positive and negative impacts, risks and opportunities. In particular the Group's identified impacts, risks and opportunities, including the Report on Risks and Opportunities, formed the basis for this, supplemented by additional information supplied by the Group companies. The ESRS sub-subtopics were applied in order to hone the impacts, risks and opportunities at subtopic level. These granular impacts, risks and opportunities were each combined into clusters at a level considered appropriate for the reporting of a global Group. Some of these were further honed in expert discussions and modified on the basis of the Volkswagen Group's existing ESG due diligence processes. The Group companies also used the clusters as the basis for their materiality assessment and added entity-specific matters in selected cases.

Assessment of impacts, risks, and opportunities

The materiality assessment was conducted at the level of the clusters identified. The assessment method for financial and impact materiality was developed centrally. The impact assessment focused on the Volkswagen Group's impact on the environment and society, whereas the financial materiality assessment took account of the sustainability-related risks and opportunities to which the Group is exposed. The assessment of financial materiality was conducted after the impact assessment so that interdependencies between impacts and risks or opportunities could be taken into account. Dependence on aspects such as natural resources or other ecosystem services was also considered in this way when assessing the financial effects. The assessment methodology is binding.

The impacts, risks and opportunities were evaluated in workshops with experts on the topics from a variety of departments using the assessment methods described above. The materiality threshold was determined after the assessment.

Validation of the results of the double materiality assessment

In a final step, the Volkswagen Group's materiality assessment was validated. The harmonization of the results of the Group companies' materiality assessments was a key part of this validation. Each company subject to the reporting requirements in the future documented its results and made them available for consolidation at Group level. The consistency of the assessments was reviewed, discrepancies were discussed for appropriateness, and assessments were adjusted in some cases.

Another part of the harmonization took the form of a validation from a human rights perspective. Here, the severity of negative human rights impacts was considered and a comparison with the prioritized risks according to the German Supply Chain Due Diligence Act was conducted.

Furthermore, the results of the double materiality assessment were compared with the risks and opportunities identified by Group Risk Management and analyzed in more detail.

Finally, the results of the materiality assessment were compared with the strategic direction of the regenerate+ strategy, discussed and agreed in a cross-departmental validation process and approved by the Board of Management. The process described is protected by corresponding controls in the standard ICS. To facilitate the collection and assessment of impacts, risks and opportunities relevant for the materiality process in the remainder of the fiscal year, existing stakeholder formats and the findings from the risk management system were checked for material changes.

Stakeholder involvement

The Volkswagen Group indirectly integrated the concerns of its relevant stakeholder groups in the materiality assessment; direct consultations did not take place. In-house experts were involved in the materiality assessment. As such, we were able to leverage the knowledge of our own departments regarding relationships between the sustainability topics and the relevant stakeholders affected – for example from analyses and ESG ratings. Feedback from individual dialogs between departments and stakeholders was also integrated into the process. The members of the validation committee include further departments that also take the stakeholder group perspective into account, for example Sustainability, Investor Relations, the Works Council, External Relations, and Procurement.

Assessment methodology in detail

Impact materiality

In accordance with the ESRS, both positive and negative impacts were used to assess the materiality of the impacts. The positive and negative impacts were assessed separately in the two categories of actual impacts and potential impacts. Actual impacts in the context of the materiality assessment are impacts that are actually happening now or have already happened. This time horizon applies for all actual impacts named in the sustainability report. Potential impacts are impacts that are sufficiently likely to occur. The most relevant time horizon for potential impacts is described in the text as short term (less than 1 year), medium term (1–5 years) or long term (more than 5 years).

To determine the negative impacts, the parameters of scale, scope and irremediable character were evaluated separately and then consolidated as an average to give the severity of the impact. Scale and scope were assessed to evaluate the positive impacts. The average of these two criteria also expresses the severity.

In the case of potential impacts, the likelihood of occurrence was assessed for both positive and negative impacts. A likelihood of occurrence of 100% was assumed for actual impacts.

The impacts were divided into severity categories on the basis of scale and scope, as well as irremediable character for negative impacts. The materiality of the impacts is assessed by multiplying the factors for severity with the likelihood of occurrence. In terms of impact materiality, impacts are classed as material if their risk score is 50 or above on a scale of 1 to 100.

Financial materiality

The Report on Risks and Opportunities in the Group management report describes the Volkswagen Group's risk management processes. The quarterly risk process covers all acute situations irrespective of the type of risk, e.g., sales risks, environmental risks, or personnel risks. An additional risk and opportunities identification process was created to meet the requirements of the ESRS. The process to identify and assess risks and opportunities for the sustainability report is based on the quarterly risk process already established in the Group. A score is determined based on the ESRS requirements for each risk and opportunity in the area of sustainability. The score is calculated by multiplying the likelihood of occurrence by the potential severity and makes the risks and opportunities comparable. The severity is calculated by combining the weighted criteria of financial effect and reputational effect. A score between 0 and 10 is assigned to each of these criteria. The management and control measures taken are included in the assessment on the basis of the ESRS requirements.

The score for the likelihood of occurrence increases as the probability increases until it reaches the highest score of 10 for a likelihood of greater than 90% in the period under review. For the criterion of financial effects, the score rises in line with the scale of the loss; the highest score of 10 is reached when the potential loss is upwards of €1 billion. The criterion of reputational effects can have characteristics ranging from local erosion/building of confidence and loss/gain of trust at local level to loss/gain of reputation at regional or international level.

The assessment is carried out for each risk or opportunity in terms of the financial impact on the operating result in the relevant time horizon in which it may occur. A distinction is made here between short term (less than 1 year), medium term (1–5 years) and long term (more than 5 years). Acute sustainability risks are also identified, assessed, and managed in the quarterly risk process. Sustainability risks are addressed with the same importance as other identified risk types.

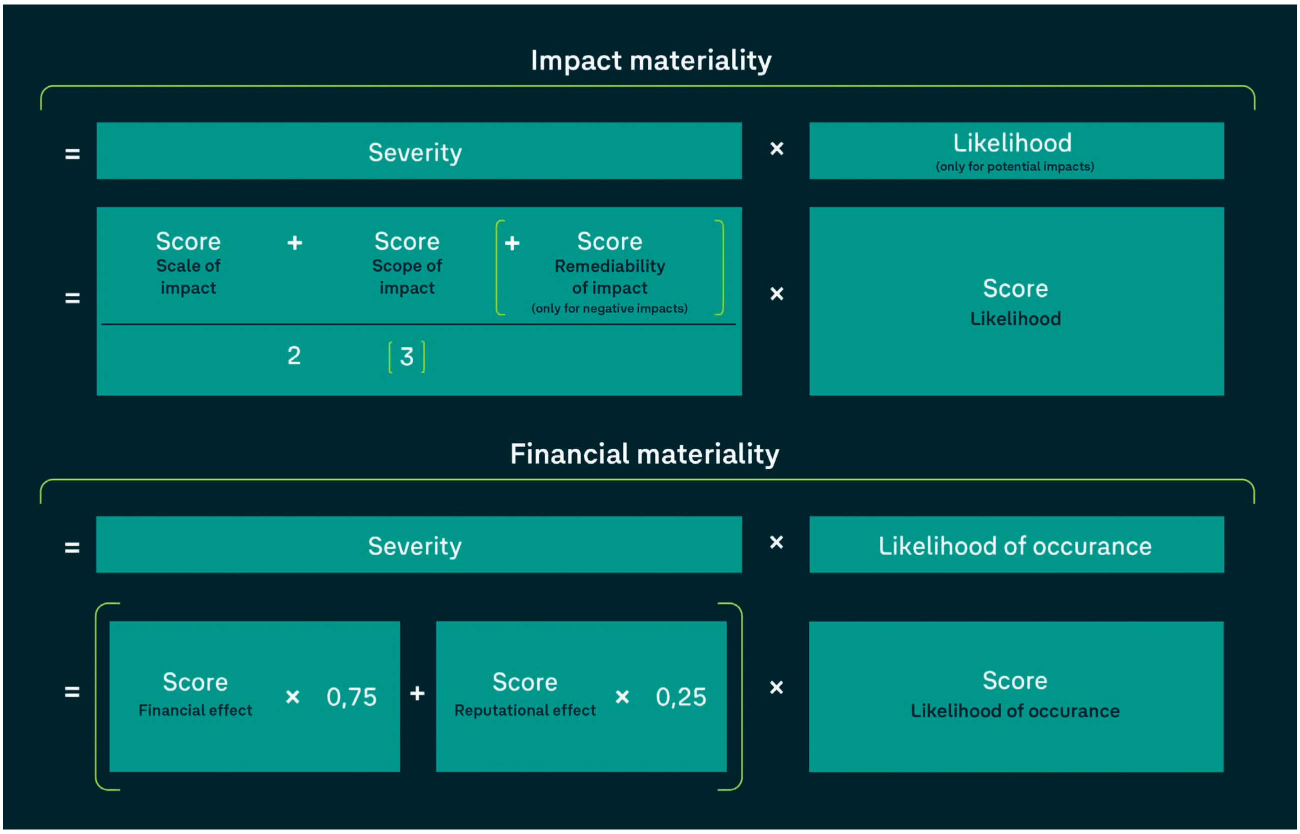
Sustainability risks/opportunities are assessed to be material in the sense of financial materiality if their risk score is 50 or above or their potential financial effect is €1 billion or more. This process is similar to the quarterly risk process's established reporting requirements.

The assessments were discussed at Group level with the relevant departments in a process based on the materiality assessment, and the material risks and opportunities are presented in the respective ESRS chapters.

The RMS and ICS are regularly optimized as part of the continuous monitoring and improvement process, with equal consideration being given to internal and external requirements, in particular the requirements of the ESRS. External experts assist in the continuous enhancement of our RMS and ICS on a case-by-case basis.

Materiality threshold

In accordance with the ESRS requirements, the materiality threshold was set for both the impacts and the financial materiality following the completion of the assessment phase. On a five-point scale ranging from informative to critical, a topic becomes material for the Volkswagen Group when it crosses the threshold to the second-highest category of significant. For a subtopic to be defined as material, it is sufficient if either an impact or a risk or an opportunity is considered material. In the event of a financial effect of more than €1 billion, the risk or opportunity is classified as material irrespective of the overall assessment.



Procedure for identifying material information

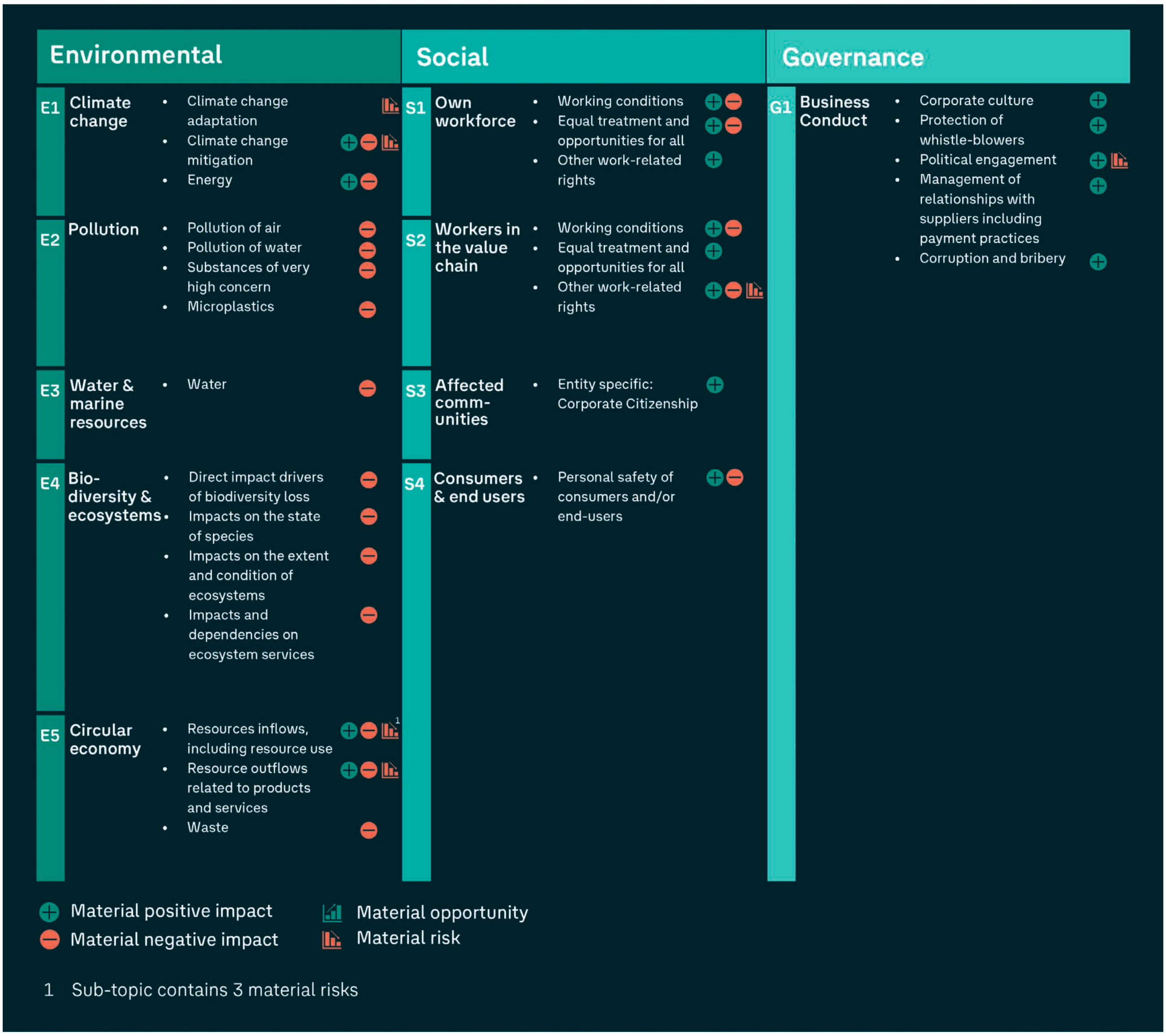
The relevant disclosure requirements from the ESRS were identified on the basis of the material impacts, risks and opportunities for the report in fiscal year 2024.

To determine which information is to be reported, the Volkswagen Group first allocated the datapoints to one or more of the 38 topics. Datapoints relating exclusively to immaterial topics were then excluded from the reporting process. Voluntary datapoints with phased-in Disclosure Requirements considered to have no relevance for the report were eliminated in a subsequent step. Finally, metrics that were allocated to a material topic but were not categorized as relevant were excluded for various reasons. These reasons were clearly documented.

Results of the materiality assessment

In the context of the double materiality assessment, 28 of the 38 topics considered were identified as material. A total of 17 positive impacts, 19 negative impacts, 8 risks and no opportunities were categorized as material. Further impacts, risks and opportunities that have not reached the threshold for reporting were also identified in all topical standards. Inherent risks are described in the management report. It was possible to assign the material impacts, risks and opportunities to the subtopics of the ESRS (see chart). Only the impact of the topic of Corporate Citizenship is covered by additional entity-specific information. The option to present the material impacts, risks and opportunities under the respective topical standards was applied for the reporting year 2024. Current financial effects – where they are both material and recorded – are described in the chapters on the topical standards. The double materiality assessment was conducted in accordance with the requirements of the

ESRS for the first time, meaning that there is no change to report compared with previous years. It will be updated for the next sustainability report.



Introduction to environmental management

The Volkswagen Group is pursuing the goal of achieving more than simply cutting emissions. Our vision is to have a positive impact on people and the environment, and to contribute to restoration and improvement of ecosystems and living conditions by means of regenerative actions.

OVERARCHING POLICIES

Five policies are involved in the ESRS environmental standards:
> "Policy: Decarbonization"
> "Policy: Pollution prevention"
> "Policy: Sustainable water management"
> "Policy: Biodiversity"
> "Policy: Resource use and circular economy"

These policies are based on our Group policies on the environmental compliance management system (ECMS), which plays a major role in corporate governance. Also important are the Code of Conduct, our Group strategy, our Group sustainability strategy regenerate+, the Code of Conduct for Business Partners, our environmental mission statement goTOzero, the environmental policy, our decarbonization strategy and the Biodiversity Commitment. They address the environmental compatibility of products, services and processes, as well as the Volkswagen Group's environmental footprint.

The relevant documents, which are applicable Group-wide, are available both publicly (with the exclusion of Group Policies) and internally. The relevant content of these documents is set out in the following chapters. Thematic specifications are provided in the relevant "Policy" section in the chapters under Environmental information.

Environmental protection is entrenched in the Code of Conduct as a key corporate principle. As a globally active company, the Volkswagen Group is responsible for the environmental compatibility and sustainability of its products, sites and services. Its mission is to be a global provider of sustainable mobility and a role model in environmental protection. The Volkswagen Group is committed to using environmentally compatible, advanced and efficient technologies and implements them throughout the life cycle of its products. As early as the development and production stage, the Group pays attention to the sustainable use of natural resources, works continuously to mitigate environmental impacts and ensures compliance with environmental legislations and regulations. In addition, the environmental compatibility of products and manufacturing processes is continually assessed and optimized as necessary.

The topics of climate change mitigation and energy are key elements of the Group strategy relating to the decarbonization of the Group's business activities. Climate change mitigation is also an important aspect of regenerate+. By using electric drives, digital connectivity and autonomous driving, the Volkswagen Group aims to make its cars cleaner, smarter, quieter and safer. The Group harnesses its innovative power to reduce its environmental footprint – over the entire life cycle of its products and mobility solutions. The innovations are also intended to help customers to be more environmentally friendly.

In addition, the Volkswagen Group aligns its activities with the principles of environmental protection and enhancement in accordance with regenerate+. Decarbonization, establishing a circular economy, and preserving biodiversity are focal points within this framework. The nature dimension is a material element of the regenerate+ supporting program. The Volkswagen Group strives is to shape the positive impact of its actions in this area in a way that is quantifiable and transparent. Consequently, one of the core objectives of the nature dimension is to achieve more than just reducing emissions. The vision is to have a positive impact on people and the environment, as well as to contribute to the restoration and improvement of ecosystems and living conditions through regenerative actions.

The Code of Conduct for Business Partners contributes to Group-wide sustainability progress. In order also to extend the requirements of the Code of Conduct for Business Partners to lower levels of the supply chain, the Volkswagen Group requires its suppliers to pass the requirements on to their direct business partners. Above and beyond statutory requirements, the Volkswagen Group is committed to being a responsible member of society and a partner to policymakers, with whom the Group seeks dialog on the mobility concepts of the future and the design of environmentally sustainable development. The environmental issues addressed in the Code of Conduct for Business Partners include sustainability requirements in environmental protection, and responsible supply chains.

Our goTOzero environmental mission statement serves as the framework for all the Volkswagen Group's environmental activities. With this mission statement, we aspire to reduce the environmental impact throughout the life cycle – from raw material extraction until end-of-life – for all our products and mobility solutions. Compliance with environmental regulations, standards and voluntary commitments is a prerequisite of our actions. The mission statement forms the basis for linking our targets, metrics, programs and actions. It places the focus of our activity on four central fields for action and their underlying objectives (see illustration).

In addition to the commitment to environmental protection, the Volkswagen Group has also made environmental compliance a focal point. This concerns not only adherence to legislation and internal requirements, but also close dialog and cooperation with stakeholders. The Volkswagen Group places emphasis on involving its employees, customers, suppliers, legislators, authorities, neighboring communities and other stakeholders. The Group aims to enhance its understanding of their expectations and requirements in relation to the environment. Their suggestions are entered in the ECMS, carefully assessed, and subsequently reflected in the Group's processes, products and services.

The Volkswagen Group has created an environmental policy that sets out guidelines for environmental decision-making, for the management of projects and for the Group's environmental stewardship. This policy actualizes the overarching environmental mission statement and sets parameters for the conduct and working methods of management and employees in five areas: management behavior, compliance, environmental protection, collaboration with stakeholders and continuous improvement. The environmental policy highlights, for example, the integration of renewable energies, decarbonization, sustainable supply chains and energy efficiency. The Volkswagen Group also intends to reduce the environmental impacts of its processes, products and services, and to continuously improve its ECMS and environmental performance.

Based on the environmental mission statement and the environmental policy, environmental protection is firmly entrenched in the Volkswagen Group divisions including Production, Logistics and Sales. As part of the strategic vision of the Zero Impact Factory initiative, the Volkswagen Group is developing specific steps towards more sustainable production. The vision is an idealized factory which employs manufacturing methods that are as climate, resource and environmentally friendly as possible, thereby reducing any environmental impacts of vehicle and component production. The brands and locations have been using the measurement methods and management tools developed for this purpose. Further information on this is provided in the "Overarching targets and metrics" section. These measurement methods and management tools enable the quantitative environmental impact of the production sites to be recorded and reduced, particularly in the action areas: climate change mitigation and energy, emissions, water and waste. We are also focusing on qualitative aspects such as the appearance of the factories, the commitment to biodiversity, protection of the soil, a functioning environmental compliance management system, improvement of resource efficiency, and environmentally friendly mobility management for employee and goods transport.

As part of the Zero Impact Logistics initiative, all of the Group logistics departments are working to support the realization of the Volkswagen Group's environmental mission statement. By continually optimizing the transport network and logistics processes – for example by means of digitalization – unnecessary shipments are avoided and emissions reduced. In addition, the use of new low-emission technologies and energy sources for transporting production materials and vehicles is examined, piloted and expedited.

The Volkswagen Group's sales network extends globally to more than 150 markets with over 17,000 dealer and service locations. In addition to the broad range of all-electric vehicles and hybrid models, we kicked off the goTOzero retail project that is focused on decarbonizing our entire sales network and increasing its ESG performance, helping our sales partners to move over to a climate-neutral business model.

A Group policy for the ECMS sets out the requirements, tasks and responsibilities with regard to the environment and compliance. It provides the framework for implementing ECMS across all phases of the business and the entire life cycle of vehicles in the brands and companies. The policy defines the minimum requirements for the companies and gives them the flexibility to implement them in a way that suits their business activities. The systematic implementation of requirements from the Group Policy on the ECMS reinforces the effectiveness and robustness of the environmental compliance management systems at the Volkswagen Group sites. Defined roles and responsibilities allow for clear allocation of tasks and competencies. In addition to internal audits, external certifications enable objective assessments of these management systems and ensure their continual enhancement. The ECMS is also used to regularly check the effectiveness of the actions. A detailed explanation can be found in the "Actions and resources" section in each of the chapters under Environmental information. The Volkswagen Group provides regular training for its employees on environmental protection and environmental compliance. In line with the Group Policy, all production and development sites in the Group are also requested to have their environmental management systems certified to ISO 14001 or validated by the Eco-Management and Audit Scheme (EMAS).

The Volkswagen Group implemented a responsible supply chain system in 2022 to comply with international frameworks and requirements. The system aims to identify particularly high risks in the supply chain in connection with human rights violations and the environment and to manage these appropriately.

The Volkswagen Group's environmental responsibilities are clearly defined. The Group-wide management of operational environmental protection is the responsibility of the Chief Executive Officer of the Volkswagen Passenger Cars brand and of the Group Steering Committee Environment and Energy, which is supported by numerous specialist bodies. The Group Steering Committee Environment and Energy regularly informs the Group Board of Management on environmental and energy-related topics. It coordinates Group-wide dialog and makes decisions on environmental and energy issues. Its tasks include implementing resource efficiency programs and monitoring target achievement. As the highest environmental body in the Volkswagen Group, the Group Steering Committee Environment and Energy plays a key role in decision-making concerning environmental matters. Other bodies are responsible for managing important individual aspects, such as the Group Steering Committee for Fleet Compliance. Climate-related topics are coordinated and managed by regular meetings of the Group steering committees (at least six meetings per year) and by continuous communication with the heads of the Group's and the brands' various research and development units and other Group functions. Cross-divisional and cross-brand working structures have been developed at Group level to support this coordination process. These structures build on the work of committees such as the Group Steering Committee for the Environment and Energy, the Group Steering Committee for Product Recycling and the Group Platform Sustainability Product. Group Regulation Management is the key contact for Group policies and monitors the entire Group Policy process. A responsible division must verify at least once a year that the Group Policies and annexes it manages are up to date, and revise them if necessary.

OVERARCHING TARGETS AND METRICS

Reduction of specific environmental impact of production

The Volkswagen Group aims to improve its own *Umweltentlastung Produktion* (UEP – environmental improvement production) metric in the area of passenger cars and light commercial vehicles by 45% per vehicle or component part by 2025 as compared with 2010. The UEP is derived from the weighted average of five metrics: energy consumption, CO_2 emissions, water consumption, solvent emissions or volatile organic compounds (VOCs) – and waste for disposal.

In base year 2010, energy consumption was 2,519 kilowatt hours (kWh) per vehicle, CO_2 emissions 1,096 kilograms per vehicle, water consumption 4.54 m^3 per vehicle, production-specific waste for disposal 23.3 kilograms per vehicle, and VOC emissions 4.13 kilograms per vehicle.

The targeted reduction of the environmental impacts follows a trajectory from 2010 to 2025 with annual intermediate targets. Progress is monitored, reviewed and publicly communicated on an annual basis.

In 2024, many successfully implemented actions continued to have a positive impact on the specific environmental indicators per vehicle. The UEP improved from -44.2% in 2023 to -48.5% in 2024. The target of a 45% improvement by 2025 was thus already achieved in 2024. The table below shows the changes in specific environmental indicators per vehicle, and illustrates the changes compared to base year 2010.

ENVIRONMENTAL IMPROVEMENT PRODUCTION

Metric per vehicle	Unit	2024	2023
Environmental improvement production	%	-48.5	-44.2
Specific energy requirement	%	-21.5	-21.0
Specific CO_2 emissions	%	-62.8	-51.0
Specific VOC emissions	%	-67.5	-68.7
Specific water consumption	%	-27.1	-24.7
Specific waste for disposal*	%	-79.4	-75.9

*only production-specific volumes
The information for 2023 is provided voluntarily and has not been externally validated.

The UEP target is in line with the environmental mission statement goTOzero and supports the achievement of climate targets and improvement of energy and resource efficiency. The target also contributes to achievement of the United Nations' Sustainable Development Goals (SDGs), in particular SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy), SDG 9 (industry, innovation and infrastructure), SDG 12 (responsible consumption and production), SDG 13 (climate action) and SDG 15 (life on land).

The UEP metric is directly connected with the environmental standards ESRS E1, E2, E3 and E5. The metrics energy consumption and CO_2 emissions per vehicle are considered in the UEP with respect to climate change (E1). The UEP considers the VOC emissions per vehicle with respect to topical standard pollution (E2). Water consumption per vehicle is included under water and marine resources (E3). Finally, the UEP addresses Circular economy (E5) via the assessment of waste for disposal.

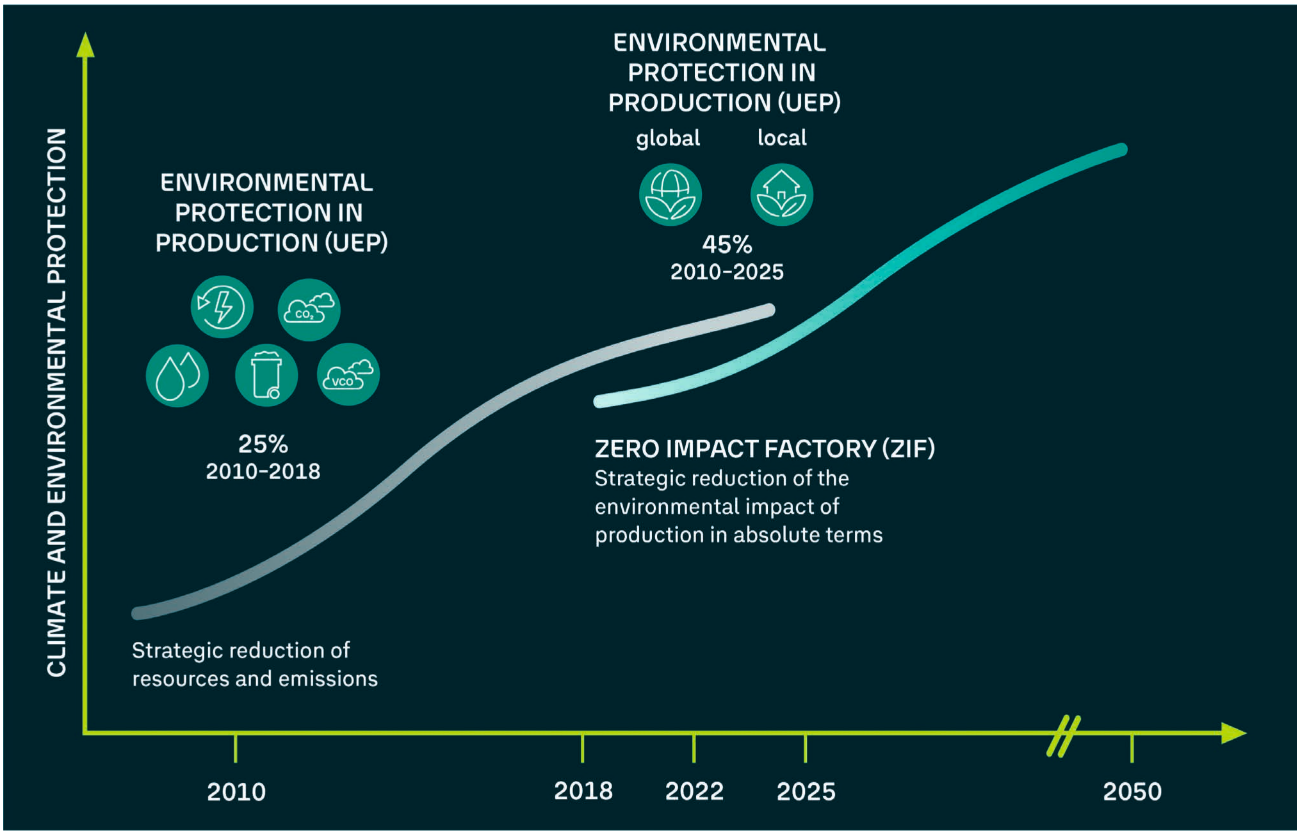
Reduction of absolute environmental impact of production

The aim of the Volkswagen Group's Zero Impact Factory strategic vision is to measure and assess the environmental impacts of its production sites worldwide in a uniform and holistic manner. Two independent methods were developed for this purpose: the Site Checklist analyzes qualitative aspects of a site in eleven action areas, while the Impact Points method facilitates a quantitative assessment of the absolute environmental impacts of a site.

The Volkswagen Group's specific objective through the impact points method is to gradually reduce the absolute negative environmental impacts of its production sites for passenger cars and light commercial vehicles and components by 37.5% by 2030, by 68.8% by 2040, and ultimately towards net neutrality by 2050, all compared to 2018 levels. This target will replace the UEP target in 2025. Progress is monitored and reviewed on an annual basis, and will be publicly communicated from reporting year 2025.

The targets for reducing the impact points are in line with the environmental mission statement goTOzero. They support the achievement of internal and external climate targets, improvement of energy and resource efficiency, and reduction of harmful emissions to air and water. The targets contribute to achievement of the United Nations' SDGs, in particular SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy), SDG 9 (industry, innovation and infrastructure), SDG 12 (responsible consumption and production), SDG 13 (climate action) and SDG 15 (life on land).

Measuring the environmental impacts of production by means of impact points forms the methodological foundation for achieving our vision of production with minimal effects on the environment. The following graphic illustrates the transition from using the UEP performance indicator to using the Impact Points method.

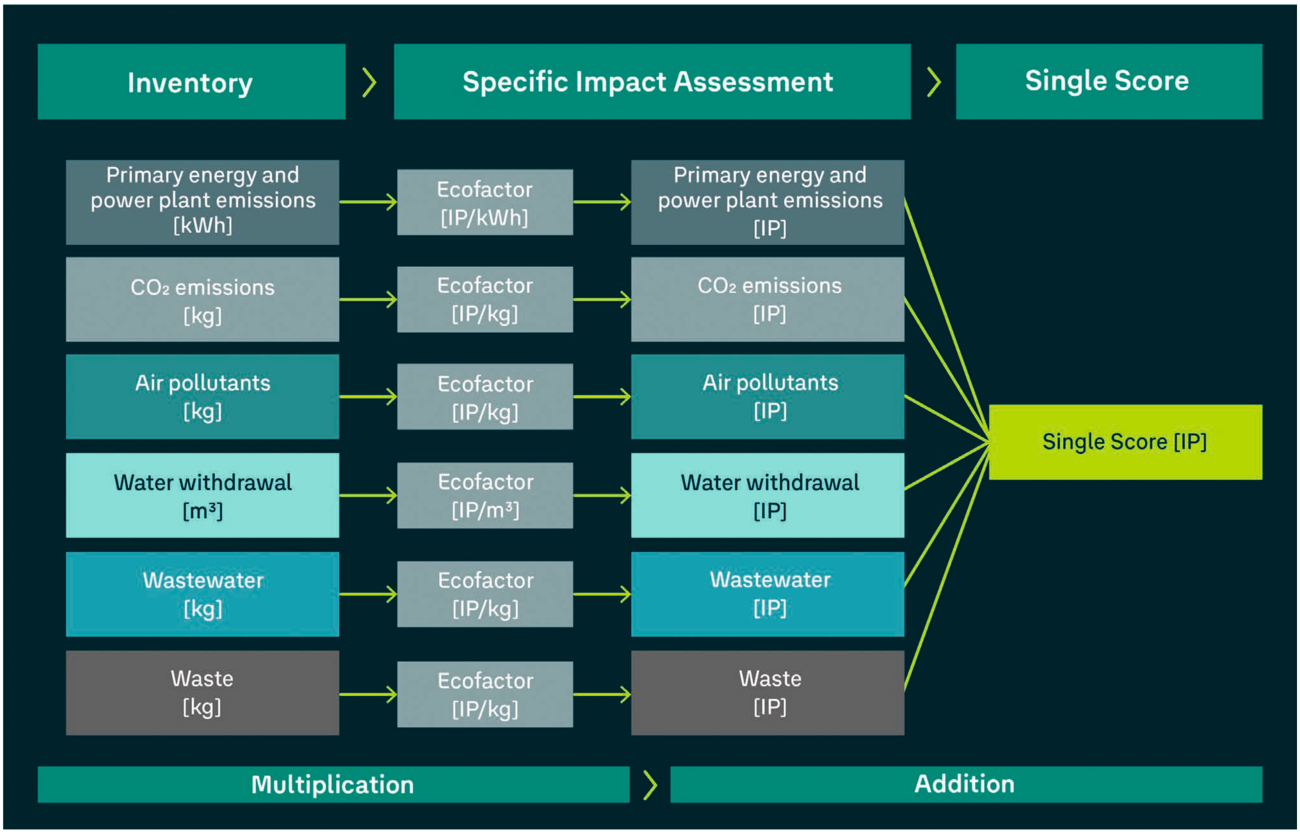


The Impact Points method was developed in close cooperation with partners from the scientific community, primarily the Technical University Berlin, and published in two scientific papers. These are publicly available at https://www.sciencedirect.com/science/article/abs/pii/S0959652622052209 and https://www.mdpi.com/2071-1050/16/7/3011. The Impact Points method is based on the ecological scarcity method, which assesses the environmental impact of pollutant emissions and resource extraction. The method also compares current environmental impacts with impacts considered socially acceptable. These environmental carrying capacities were derived for the Impact Points method from national legislation, international targets and scientific principles. The Impact Points method includes six overarching environmental aspects:

- Primary energy and power plant emissions relate to the provision and transmission of energy through the energy infrastructure, as well as emissions from power plants such as VOCs, sulfur oxide (NO_x) and dust (particulate matter (PM).
- CO_2 emissions comprise greenhouse gas emissions (GHG emissions) emitted directly from the site (Scope 1) and indirectly through the use of energy (Scope 2).
- Air pollutants comprise the local emission of pollutants such as VOCs, sulfur oxide and dust directly from the site.
- Water withdrawal refers to the local abstraction of water and use of the external freshwater infrastructure.
- Wastewater refers to the discharge of pollutants such as nitrogen (N), phosphorus (P), nickel (Ni) and zinc (Zn) into local waters and the use of the external wastewater infrastructure.
- Waste includes both transportation and the processes for disposal of waste generated in production (e.g. landfill, thermal and material recycling, and use as a substitute raw material).

The Impact Points method uses a standardized procedure similar to life cycle assessment to determine the environmental impact. The first step is to compile a data inventory (life cycle inventory). The environmental impacts of each environmental aspect are then determined by multiplying this by eco-factors (impact assessment). The level of an eco-factor illustrates the relevance of the respective environmental aspect, such as CO_2e emissions, as compared with other aspects. The eco-factors take account of both planetary limits and the political objectives of the countries in which Volkswagen Group's production sites operate. For instance, water withdrawal at a site with low local water risk generates fewer impact points than at a site with high local water risk. This results in a weighting of environmental aspects.

The following graphic provides a schematic illustration of the impact point calculation method.



The Impact Points metric is directly connected with the environmental standards ESRS E1, E2, E3 and E5. With respect to Climate change (E1), Impact Points address both the environmental aspects of primary energy and power plant emissions and CO_2 emissions. The method includes air pollutants and wastewater as regards Pollution (E2). The water withdrawal environmental aspect is considered with respect to Water (E3). Finally, impact points address Circular economy (E5) via the environmental aspect of waste.

Addressing qualitative environmental aspects in production

The Site Checklist developed in-house is the second assessment method after the Impact Points method, aligning with the strategic vision of the Zero Impact Factory. The checklist is used to monitor implementation of defined criteria regarding the environmental characteristics of a factory in eleven action areas. The Volkswagen Group aims to achieve an average compliance rate of at least 60% of the Site Checklist at its production sites by 2030. This is set to increase to 73.4% by 2040 and to 87.2% by 2050. This objective applies to sites producing passenger cars as well as light commercial vehicles or components. The springboard in base year 2022 was a Group-wide average of 44.5% achievement of the site checklist. Public reporting on target achievement will begin in 2025.

The targets contribute to achievement of the United Nations' SDGs, in particular SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy), SDG 9 (industry, innovation and infrastructure), SDG 12 (responsible consumption and production), SDG 13 (climate action) and SDG 15 (life on land).

The Site Checklist was developed in cooperation with various Group departments, brands and companies and is based on internal and external requirements, such as the EU Green Deal and the EU BREF documentation for the best available techniques.

The Site Checklist comprises eleven action areas with a total of over 140 largely qualitative environmental criteria: Environmental compliance, architecture and perception, planning, digitalization, water, energy and CO_2, materials, soil, biodiversity, pollutants and mobility.

The action areas and criteria contained in the Site Checklist are regularly evaluated and updated as necessary. The sites assess each criterion as met or not met. Criteria may be assessed as met only if appropriate evidence is provided. The permitted forms of evidence and minimum criteria are defined in an internal manual. Achievement of individual criteria for each of the 11 action areas produces a fulfillment level from 0% (no criteria met) to 100% (all criteria met). The site results are calculated as the average of the fulfillment levels, with each of the action areas weighted equally. The result for the Group is determined as the average of all site results.

The Site Checklist method and its eleven action areas are directly related to the environmental standards ESRS E1 to E5. The energy and CO_2 and mobility action areas in particular relate to topical standard Climate change (E1). The soil and pollutants action areas have a direct link with topical standard Pollution (E2). The site checklist has an action area named water which addresses the topical standard Water (E3) with relevant screening criteria. The biodiversity action area relates to topical standard Biodiversity and ecosystems (E4). Finally, the materials action area addresses the topical standard Circular economy (E5).

Increasing the number of suppliers with environmental certification

The Volkswagen Group is pursuing the aim of improving its environmental impacts in the upstream supply chain. This has involved setting a target as part of regenerate+ of proving by 2040 that more than 95% of direct suppliers, based on their sales revenue percentage of the total procurement volume, have established a certified environmental management system (e.g. pursuant to ISO 14001 or EMAS). The target applies to suppliers with production sites that employ more than 100 people. 2023 serves as the base year for measuring progress; in that year, 80% of suppliers already had certified environmental management systems. In the reporting year, the share was increased to 85%.

The target was also documented in the Code of Conduct for Business Partners. Evidence based on the Volkswagen Group sustainability rating (S-Rating) has also been required since 2022.

Annual progress is monitored by the sustainability management team in Procurement to ensure that the target is reached by 2040. The methodology is based on a standardized self-assessment questionnaire, with the responses and documents reviewed and validated centrally by an external service provider. A risk analysis is also performed using data from external service providers and risk-based audits. This is intended to work towards target achievement and identify any deviations at an early stage.

Uniform collection of environmental data

Environmental data from the sites forms an important basis for determining quantitative metrics that are reported in the sections ESRS E1 to E5 (for a description of the scope of reporting, see the chapters under Environmental information, see the scope of reporting of the “General information” chapter). The internal Group standard VW 98000 sets out how these environmental indicators are to be uniformly determined and documented within the company. A total of around 200 environmental indicators are recorded at site level and reported via the internal environmental information system (EIS). Each site is responsible for providing the environmental indicators.

The following are acceptable methods of recording environmental indicators. Direct measurements of physical quantities should be given the highest priority, such as wastewater volume by means of a flow meter, the volume of waste using a scale, or energy consumption by means of energy meters. If direct measurement is not technically or economically feasible, the environmental indicators can be calculated based on measured variables. This method has a lower priority. This applies, for example, to the volume of CO_2 emitted from the use of combustible materials, or emissions of pollutants into wastewater, which are generally extrapolated based on random sample measurements. The permissible method with the lowest priority is an estimation of indicators based on transparent assumptions, such as the proportional dependency between waste volume and the number of manufactured units. All processes used must be transparent and verifiable by independent third parties such as certifiers or auditors.

Environmental data is collected in the chapters under Environmental information in accordance with the ESRS requirements for E1-5 (energy), E1-6 (GHG emissions), E2-4 (emissions to air and water) and E4-SBM3 (biodiversity-sensitive areas) for the Volkswagen Group and companies with operational control (in accordance with the scope of reporting of the “General information” chapter). Metrics that go beyond these disclosure requirements are reported voluntarily for the companies with operational control.

Climate change

The Volkswagen Group is committed to the Paris Climate Agreement and aligns its own activities with the 1.5 degree goal. We aim to achieve net carbon neutrality by 2050.

MATERIAL IMPACTS AND RISKS AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Impacts relating to climate change mitigation and energy

The positive and negative impacts described below, relating to climate change mitigation and energy were assessed as material actual and potential impacts in the double materiality assessment. It is to be expected that both the positive and the negative impacts will continue over a long-term time horizon.

Greenhouse gas (GHG) emissions are generated along the Volkswagen Group value chain, primarily in the use phase of our products, and it contributes to climate change. GHG emissions are also caused through the mining and processing of raw materials, the manufacture of components in the supply chain, and the company's own operations.

Negative impacts also arise in this context through energy consumption along the value chain. A decisive factor is the continued significant reliance on fossil energy sources, the production and use of which are associated with GHG and other emissions. The focal points in this regard are also the use phase of the products, the production processes in the upstream value chain and the company's own production processes.

The Volkswagen Group also contributes to positive impacts on climate change mitigation and energy along the value chain by reducing GHG emissions and promoting the use of renewable energy. The greatest effects can be found in the downstream value chain in the use of the vehicles: The transition to e-mobility, which enables the widespread use of renewable energy in the transportation sector, serves to reduce primary energy requirements and GHG emissions compared to vehicles with internal combustion engines.

The processes for identifying possible impacts as part of GHG accounting or energy management are described in the "Metrics: Climate change" section regarding compiling the relevant metrics.

Process description and results of the climate risk analysis

Transition risks

Possible transition risks and opportunities were identified using a scenario analysis and on the basis of additional in-house sources within the double materiality assessment (see the "Procedure for identifying material information" section of the "General information" chapter for further information).

The time horizons of the analysis correspond to the general definitions in this report. The connections between the service lives of the capital goods and the time horizons from strategic planning are set out in the "Procedure for identifying material information" section of the "General information" chapter.

The scenario used in the scenario analysis was Net Zero by 2050 from the International Energy Agency (IEA). The main sources used were the IEA report "Net Zero Roadmap: A Global Pathway to Keep the 1.5°C Goal in Reach – 2023 Update", and the "Global EV Outlook 2024". The reports take into account the latest progress reports of the Intergovernmental Panel for Climate Change (IPCC) at the time of preparation, and therefore the current state of climate science. The IEA's Global Energy and Climate Model on which it is based models not only the necessary transformation of the transportation sector, but also of additional sectors relevant for the Group's value chain and business model, such as energy and raw materials production.

The ambition level of the scenario is aimed at the ideal goal of the Paris Climate Agreement of limiting global warming to 1.5°C; the scenario provides for a limited overshoot of the 1.5°C target, with a decline in the global temperature rise to around 1.4°C by 2100.

This makes it suitable for estimating a maximum expected intensity and speed of the transition events, and thus the maximum risk exposure. The Group also investigated processes with lower intensity and speed, particularly in the regulatory environment, as part of strategy development, to address uncertainties regarding the forms of risk driver (see the "Strategy: Climate change resilience" section for further information). This did not reveal any additional risks.

The IEA's "Net Zero by 2050" scenario requires proactive alignment by automotive producers with stricter regulations, technological disruptions and the change in the energy mix. The focus on battery-electric vehicles, innovative business models and sustainable value chains is defined as crucial to ensure long-term competitiveness and satisfy the requirements for the net-zero targets.

The scenario considers various time horizons. Specific statements relating to the transportation sector in particular are made for 2030, 2035 and 2050. The focus of the analysis was on development until 2030 for the medium-term time horizon and until 2035 for the long-term time horizon.

Several relevant transition events were identified based on the scenario. The scenario is based on the assumption that governments around the world will be implementing ambitious climate policies, including carbon pricing, stricter fleet emission standards, and bans on new registrations of internal combustion engine vehicles in key markets. The expansion of incentive schemes to promote battery-electric vehicles is also anticipated.

In terms of the market, the scenario assumes that increasing availability and decreasing costs will be additional factors in driving the demand for battery-electric vehicles – provided that the charging infrastructure is expanded quickly. Based on these assumptions, the percentage of battery-electric vehicles among passenger cars sold worldwide will increase to 67% by 2030, and among heavy trucks to 37%. However, this development may vary widely between regions.

It would cause increased demand for battery raw materials, and sustainably produced and recycled materials in the medium to long term, which may result in limited availability and price increases.

From a technological perspective, the scenario assumes that current battery technology will continue to develop and that energy efficiency will significantly improve across all sectors. This could reduce emissions from the upstream value chain considerably.

The transition events were located along the value chain and were analyzed qualitatively in terms of impacts on strategy and business model in the form of potential risks and opportunities. These were compared with the risks and opportunities formulated in the double materiality assessment.

The evaluation was performed in the double materiality assessment by the relevant departments in consultation with Group risk management and sustainability management (see the "Procedure for and results of the double materiality assessment" section of the "General information" chapter).

The risk of failing to meet the statutory worldwide fleet emission targets, for example, due to insufficient transition to electric drivetrains or lack of market resonance – was defined as material for the company. Financial effects would result primarily from the charges payable in such case. In this context, an amount in the mid-three-digit-million euro range was added to provisions in the reporting year. Financial effects are also expected to be associated with this risk in 2025. This risk was classed as material for all time horizons.

Material risks resulting from the need for sustainable raw materials are described in the chapter "Resource use and circular economy".

Physical risks

The assessment of climate-related risks for the Group's own sites involved examining climate-related hazards for the 200 most important sites. These included all production sites along with key sales, administration and development sites.

The investigation was conducted with a software tool that uses the geo-coordinates of the sites. Both chronic hazards such as heat and cold stress, and acute physical hazards such as river floods and storm floods, were analyzed.

The periods examined were based on those of the software tools employed and were largely in line with the periods used in this report. The short term corresponds to the status quo view in the tool. The medium term refers to development until 2030 and corresponds to the Group's strategic planning period, including capital allocation planning. The long-term time horizon refers to development until 2050, to reflect the potential service lives of the assets.

The IPCC Shared Socioeconomic Pathway (SSP5-8.5) scenario was used for the forecast. This represents a high emission scenario based on the current state of climate science, and therefore plausibly reflects the maximum expected risk exposure in terms of severity and likelihood of occurrence. It predicts global warming of 3.3°C to 5.7°C by the end of the 21st century and is based on intensive use of fossil fuels, economic growth, and energy-intensive lifestyles.

As regards our own operations, it was determined that some of the sites investigated are already exposed to relevant climate hazards, such as river flooding or storm surges. Additional stress factors (for example heat stress, cold stress, precipitation, etc.) were also investigated as part of the risk analysis. These risks are less relevant in terms of negative impacts on production activities.

However, the risk of direct damage and a resulting production outage was deemed not material in the materiality assessment based on the expected financial implications at Group level over all time horizons considered.

The upstream value chain is monitored and examined based on processes and data for both the short-term and the long-term. Based on current climate change predictions, the Volkswagen Group's upstream value chain will also be more exposed to climate-related hazards in the future. Consequently, there may be supply disruptions and adjustments to production programs at the Group's production sites. This was identified as a material risk over all time horizons in the double materiality assessment.

Interaction with strategy and business model

The material impacts and risks identified with respect to climate change mitigation and energy have an effect on the Group's business model and strategy. The topics of climate change mitigation and energy are key elements of the Group strategy relating to the decarbonization of the Group's business activities. Climate change mitigation is also an important aspect of the Group sustainability strategy regenerate+. A detailed strategic classification of material impacts and risks is provided in the "Strategy: Climate change and transition plan" section.

Information on the future adaptability of the strategy and business model with a view to material transition risks is provided in the "Strategy: Climate change resilience" section.

The material impacts and risks are addressed through policies, actions and targets at various levels. The focus is on mitigating negative impacts, reinforcing positive impacts, and avoiding or mitigating material risks.

The policies and overarching actions regarding the material positive and negative impacts described in the areas of climate change mitigation and energy are presented in the "Climate change mitigation and energy efficiency" section. The section on "Use of renewable energies" describes additional actions relating to the impacts from the company's own operations and the upstream and downstream value chain, including the use phase of products.

Further details and examples of implementation of the actions can be found in the "Actions and resources: Climate change" section. The actions set out in the "No decarbonization without e-mobility", "Increasing vehicle efficiency", "Net CO_2e-neutral use phase" and "Contribution to climate-friendly logistics and hard-to-abate sectors" sections are aimed at the impacts in the use phase of the products. The actions set out in the "Climate change mitigation in manufacturing", "Zero Impact Logistics", and "Decarbonization of the dealership networks" sections relate to impacts in own operations and sections of the downstream value chain. The actions relating to the upstream supply chain are presented in the "Requirements for decarbonization in the supply chain" section.

Policies and actions to manage material risks are presented in the "Strategy: Climate change resilience" section. The target set out in the "Reduction of Scope 3 GHG emissions in the use phase" section also contributes to the identified material transition risk. The same applies to the actions presented in the section "No decarbonization without e-mobility" and "Increasing vehicle efficiency".

STRATEGY: CLIMATE CHANGE AND TRANSITION PLAN

Climate change strategy

Sustainability will remain a significant topic in the business world and will continue to gain in importance, being driven by the increasingly apparent consequences of climate change, greater awareness of sustainable lifestyles among customers and not least conditions such as the Paris Climate Agreement.

Decarbonization is a core component of Group activity and plays a key role in the Volkswagen Group strategy. Our decarbonization strategy applies to the entire Group. We do not yet have a Group-wide decarbonization plan within the meaning of ESRS E1 paragraph 16 is not yet in place, and the TRATON GROUP and MAN Energy Solutions do not have a transition plan. The TRATON GROUP and MAN Energy Solutions are developing independent transition plans, which are to be integrated in subsequent reporting cycles. The following actions and metrics on implementing the decarbonization program focus on the passenger cars and light commercial vehicles area of vehicle-related business. The transformation driven by digitalization and electrification requires extensive investment, which is incorporated in the Group strategy and included in medium-term planning.

Operationalizing the decarbonization program

Our decarbonization program for our passenger cars and light commercial vehicles business area covers the entire life cycle of our products. It is being put into operation via a clear hierarchy of actions, which is configured as follows for the passenger cars and light commercial vehicles business area: The top priority is to take action to avoid CO_2e emissions. In second place are actions with which the Group aims to gradually shift the energy supply to renewable energy across the entire value chain and in all phases of a vehicle's life. Finally, unavoidable CO_2e emissions are offset in selected cases through climate action projects that meet the highest international standards. Further information is provided in the "GHG removals and GHG mitigation projects" section.

In the hierarchy of actions, the Volkswagen Group includes definitions of four decarbonization levers to be used to achieve the emission reduction targets: (1) e-mobility, (2) conversion of energy supply, (3) energy efficiency and (4) decarbonization in the value chain. The decarbonization levers are explained in more detail in the "Actions and resources: Climate change" section. With respect to our production sites (Scope 1 and 2), we pursue the goal of reducing emissions by 90% in absolute terms between 2018 and 2040 and neutralizing the remaining emissions to achieve net CO_2e neutrality at our production sites. We aim to reduce Scope 3 CO_2e emissions in the use phase by 30% between 2018 and 2030. Specific actions for target achievement, such as climate change mitigation in manufacturing and no decarbonization without e-mobility are described in the "Actions and resources: Climate change" section.

Commitment to the Paris Climate Agreement and our climate targets

We are committed to the Paris Climate Agreement and align our own activities with the 1.5°C goal. It is our aim to be a net carbon-neutral company by 2050. We plan to achieve this through the hierarchy of actions described above, with clear priority placed on first reducing and avoiding emissions, and only applying offsetting actions for emissions that are difficult to avoid or completely unavoidable. We have set an intermediate goal for ourselves during our journey to net carbon neutrality: to reduce production-related CO_2e emissions by 50.4% by 2030 compared with the base year 2018. The renowned Science Based Targets initiative (SBTi) confirmed that our Group meets the requirements for contributing to limiting global warming to 1.5°C with this objective for the production phase (Scope 1 and 2). The Volkswagen Group also aims to reduce CO_2e emissions in passenger cars and light commercial vehicles' use phase (Scope 3 category 11) by 30% by 2030 (compared with 2018). This target has also been independently certified by the SBTi as 2°C aligned.

Strategic implementation through Group-wide sustainability management

A Group-wide sustainability management system that includes the issue of climate change mitigation has also been established in the Volkswagen Group. The related structures, processes and responsibilities are documented in an internal Group policy.

The progress of the transition plan is measured through the strategic metrics, which include Scope 1 and 2 emissions and the proportion of battery-electric vehicles (see the "GHG emissions" section as well as the "General information" chapter for further information). These also measure the progress of regenerate+.

Activities with respect to the EU Taxonomy

Detailed information on the EU Taxonomy is provided in the "EU Taxonomy" chapter.

Production capacity and technical equipment

Production capacity and technical equipment that focus on the manufacture of vehicles with internal combustion engines run the risk of losing value and potentially becoming "stranded assets" during the transition to a decarbonized business approach. The share of these investments is secondary compared to the company's (total) GHG emissions, as it is largely limited to the production of vehicles. The Group counters this risk by focusing its investment program on capacity that serves the transformation of the Group.

Exposure to coal, and oil and gas-related activities

The Volkswagen Group focuses on the manufacture, sale and marketing of motor vehicles and mobility solutions. The company's main area of economic activity is the manufacture of motor vehicles. The investments in this sector are the only ones classified as material. The analysis of economic activities revealed that activities involving coal, oil, and gas primarily take place in the context of vehicle-related business and are to be attributed to this.

Disclosure on EU Paris-aligned Benchmarks

The exclusion criteria for EU Paris-aligned Benchmarks were reviewed in the context of the Climate Benchmark Regulation, and it was determined that Annex 12.1 does not apply. EU Paris-aligned Benchmarks are indices subject to specific criteria and compiled by providers in line with such criteria in addition to their own. Nor are any exclusions by administrators of EU Paris-aligned Benchmarks pursuant to Annex 12.2 known.

Responsibilities for sustainable implementation

In-depth information on responsibilities is provided in the "Sustainability management" section of the "General information" chapter.

STRATEGY: CLIMATE CHANGE RESILIENCE

The resilience analysis was performed in the reporting year and is based on the results of the climate risk analysis (see the "Process description and results of the climate risk analysis" section) and the materiality assessment (see the "Procedure for identifying material information" section of the "General information" chapter). The critical assumptions made regarding the development of the sector derived from the scenario analysis are also included. The analysis covers the key elements of the business model and focuses on impacts, risks and opportunities identified as material and their main drivers along the value chain. Several aspects were included in the assessment of the Volkswagen Group's resilience: operational control mechanisms with regard to the material impacts, risks and opportunities, their inclusion in corporate planning and strategy, as well as the capacities required for a more far-reaching alignment of the business model. The time periods correspond to those in the "General information" chapter in the "Notes on use of the ESRS" section, like they were also used in the double materiality assessment. For the long-term time horizon, the focus is on developments up to 2035, the target year for the Group's future strategy.

A key element in increasing resilience to climate change is the positioning of decarbonization as a cornerstone of the Group's strategy, as explained above in the "Strategy: Climate change and transition plan" section. In addition, climate change mitigation is firmly anchored in regenerate+ and is measured and managed using relevant metrics, including the decarbonization index (see the "Targets: Climate change" section).

The *Konzern-Steuerkreis Flotten-Compliance* (KSK FC - Group Steering Committee for Fleet Compliance) is responsible for managing greenhouse gas emissions relating to fleet emissions. It includes experts from all brands and relevant departments. The KSK FC monitors compliance with regulatory requirements and can initiate in particular short- and medium-term actions, for example for sales management, in the event of potential deviations. The regulatory requirements and forecasts are also factored into the medium- and long-term planning process.

The key lever for complying with ambitious fleet limits is the further electrification of the product range (see the "Actions and resources: Climate change" section. The relevant targets are defined with the brands in the planning process, and capital expenditure requirements and necessary adaptations to the production sites are identified over a five-year time horizon. Uncertainties remain with regard to the speed and consistency at which electrification is being driven forward by regulatory actions in the various markets. As a result, a number of different scenarios will be examined during the development of the future Group strategy 2035. Specific courses of action were developed and evaluated on this basis, allowing the Group to adapt flexibly to different variations in the regulatory environment.

In conclusion, the resilience analysis revealed that the material impacts and transition risks are addressed comprehensively, specifically and using an integrated approach. The operational control mechanisms presented and their explicit inclusion in the integrated planning primarily have an impact in the short term, while the adapted future Group strategy will have a medium- to long-term impact.

The Group has sufficient capacity to implement the adjustment measures. In recent years, a double-digit number of sites has already been successfully converted to the production of battery-electric vehicles or the components required for them. This approach serves as a blueprint for the further transformation of the Group's sites. Implementation of the Group's emissions reduction strategy, in the context of the decarbonization strategy, requires extensive retraining and upskilling actions, some of which are already being implemented. A strategic approach is in place and regular discussions are held within the Volkswagen Group on training-related topics (see also the "Policies: Employees and non-employees" section in the "Employees and non-employees" chapter).

The Volkswagen Group has access to a range of money market and capital market instruments to cover its capital requirements for the further implementation of its decarbonization strategy (see the "Refinancing" section in the Group management report). The Volkswagen Group's Green Finance Framework enables the company to refinance EU Taxonomy-aligned capital expenditure, for example for developing and manufacturing all-electric vehicles, through sustainable financial instruments (see also the "Strategy: Climate change and transition plan" section).

The Volkswagen Group has implemented processes and methodologies in supply chain management intended to effectively mitigate short-term supply disruptions. These include an established crisis management structure in Procurement and cross-departmental coordination between Procurement, Quality Assurance, Development, Production, and Logistics. In conjunction with a worldwide supplier network, this may help to compensate for the loss of individual supplier locations in many cases. In the medium to long term, resilience to the effects of climate-related hazards will be a key component of the procurement strategy.

In conclusion, the resilience analysis revealed that the material impacts and transition risks are addressed comprehensively, specifically and using an integrated approach. The ability to adapt the business model to the challenges of climate change is therefore considered to be secured for the short, medium and long term.

Due to the large number of Group sites, it has not yet been possible to conduct a comprehensive analysis of specific countermeasures at site level to assess physical climate risks. This has been done as part of the risk analysis for the EU Taxonomy for the relevant sites. More detailed information on this can be found in the "EU Taxonomy" chapter.

As a general rule, Business Continuity Management requires all operating units to carry out a risk assessment and, if necessary, to develop appropriate contingency plans. Furthermore, the Volkswagen Group continuously and regularly calls on its supply chain to make its own supply chain resilient to climate-related hazards.

Furthermore, the Group has already examined specific exposure to climate hazards and the countermeasures taken at some sites. In the coming years, this will be systematically addressed at all production sites and monitored using milestone plans and checks on effectiveness. Another aspect of resilience is comprehensive coverage of the Group's own assets with corresponding insurance policies, which are regularly reviewed and adapted to changing risk situations in consultation with insurers for the Group's own sites.

As a result, it can be assumed that the sites included in detail in the context of the EU Taxonomy are largely resilient to physical climate risks over the observed periods. In light of the existing overarching control mechanisms, the remaining sites and direct upstream value chain are assumed to be basically resilient. This resilience will be further strengthened in the medium term.

With regard to climate-related hazards in the indirect or further upstream supply chain, there are still uncertainties in the short to medium term that will be addressed in the future across the entire automotive and supplier industry.

POLICY: DECARBONIZATION

Decarbonization is a key focal point for the Group and is supported by a corresponding policy. This is based on scientific principles and aims to achieve the goals of the Paris Climate Agreement. That is why we derive our climate strategy from the requirements of the GHG Protocol and the SBTi, among other frameworks. We are committed to the Paris Climate Agreement and have defined corresponding climate change mitigation targets to help limit global warming to 1.5°C. A detailed description of our commitment to the Paris Climate Agreement can be found in the "Strategy: Climate change and transition plan" section. Targets in this context are explained in the "Targets: Climate change" section. The "Introduction to environmental management" chapter specifies the corresponding monitoring processes of the decarbonization policy.

The double materiality assessment identified impacts and risks for the "Climate change" topical standard (see the "Material impacts and risks and their interaction with strategy and business model" section). The identified impacts and risks are analyzed using the risk management process described above and addressed with actions as part of the decarbonization policy. The Group strategy with a focus on decarbonization, regenerate+, the environmental mission statement goTOzero, and our Code of Conduct for Business Partners play a particularly important role in this. A detailed description of the relevant content can be found in the “Introduction to environmental management” chapter.

In addition to other relevant topics, energy and CO_2 are focal points of the Zero Impact Factory strategic vision, under which the Volkswagen Group is pursuing goals including the gradual reduction of the absolute environmental impact of its production sites for passenger cars, light commercial vehicles and components, measured in impact points, by 2050. Moreover, the Volkswagen Group aims to ensure that its production sites meet at least 60% of the internally developed site checklist in 2030. Energy and CO_2 are two specific action areas here.

Finally, in accordance with the Code of Conduct for Business Partners, reducing GHG emissions and using renewable energy sources are sustainability requirements in environmental protection for our business partners.

Climate change mitigation and energy efficiency

The topic of climate change mitigation is part of our Group sustainability strategy regenerate+ and one of the action areas of our environmental mission statement goTOzero. We systematically focus 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 aim to achieve net carbon neutrality by 2050. A detailed description of the decarbonization levers and corresponding actions can be found in the “Actions and resources: Climate change” section.

In line with our Group sustainability strategy regenerate+, we are focusing on increasing energy efficiency and transitioning to a renewable energy supply to allow us to decarbonize our production sites. Efficient use of energy in production enables cost savings and avoids environmental impacts while maintaining or increasing production performance. Reduced energy requirements have the potential to reduce the negative impacts associated with the provision of energy. A CO_2e-free energy supply is not currently feasible for all aspects of global energy needs, so energy efficiency remains an important basis for effective climate change mitigation and should always be the first lever (a detailed explanation can be found in the “Conversion of energy supply” section).

To this end, the Volkswagen Group set its goal by 2030 to implement energy-efficiency actions at its plants, and thereby to reduce annual energy consumption by 4,900 GWh compared to 2018. A detailed description of these targets can be found in the “Targets: Climate change” section of this chapter.

Climate change adaptation

The current strategic focus in the area of climate change is primarily on decarbonization and the associated climate change mitigation, as well as on energy-related topics. The climate dimension is part of our Group sustainability strategy regenerate+ and one of the action areas of our environmental mission statement goToZero. In the context of the risk assessment of our supply chain and sites, we are working on policies/ guidelines for climate change adaptation. These will be expanded and integrated into the strategy process in the future. Countermeasures are defined for high risks on a case-by-case basis (see the “Strategy: Climate change resilience” section for further information).

Use of renewable energies

Going beyond simply reducing GHG emissions is a central pillar of regenerate+. This is closely aligned with ramping up e-mobility and expanding charging networks and renewable energies. In addition to the Volkswagen Group's increased focus on e-mobility, we are concentrating on integrating renewably generated electricity in the use phase and switching the entire power supply for our plants to renewable energy.

The Charging and Energy area plays a key role in the Volkswagen Group's decarbonization strategy, with the aim of becoming a leading provider of a smart charging and energy ecosystem. As part of the strategic alignment, the Group is focusing on two key areas: Firstly, sales of battery-electric vehicles are being underpinned by the development of a global fast-charging infrastructure. Secondly, the Group is opening up new business models involving smart charging and energy solutions.

The Volkswagen Group also aims to achieve its production-related targets in terms of renewable energy through conversion of energy supply. The objective is to be procuring 100% of external electricity from carbon-neutral sources at all sites by 2030. In addition, we aim to generate 1,200 GWh of renewable energy per year through our own and local facilities by 2030. These targets are aligned with our environmental mission statement goTOzero and the strategic vision of the Zero Impact Factory.

The Volkswagen Group also has clear targets for decarbonization in the supply chain. One example of this is that in new procurement contracts, suppliers of selected focus components are already contractually obliged to comply with CO_2e limits. A detailed description of this can be found in the "Requirements for decarbonization in the supply chain" section. In our Code of Conduct for Business Partners, we require our business partners to take appropriate actions to reduce air emissions that are harmful to the environment and health, including GHG emissions. With a view to improving the environmental compatibility of products and services, we require our business partners to take proactive steps to reduce GHG emissions along the entire supply chain, such as by increasing their use of carbon-neutral energy sources. On request, business partners that deliver products to the Volkswagen Group provide information to us on the total energy consumption in megawatt hours (MWh) and CO_2e emissions in tons (Scope 1, 2 and 3) at product level. This allows the Volkswagen Group to improve the environmental indicators of our products. We also recommend that our business partners set science- and time-based emission reduction targets as well as targets for the use of renewable energies in line with the Paris Climate Agreement, and to take action to promote decarbonization along the entire value chain. We also recommend that our business partners commit to the Paris Climate Agreement and strive to achieve carbon neutrality by 2050.

TARGETS: CLIMATE CHANGE

Overarching targets

The overarching *Umweltentlastung Produktion* (UEP – environmental improvement production)" metric includes aspects such as the specific energy consumption and CO_2e emissions needed to produce a vehicle or component. The corresponding metrics are reported in the "Overarching targets and metrics" section of the "Introduction to environmental management" chapter.

There is also a connection to the impact points method through the inclusion of GHG emissions and energy requirements (see the "Overarching targets and metrics" section in the "Introduction to environmental management" chapter). This concerns, for instance, Scope 1 and 2 emissions and the use of fossil, nuclear, and renewable energy.

The site checklist (see the "Overarching targets and metrics" section in the "Introduction to environmental management" chapter) also has a clear link to the topic of climate change through the Energy and CO_2e action area. The main focus is on energy efficiency and decarbonization. Specific site checklist criteria relating to energy efficiency in production include optimization of the electrical base load during non-production periods, or climate control and ventilation based on use. Criteria relating to decarbonization include external procurement and internal generation of renewable energy.

Reduction of Scope 1 and 2 GHG emissions

The Volkswagen Group has set itself the target of reducing absolute GHG emissions in production (Scope 1 and 2) by 50.4% worldwide by 2030 compared with base year 2018. Setting this target is a key milestone on the journey to our goal of net carbon neutrality for the production sites by 2040. The target is in line with the 1.5°C goal of the SBTi, which also validated it. Base year 2018 was defined in the course of certification by the SBTi and based on its requirements. This year is a representative year for production as the structure (type and number of sites) has not changed significantly since then. The baseline value for GHG emissions in 2018 was 9.03 million tons of CO_2e. Starting in 2030, regular updating of the base year is planned in order to reflect changes in the corporate structure. The target is based on the definitions for Scope 1 and Scope 2 emissions under the GHG Protocol and the ESRS. The reduction targets are accounted for using the market-based method and relate to the GHGs CO_2, methane (CH_4), nitrous oxide (N_2O), sulfur hexafluoride (SF_6), hydrofluorocarbons (HFCs), and chlorinated hydrocarbons (CHCs). The data for monitoring the target is collected annually via the EIS in accordance with the internal standard 98000, which is based on the current ESRS specifications. The data is part of the internal Decarbonization Report Production, which is also used for internal target tracking. This objective is aligned with the environmental mission statement goTOzero. For information on stakeholder engagement, see the "General information" chapter.

By the end of 2024, the Volkswagen Group had already reduced absolute GHG emissions (Scope 1 and 2 combined) by 51% compared with 2018 and therefore already met its 2030 target for reducing greenhouse gases 6 years ahead of schedule.

Reduction of Scope 3 GHG emissions in the use phase

The Volkswagen Group aims to reduce CO_2e emissions in the use phase (Scope 3) in the passenger car and light commercial vehicle sector by 30% from 2018 to 2030, which was confirmed by the SBTi as in line with the limitation of global warming to 2°C. This target is aligned with the environmental mission statement goTOzero. The use of battery-electric vehicles plays an important role in achieving this target, in combination with the use of renewable electricity. This is crucial because, to date, around 70% of the CO_2e emissions from a vehicle with a conventional powertrain arise in the use phase (wheel-to-tank and tank-to-wheel). The Volkswagen Group is anticipating continuous growth in e-mobility worldwide, which should help us achieve this target. The 30% reduction in CO_2e emissions in the use phase relates to passenger cars and light commercial vehicles worldwide. The baseline value for emissions in the use phase (Scope 3 category 11) was 412,986,695 tons of CO_2e for 2018 after the recalculation of the base year. This was determined based on the requirements of the SBTi Standard and the GHG Protocol.

The objectives were set in line with the requirements of the SBTi, which develops climate roadmaps for various sectors based on scientific findings, and aims to quantify the ambition of the Paris Climate Agreement and implement it in every sector. These targets are reassessed every five years, with the next audit expected to take place in 2025.

Potential differences in emission reports are also recorded and assessed in line with the GHG Protocol. The GHG Protocol requires the recalculation of corporate emissions in the event of material new findings or if changes occur. A recalculation of the base year of the current climate action targets for the Scope 3 inventory (2018) was carried out in the reporting year for the first time. A further information about the recalculation of the base year can be found in the "CO2e emissions over the entire life cycle (DCI)" section.

In determining and reviewing internal goals, the Volkswagen Group also considers future developments, such as changes in market requirements and general political and environmental conditions, to work toward ensuring that the emission reduction targets are feasible and constructive even when conditions change. Continuous adjustments to calculation parameters are a contributing factor. Targets are derived and tracked by means of the decarbonization index (DCI). Further information on the parameters is available in the guidelines on compiling the DCI, which is a key indicator for the Volkswagen Group based on life cycle assessment.

Increasing energy efficiency at production sites

The Volkswagen Group has set itself the goal of implementing energy efficiency actions at the global production sites from 2018 to 2030, with the aim of saving a total of 4.9 million MWh of energy annually. A total of 9,113 actions had already been implemented by 2024, achieving annual savings of 3.5 million MWh. In reporting year 2024 alone, actions with a potential saving of approximately 0.5 million MWh were implemented. The data is part of the internal Decarbonization Report Production, which is also used for internal target tracking, among other things. This objective is aligned with the environmental mission statement goTOzero. For information on stakeholder engagement, see the "General information" chapter. The same information applies to all energy targets.

Generating renewable electricity

The Volkswagen Group is actively advancing the energy transition at its own sites and has set itself the goal of generating 1.2 million MWh of electricity per year from renewable sources by 2030. The plan is to generate this energy directly at the Group's production sites worldwide or in their immediate vicinity. A total of 574,801 MWh of electricity was generated from renewable sources in 2024, which represents significant progress compared with the base year 2020 (200,000 MWh).

Procurement of electricity in production

The Volkswagen Group has set itself the goal of increasing the supply of renewable energy to its plants. It aims to ensure that electricity sourced externally for all sites with the exception of those in China is from 100% renewable sources by 2030. A total of 90.9% of this target was achieved in the base year 2020, and an improvement to 94% had already been achieved by 2024. The goal in China is to supply production sites with 100% carbon-neutral electricity by 2030. This may include electricity from nuclear sources due to the short supply of renewable energy in some provinces of China.

Reduction of carbon emissions in the retail and service network

The Volkswagen Group has also set itself the ambitious target of reducing the carbon footprint of its global dealership and service partner network for all Group brands as part of the initiative to operate a retail and service network with the lowest possible negative environmental impacts. Based on the first measurement, taken in 2020, in which CO_2e emissions amounted to a base value of 3.22 million tons, the carbon footprint is to be reduced by at least 30% by 2030, at least 55% by 2040 and at least 75% by 2050. The reduction is measured in absolute percentages and covers the entire retail network, which includes both own retail and the dealerships and service facilities under contract of all Group brands worldwide.

This target, which is part of the goTOzero Retail concept, is in line with the environmental mission statement goTOzero, which in turn is committed to the Paris Climate Agreement and to aligning its own activities with the global 1.5°C goal.

The carbon footprint is recorded annually directly at the dealerships based on the actual consumption figures of the energy sources. The calculation is supported by in-house carbon emission factors in order to achieve uniform calculation, and is linked to the Volkswagen DCI. This target derivation method was developed with the input of external experts and is based on sources such as the National Energy and Climate Plan (NECP), the International Energy Agency (IEA), the Energy Information Administration (EIA), the China Energy Outlook and Statista.

Data to determine the emissions inventory of dealers is collected in accordance with internal standards and norms and is validated annually to ensure it is up to date. This means that the carbon emissions of the entire retail network are measured annually and the results compared with the defined target pathway. The tracking process also includes a regular reconciliation with legal requirements, in order to make any necessary adjustments.

The Group uses a business intelligence tool to track targets, which follows the annual recording and review of metrics in order to make statements about milestones and deviations. This identified that the absolute GHG emissions in 2022 were reduced by 0.8 million tons of CO_2e compared to 2020. The project is progressing as planned.

Key decarbonization levers to achieve the GHG emission reduction targets

Achieving the Volkswagen Group's GHG emission reduction targets is based on four primary levers: (1) e-mobility, (2) conversion of energy supply, (3) energy efficiency and (4) decarbonization in the value chain. Further information on this is provided in the "Actions and resources: Climate change" section.

Plans to achieve targets through new technology

Technology is the key to progress in regenerate+. As the Volkswagen Group, we are one of the few companies in the world that is taking the strategic expansion of technology leadership in e-mobility fully into its own hands – from cell and battery research to the development and production of battery-electric vehicles.

The Volkswagen Group aims to use new technologies to contribute to climate-friendly logistics outside the Group. Beyond its own value chain, the Volkswagen Group also wants to advance decarbonization in other industries in conjunction with MAN Energy Solutions. For example, the company supplies the shipping and energy industry with engines that can be powered by climate-neutral fuels or converts diesel or heavy fuel oil engines to future fuels. The product portfolio is rounded out with solutions in areas including carbon capture, utilization and storage; hydrogen; and heat pump technology.

Consideration of climate scenarios with respect to the decarbonization levers

The Volkswagen Group's climate targets are derived from the SBTi requirements for the transportation sector and are therefore based on factors including the climate scenarios included in those requirements. For example, the SBTi climate scenarios are based on the IEA climate scenarios, as well as other sources. Consequently, the material decarbonization levers were identified based on an analysis of the DCI and the emissions inventory.

The Volkswagen Group also uses model data and assumptions in a variety of contexts to make forward-looking statements. As a member of the IEA Transport project working group, for example, we use the IEA APS, STEPS and NZW scenarios, which are based on the GEC model[1]. The focus is on the 2030 target year, which represents a milestone on the path to the goal of Group net CO_2e neutrality by 2050 and acts as a reference for internal metrics. The scenario analysis focuses on the areas of production, sales and technology, the impact of products, and materials procurement. It shows that a significant reduction in emission intensity per vehicle is needed to achieve the UN climate goals, particularly in view of increasing unit sales.

CO_2e emissions over the entire life cycle (DCI)

In the decarbonization index (DCI), we have a informative instrument that makes our progress and interim results in the area of decarbonization transparent and comprehensible and is recorded using software developed in-house. The methodology is based on the GHG Protocol and is published in its guidance[2]. The DCI measures the CO_2e emissions by the brands that produce passenger cars and light commercial vehicles in the regions of Europe (EU27, United Kingdom, Norway and Iceland), China (including the Chinese joint ventures) and the USA over the entire life cycle. In this index, the use phase is calculated over 200,000 km per vehicle and with reference to region-specific fleet values without statutory flexibilities. The intensity of the CO_2e emissions from the electricity used to charge battery-electric vehicles is also calculated on the basis of region-specific energy mixes. Vehicle maintenance is not taken into account here. Our vehicle life cycle assessments, which are used as the data basis for calculating supply chain and recycling emissions, have been verified externally and independently in accordance with the ISO 14040 and ISO 14044 standards. Scope 3 also includes emissions from other Group entities and regions in some categories (see "Metrics on Scope 3 GHG emissions" section for a detailed description). The DCI calculation methodology is regularly adjusted depending on internal and external

[1] https://www.iea.org/reports/global-energy-and-climate-model/

[2] Neef, M., Dettmer, T., Bäuml, G. et al. Decarbonisation Index (DCI): an LCA-based key performance indicator for the automotive industry. Int J Life Cycle Assess 29, 557–577 (2024). https://doi.org/10.1007/s11367-023-02247-w)

requirements, such as new test cycles for fleet emissions. Published DCI values can therefore also be adjusted to the new methodology and changed to facilitate the presentation of a time series that is methodologically consistent.

In the reporting year, the DCI value averaged 48.0 tons of CO_2e per vehicle. This represents a reduction of 0.9 tons of CO_2e per vehicle compared with the previous year (after recalculation). This is primarily due to lower emissions in the supply chain – for example, as a result of a shift in the portfolio toward vehicles in smaller vehicle segments, as well as the China region having a lower share in the overall production volume and due to lower emissions in the use phase as a result of reduced fleet emissions.

The GHG Protocol requires the recalculation of corporate emissions in the event of material new findings or if changes occur. There may be various reasons to remeasure previous years' emissions to enable a fair comparison with current emissions. These include structural changes in the company, changes in the calculation method, an increase in the precision of emission factors, activity data, and findings regarding significant errors. At the Volkswagen Group, changes to the calculation are decided annually in a set process. A recalculation of the previous year (2023) and the base year of the current climate action targets for the Scope 3 inventory (2018) and for all DCI values since 2018 was carried out in the reporting year for the first time. Changed calculation assumptions were generally taken into account for the recalculation if the expected overall effect on the DCI was more than 0.1 tons of CO_2e per vehicle in the base year of the current climate change mitigation targets (2018).

The recalculation includes the following topics:

> use of WLTP instead of NEDC consumption data to calculate the use phase (since 2021)
> availability of region-specific life cycle assessments for the China market (since 2022)
> use of updated and more precise emission factors for fossil fuels (since 2024)
> correction of a calculation error for vehicle-specific logistics emissions (until 2022)
> use of company-specific cutting rates for steel and aluminum components in production instead of generic data (aluminum since 2022, steel since 2023) and calculation of generic life cycle assessments with 0% recycled aluminum content (since 2022):
All new vehicle life cycle assessments in the Volkswagen Group are calculated on the basis of the new calculation assumptions. Because life cycle assessments for vehicles based on the previous calculation assumptions are still being used to calculate supply chain emissions, recalculation of the base year value is subject to a phase-in.
> use of specific data for the emissions of Group franchises (in particular car dealerships) instead of generic figures (since 2022)
> inclusion of the Bentley and Lamborghini brands in the DCI (since 2020):
The effect on the Group decarbonization index is below the threshold of 0.1 tons of CO_2e per vehicle, but a change in the scope of decarbonization index reporting under the rules defined by the Volkswagen Group itself in accordance with the GHG Protocol will in any case lead to a recalculation of emissions in the base year.
> transition of emission factors (since 2024) including inflation adjustment (since 2023) for reporting Scope 3 categories 2, 8 and 13:

The GHG Protocol allows for historical datapoints and changes in data that are not available to be determined via backcasting in the context of base year recalculation.

In this case, specific data for categories 13 and 14 is used: In category 14, the DCI effect from 2021 (based on primary data first collected for 2020), and in category 13 the share of the Group's own leased vehicles (first available for 2022) are applied to the preceding years.

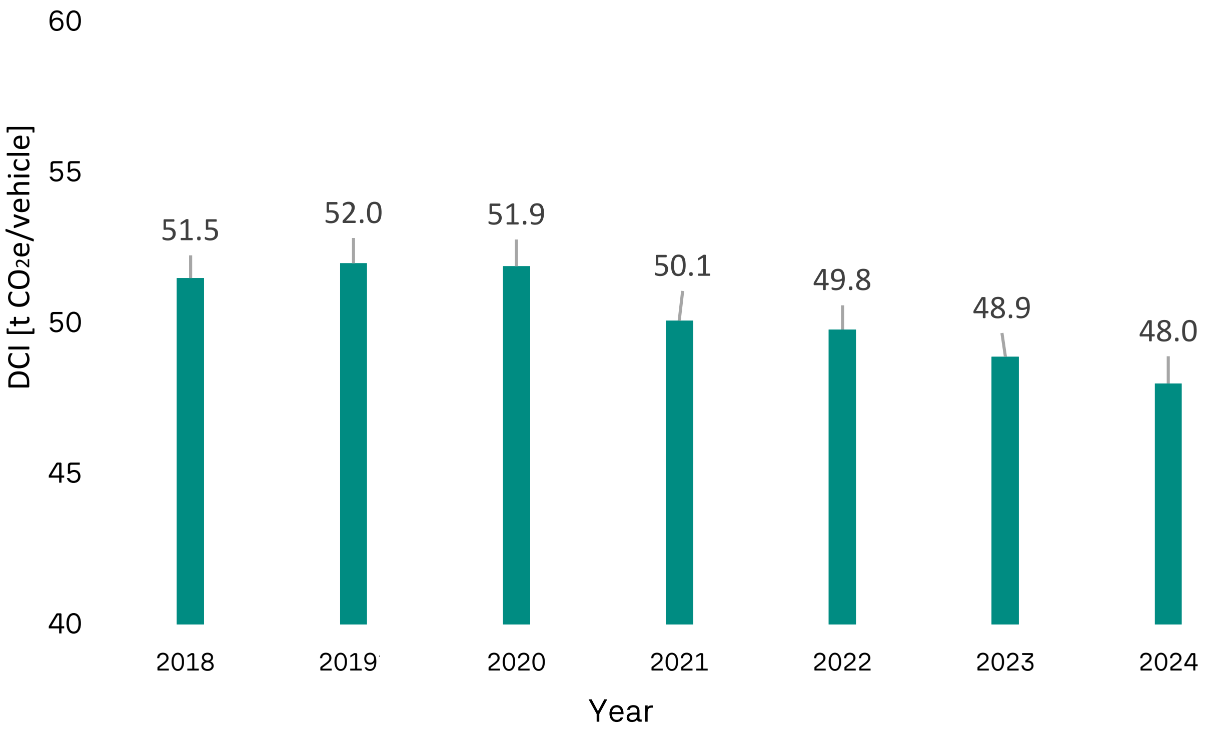
Backcasting with average values is also used in categories 8 and 13, where individual datapoints for which there is no data for 2018 in line with the current methodology are replaced with the mean values of 2019 to 2023.

Based on the recalculation described in the above list, the chart below shows homogenized performance of the DCI since 2018 in terms of the data basis and calculation method. The DCI values for 2018 and 2019 were calculated using a simplified method based on the Scope 3 inventory. Among other things, this involved changing the data basis for vehicle volumes (primarily for the use phase) in Europe from preliminary production volume to the final number of vehicle registrations, as this corresponds more closely to the volume (sales) to be used in accordance with the GHG Protocol. The values for the past years displayed in the chart differ from the DCI values published in those years due to the calculation adjustments explained in the above list.

Decarbonization index

	Unit	2024	2023	Notes
Decarbonization index* │GRI 305-4 WLTP	tons of CO_2e per vehicle	48.0	48.9 (47.3)	The metric includes brands producing passenger car and light commercial vehicles in the Europe (EU27, United Kingdom, Norway and Iceland), China and USA regions. The main drivers of change in the reduction in the DCI by 0.9 tons of CO_2e per vehicle are portfolio and regional shifts. The DCI for 2023 and 2024 is reported without taking offset measures into account. To enable comparability, the DCI reported in 2023 (47.3 tons of CO_2e per vehicle) was adjusted to new calculation assumptions as part of the recalculation of the base year.

* strategic metric



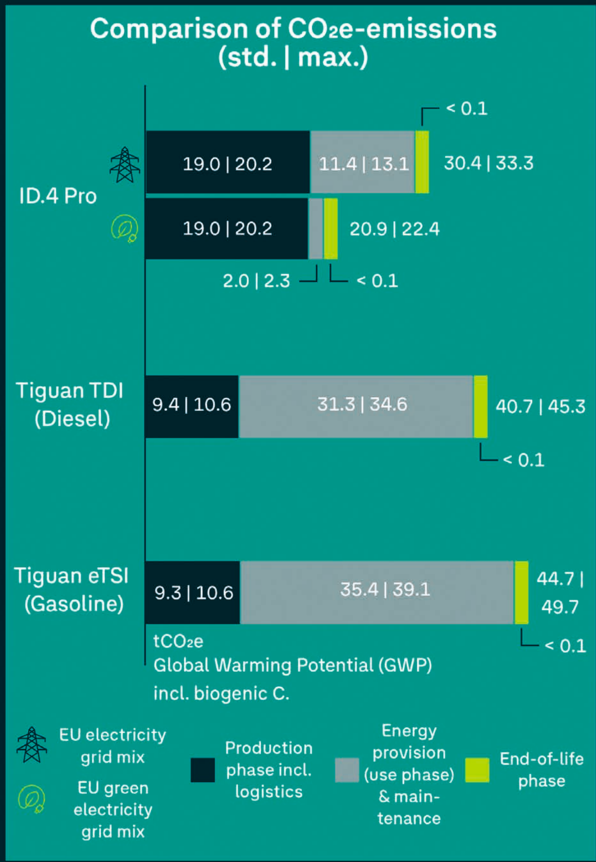
ACTIONS AND RESOURCES: CLIMATE CHANGE

With regard to the hierarchy of actions described in the transition plan, various decarbonization levers were defined as part of efforts to further decarbonize the Volkswagen Group. The Volkswagen Group has identified actions along these decarbonization levers to mitigate climate change.

The first major decarbonization lever is e-mobility. As technology advances, the automotive industry is rapidly forging ahead with the associated transformation toward e-mobility and digitalization. The market for battery-electric vehicles is expected to continue to grow in the next few years, meaning that the cost-efficient and sustainable production of battery systems and the expansion of the charging infrastructure will be crucial to success. From today's perspective, around 90% of the decarbonization targeted by the Volkswagen Group can be realized through electrification of the fleet and switching to renewably generated energy. Consistent charging with 100% electricity from renewable sources alone would reduce all CO_2e emissions by almost half compared to the normal EU power mix. The Volkswagen Group's initiative means that the same amount of electricity generated through renewable sources is fed into the grid as the Volkswagen e-vehicle fleet consumes over its lifetime. It is therefore possible to guarantee that the Volkswagen fleet's use phase is almost net CO_2e-free.

Overview LCA ID.4 Pro & Tiguan

	ID.4 Pro 210 kW 82 kWh[1]	Tiguan 2.0 TDI 110 kW[2] DSG	Tiguan 1.5 eTSI 110 kW[3] DSG
Configurations[4]	standard (std.) | maximum (max.), market Germany, MY 24		
Functional unit	200,000 km passenger transportation in WLTP test cycle		
System boundaries	production in Europe (not site-specific)		
	avg. logistics Zwickau & Emden	avg. logistics Wolfsburg	
WLTP energy / fuel consumption[5]	16.0 | 18.4 kWh per 100 km	5.3 | 5.8 liter per 100 km	6.2 | 6.8 liter per 100 km
Maintenance	tires, brake pads and disks, starter batteries, wiper blades, additionally for Tiguan engine oil and AdBlue in case of TDI		
End-of-life phase	dismantling (without battery), no credits for recovery (cut-off)		
Critical Review	TÜV NORD CERT, date of validity statement: 2024-04-16		



Information in accordance with 1999/94/EC for the German market as of April 2024:
1 energy consumption combined 18.41 - 15.93 kWh/100 km; CO_2 emissions combined 0 g/km; CO_2 class: A
2 fuel consumption combined 5.9 - 5.3 l/100 km; CO_2 emissions combined 154 - 139 g/km; CO_2 class: E
3 fuel consumption combined 6.9 - 6.2 l/100 km; CO_2 emissions combined 156 - 140 g/km; CO_2 classes: F-E
4 standard configuration: standard equipment in representative line | maximum configuration: one feasible parameter set for additional equipment for maximum weight
5 values rounded to first decimal place

The Volkswagen Group's second key decarbonization lever is conversion of energy supply. The Volkswagen Group is increasingly focusing on switching the power supply for its production sites to renewable energy. Moreover, the Volkswagen Group directly supports the expansion of renewable energy on an industrial scale, by planning new wind farms and solar parks in various regions of Europe, among other projects. The energy attribute certificates (EACs) of the installations are obtained for ten years under long-term contracts and provide guarantees of origin for the renewable electricity. In this context, the Volkswagen Group is invested in several solar parks in Germany and Spain, as well as wind farms in Sweden and other countries. The wind farm supported by Volkswagen in northern Sweden, of which the Volkswagen Group has purchased 70% of all EACs, is one of the largest onshore wind farms in Europe.

Increasing energy efficiency is a third decarbonization lever. Energy-efficient vehicle production is therefore a core element of the Zero Impact Factory strategic vision. Various actions are being implemented at production sites to increase energy efficiency, including improvements to ventilation technology, installing LED lighting, load-dependent dryer control and/or the implementation of load-dependent plant control.

Value chain decarbonization is the fourth and final essential lever to achieve the GHG emission reduction targets. We consider the environmental impact our products cause throughout the entire life cycle and at all stages of their value chain. This includes the manufacturing process with the associated extraction of raw materials, material manufacturing, supplier processes and our own production at our sites; the use phase with the resulting vehicle emissions and the necessary supply of charging current and fuel, and ultimately the dismantling of the scrap vehicle at the end of its life cycle.

No decarbonization without e-mobility

The Volkswagen Group cannot achieve decarbonization without a transition to e-mobility. Battery-electric vehicles play a central role here, as they do not cause any local emissions during use and their CO_2e footprint is better throughout their life cycles than comparable vehicles with internal combustion engines (gasoline or diesel). The consistent electrification of our fleet paves the way to net carbon-neutral mobility for our customers, too.

Our battery-electric vehicles are manufactured at 18 sites in Europe, China and the USA. The Modular Electric Drive Matrix (MEB) and Premium Platform Electric (PPE) serve as the technical backbone of the electrification campaign. The e-offensive is to be continued with the modular vehicle platform still under development, Scalable Systems Platform (SSP), with the aim of offering battery-electric vehicle across all brand Groups.

The Volkswagen Group systematically pursued its e-offensive in 2024, and will continue to do so. For instance, the reporting year saw the market launches of further all-electric models under various Group brands including the Volkswagen ID.BUZZ LWB (Long Wheel-Base), the CUPRA Tavascan, the Audi A6 e-tron, the Audi Q6 e-tron, the Porsche Taycan and the Porsche Macan. For information on the measure's progress, refer to the "Metrics on Scope 3 GHG emissions" section.

We are also working on improving efficiency in many models, such as with the highly efficient APP550 modular electric drive which will first be used in the ID.7. The entire ID. family has also had sustainability upgrades, including the use of recycled materials such as SEAQUAL polyester yarn made from recycled marine plastic. In addition, we are taking the next steps in the area of portfolio transformation by realigning the entire architecture of our vehicles, for example through the Volkswagen Group's partnership with US battery-electric vehicle manufacturer Rivian. The aim of the partnership is to develop next generation software-defined vehicle (SDV) architectures to be used in future vehicles of both companies. The joint venture builds on Rivian's software and electrical architecture to facilitate the joint development of best-in-class architectures and software for the SDVs of both partners.

Conversion of energy supply

Climate change mitigation in manufacturing

Volkswagen is also paying particular attention to restructuring its own electricity generation. For example, the conversion of the power plants in Wolfsburg from coal to natural gas for the Wolfsburg North/South cogeneration plant, which commenced in 2018, was completed at the end of 2021. Commissioning of the new gas and steam turbine facilities in the Wolfsburg West cogeneration plant was completed in December 2023. The last coal blocks in the Wolfsburg West cogeneration plant were taken out of service on April 1, 2024.

The Volkswagen Group is pushing ahead with efforts to supply its own plants with electricity from renewable sources. To date, 73 sites worldwide have been supplied with external electricity from 100% renewable energy sources. In 2024, more than half (66.9%) of total global electricity consumption was accounted for by electricity from renewable sources. Compared with the previous year, this is a rise of 10.6%.

Volkswagen is also increasingly focusing on generating renewable energy at its sites and in their immediate vicinity. A total of 574,801 MWh of electricity from renewable sources was generated at the sites in 2024.

Net CO_2e-neutral use phase

The Volkswagen Group is committed to achieving a net CO_2e-neutral use phase for its battery-electric vehicles fleet by expanding the use of renewable energy. It is particularly important to ensure that the use phase of the vehicles is net CO_2e-neutral in the long term, as a large proportion of CO_2e emissions are generated during operation. The use of electricity from renewable sources will therefore play a key role as the emissions are reduced. In the EU, for example, almost half of the EU power mix is of non-renewable origin. The Volkswagen Group offsets the amount of gray electricity (electricity from fossil energy sources) in the power mix of the entire fleet charging processes, as determined by a transparency study. To this end, VW Kraftwerk GmbH, Wolfsburg/Germany concludes long-term (ten-year) purchase agreements for green electricity certificates (EAC) with new renewable energy plants using a balance sheet approach. During the contract period, the green electricity certificates of the plants are withdrawn from the market. This balances the calculated amount of gray electricity share during the fixed use phase of 200,000 km. This ensures almost CO_2e-neutral mobility for our customers in Europe during the use phase.

Energy efficiency

Increasing vehicle efficiency

In addition to the increase in renewable energies, decarbonization is also being driven by the increase in vehicle efficiency. This efficiency is basically controlled and continuously implemented by system options designed to reduce energy consumption during vehicle operation. For example, driving mode selection supports fuel-efficient driving via one option. In addition, there are recommendations for changing gear in the case of manual-transmission vehicles. An battery-electric vehicle route planner is optionally available in the electric ID. models for efficient route planning.

The ID.7 provides one example of Increasing vehicle efficiency:

Intelligent design for improved aerodynamics: Sophisticated aerodynamics make the ID.7 an efficiency champion. The technology reduces energy consumption and enables ranges of up to 700 kilometers (WLTP) and lower charging costs. The streamlined basic design, the low drag coefficient (cd value) of 0.23 and the front surface area of 2.46 m^2 are the result of close collaboration between design and development. In the case of saloon like the ID.7, about 50 percent of the cd value depends on the body shape. The ID.7 has an almost entirely closed underbody and therefore offers as little air resistance as possible. Newly developed wheel spoilers on the front wheels, side air curtains on the front bumper and flared side skirts are also effective. As the wheels also significantly impact aerodynamics (approximately 30% of the cd vehicle drag is caused by the air flowing around the wheels), we have developed special AERO aluminum wheel rims and aerodynamically efficient tires.

Optimizing the electric motor: An electric motor's efficiency is a crucial factor affecting its power and the range of the vehicle. This is measured as the ratio of electrical energy used to mechanical power generated. Higher efficiency therefore means less energy is lost in the form of heat and friction. The Volkswagen Group accordingly optimized the electric motor for the ID.7, reducing its carbon footprint while increasing its power.

Energy efficiency in manufacturing

Increasing energy efficiency is an important element of our decarbonization strategy. A total of 9,113 actions had already been implemented by 2024, achieving annual savings of 3.5 million MWh. In reporting year 2024 alone, actions with a potential saving of approximately 0.5 million MWh were implemented, including, for example, improvements to ventilation technology, heat recovery, load-dependent dryer control and/or the implementation of load-dependent plant control.

Decarbonization in the value chain

Battery production capacity

The Volkswagen Group is one of the few automotive manufacturers around the world that is adopting a hands-on approach to the battery as a core e-mobility technology.

The formation of the subsidiary PowerCo SE, Salzgitter/Germany in 2022 integrated the development and production of battery cells into the Group's own value chain, thus keeping a significant part of the added value of the battery-electric vehicle within the Group.

From the new European battery hub in Salzgitter, this company manages the development of international factory operations, continuous development of cell technology, vertical integration of the value chain and supplies of machinery and equipment to factories.

The battery activities are primarily intended to substantially reduce the complexity and cost of this key technology so as to make battery-electric vehicles attractive and affordable for as many people as possible. They also enable a greater degree of technological independence. The main key concepts of PowerCo are the unified cell, the standard factory concept, and vertical integration of the value chain. In the reporting year, three Group-owned sites for battery cell production were under construction, including the main plant in Salzgitter, Valencia/Spain, and St. Thomas/Canada. All sites are to be consistently operated with electricity from low-carbon sources.

PowerCo strongly committed to the reduction of CO_2e emissions along the entire battery cell production value chain. Strict requirements are placed on suppliers and monitored in the upstream value chain, including the use of certified electricity from renewable sources and compliance with fixed CO_2e limits. Continuous decarbonization actions are also planned in logistics.

PowerCo is pursuing ambitious decarbonization strategies in production, which, in addition to using low-carbon electricity, include for example energy saving measures such as innovative dry coating technologies, and reducing production waste and material consumption.

PowerCo is working toward using low-carbon recycled materials and establishing the recycling of production waste. In collaboration with the Volkswagen Group, PowerCo is also forging ahead with the development of end-of-life battery recycling. Finally, PowerCo is investing in the development of low-carbon future technologies and the use of alternative materials in order to further optimize the carbon footprint of battery cells.

Requirements for decarbonization in the supply chain

In new contracts for high-voltage batteries for the European market, suppliers are already obliged to comply with CO_2e limits. In the case of existing supply contracts for current MEB vehicle projects, suppliers are required to use certified power from renewable sources in their production.

For new vehicle projects such as initial use of the SSP, the Volkswagen Group intends to make CO_2e emissions a technical feature for relevant components. This means that binding CO_2e targets will be set for suppliers within the EU, and they must demonstrate compliance with these at all times. This applies to certain components for the European market. One example is the new SSP mechatronics platform on which the batteries are assigned a CO_2e limit. To achieve these limits, suppliers need to implement actions in their own production processes and upstream supply chains – for example, the use of renewable energy. The Volkswagen Group is using actions of this kind to reduce emissions in its value chain and the carbon footprint of many battery-electric vehicle models.

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 the transition to 100% renewable energies by 2030. To date, more than 500 suppliers have already signed a declaration committing to switching to electricity from renewable energy sources.

Zero Impact Logistics

The actions the Volkswagen Group is taking to achieve net carbon-neutral logistics in the future include, for example, the ongoing shift of shipments from road to rail and almost complete avoidance of CO_2e emissions through the use of green electricity generated from renewable energy sources on the electrified lines in rail transport in Germany and other European countries in collaboration with railway companies. This is an important contribution to reducing GHG emissions in the value chain. However, the prerequisites for this include sufficient available capacity in the railway network infrastructure, particularly in Germany.

There is also a focus on preparing for the use of completely battery-electric trucks and biogenic fuels in the truck network. The Volkswagen Group also transports high-voltage batteries for battery-electric vehicles in an environmentally conscious and efficient manner, for example at the component site in Braunschweig. Here, the batteries are loaded fully automatically onto trains that run on renewable power, which then take them to the plant in Zwickau.

Group Logistics uses thirteen roll-on/roll-off charter ships, two of which are powered by low-pollution liquefied natural gas (LNG) to transport vehicles across the North Atlantic. By the end of 2024, four more LNG-powered car freighters had been gradually introduced on this route, replacing a total of six conventionally powered ships. Group Logistics' charter ships are more climate-friendly than other LNG-fueled marine engines because the high-pressure technology of the two-stroke engines from MAN Energy Solutions means that virtually no methane escapes. In principle, the dual-fuel engines will also enable non-fossil fuels – such as biogas (bio-LNG), e-gas (synthetic gas) from renewables, or biofuel – to be used in future. This will allow carbon emissions to be reduced even further.

Since 2021, Group Logistics has been continuously operating two charter ships on European sea routes using biofuel, which produces less CO_2e than conventional fossil fuels. The raw material for the biofuel is made up of used cooking oils and fats. These waste and residual materials, originating from industries such as catering and food production, cannot be processed into food or animal feed.

Decarbonization of the dealership networks

Since 2022, the carbon footprint of the entire retail and service network has been recorded annually in category 14 "Franchises" of Scope 3 GHG emissions.

To identify and successfully implement the correct actions for decarbonization and to reduce environmental impacts, we provide the businesses with manuals, training and marketing materials, such as a comprehensive guidebook, online training and videos on customer communication. In addition, the Volkswagen Group has developed a cross-brand certification system for the entire retail network – the goTOzero RETAIL certification. This is based on established systems such as the ISO 14001 standard, building certifications and rating systems and also covers a dealership's core business. Although goTOzero RETAIL was only introduced in 2023, some dealerships have already achieved gold and platinum certification status. All 50 key retail markets, which alone account for 95% of the worldwide retail and service network, are to progressively be included in the goTOzero RETAIL certification. Currently, the scope of the certification is being expanded to "Full ESG", with a focus on environmental issues. The success and progress of the goTOzero RETAIL project is demonstrated through regular internal and external communication.

In addition to the certifications, an energy and resource consulting concept has been developed, which is available to all markets and partner companies. The Volkswagen Group strives for maximum energy efficiency possible and the use of renewable energy for new and existing dealership and service buildings to the extent this is economically and technically feasible.

Net carbon-neutral handover of battery-electric vehicles

In 2022, the Volkswagen Group decided to take the voluntary measure of making the delivery of a number of the Group's battery-electric vehicles to our customers in Europe net carbon neutral. Until the Volkswagen Group can avoid CO_2e emissions entirely and use renewable energies everywhere, we will voluntarily offset the remaining GHG emissions from our supply chain, production and logistics. This applies to MEB vehicles from the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, Porsche, SEAT/CUPRA, and Škoda brands in Europe.

In 2024, the offset amount was 6.7 million tons of CO_2e for the Group. This action will continue into 2025 and will end with the 2025 reporting year for the Group. As part of net carbon-neutral delivery, we offset unavoidable emissions from the two life cycle phases of the supply chain or production through climate action projects with high certification standards. These include the Verified Carbon Standard (VCS), the Climate Community and Biodiversity Standards (CCB Standards) and the Gold Standard. In addition to external certification standards, we also assess offsetting projects for quality assurance in accordance with our own criteria.

We consider protection of natural carbon sinks and development of additional carbon sinks to be a vital task in climate change mitigation, which is why the Volkswagen Group is committed to developing its own climate action projects via the joint venture Volkswagen ClimatePartner GmbH. It develops and funds certified climate action projects that serve the recognized offsetting of CO_2e emissions. One key requirement for all projects is that they must meet the highest quality standards. For this reason, the joint venture also takes control of quality assurance. Core aspects include the additionality, accuracy and permanence of the emission reductions, the socioeconomic and environmental benefits for the region, and regular audit by independent third parties. The initial project standards are the VCS and the Gold Standard. 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.

Contribution to climate-friendly logistics and hard-to-abate sectors

Beyond its own value chain, the Volkswagen Group also wants to advance decarbonization in other industries together with the MAN Energy Solutions subsidiary. For example, the company also supplies the global shipping and energy industry with engines that can be powered by more climate-friendly fuels (future fuels) and converts diesel or heavy fuel oil engines to future fuels.

MAN Energy Solution's portfolio helps customers reduce emissions, use energy more efficiently and deploy environmentally friendly fuel alternatives. With a broad range of key future technologies, industry-leading digitalization services and a wide portfolio of durable products, the company provides sustainable answers to today's climate challenges.

In addition to climate-friendly engines, the portfolio also includes key technologies such as carbon capture, utilization and storage; heat pumps; and hydrogen production plants.

Charging and energy activities

The Volkswagen Group is one of the driving forces behind e-mobility and is resolutely pressing ahead with the expansion of the charging network worldwide. The Charging and Energy area plays an important role in the Volkswagen Group's e-mobility strategy as part of the 10-point program, and is developing integrated energy solutions for private and commercial customers worldwide through its own brands. The Volkswagen Group is accelerating the expansion of the charging infrastructure worldwide through the Group brands Electrify America (North America), Elli (Europe) and the CAMS joint venture (China). This remains a key requirement in ramping up e-mobility and decarbonizing individual mobility. The aim is to establish more than 40,000 fast-charging points around the world in the medium term, with more than half of them installed so far. The largest fast-charging networks are already operated in the growth regions of China and the USA/Canada. The Volkswagen Group is increasingly supporting sustainable energy projects and developing new business models relating to energy in order to promote power from renewable sources for charging and the expansion of renewable energy. The aim is to charge battery-electric vehicles with electricity from renewable sources and thereby exploit their full potential.

Europe

As a charging and energy company operating across Europe, the Elli brand has set itself the task of supporting private and commercial clients with intelligent hardware and software solutions in the sustainable energy transition and advancing the decarbonization of society. The Elli brand was formed as a Volkswagen Group subsidiary in 2018 and is now one of the leading providers of a smart charging and energy ecosystem. The product range is broad and includes AC wallboxes and flexible quick-charging stations (Flexpole), public charging services, software solutions, energy trading, and electricity supply.

An example of the products for the interface between energy and mobility is the new unidirectional wallbox Elli Charger 2, which, in conjunction with the private PV system and the Elli brand's dynamic electricity tariff, reduces charging costs for customers by up to 40%.

The Elli brand also offers the Volkswagen Group's customers as well as commercial and private clients outside the Group access to Europe's largest charging network with some 850,000 charge points – via a single app or charging cards. The Selected Partner Network established in 2024 comprises premium charge point operators and has optimal charging stations, a high-performance charging infrastructure with on-site convenience services (for example cafés, restaurants, sanitary facilities) and a high level of operational safety.

In addition, the Volkswagen Group is actively expanding fast charging points in Europe via joint ventures. Together with other manufacturers, the Volkswagen Group established the IONITY joint venture in 2017, which had set up 4,700 fast-charging stations on major highways across Europe by the end of 2024.

The process of decarbonizing society increases the need for storage solutions for regenerative energy, in order to ensure stability and efficiency in the electrical distribution system. Vehicle batteries can act as a key asset and powerbank in this regard. Elli's medium-term vision for the future is a managed battery network, in which batteries – such as mass storage, battery-electric vehicle, residential or commercial building – can be connected to form a standardized, networked virtual power plant. This future ecosystem will not only support the grid when demand is high, but also provide access to the electricity spot markets, to provide customers with financial incentives to make the timing of their electricity demand more flexible. The aim is also to tap into new profit pools for the Volkswagen Group. In this context, the Elli brand received a license for electricity trading on Europe's largest electricity exchange (EPEX) back in July 2023 and is marketing the flexibility of the electricity market in the first storage testing center in Kassel (Baunatal).

North America

The Group brand Electrify America is the largest public hyper-fast-charging network in the US. It made a significant contribution to the development of a national network of fast-charging points for communities and highways, and to the increasing introduction of zero-emission vehicles. Electrify America's fast-charging network has expanded significantly since installation of the first charging station in May 2018. The network now comprises over 1,000 charging stations and more than 4,700 hyper-fast charge points.

Electrify America launched the Electrify America Solar Glow™ 1 solar photovoltaic project in San Bernardino County, California, in August 2023. Electrify America Solar Glow™ 1 is an important milestone in Electrify America's commitment to reduce the company's energy carbon footprint. The park has more than 200,000 solar panels and generates an estimated 75 MW at peak capacity, which is comparable to the power drawn by 500 battery-electric vehicles charging at once at an average speed of 150 kilowatts. The solar park is the result of a 15-year virtual power purchase agreement (VPPA) with developer Terra-Gen. Electrify America is the largest open network of DC fast charging points for battery-electric vehicles in the US to enter into a virtual power purchase agreement for new renewable energy generation.

Electrify America Solar Glow™ 1 contributes to the additionality of energy generation from renewable sources.

China

As of December 31, 2024, the CAMS joint venture has installed 1,621 charging stations with over 13,000 charging points in 213 cities in China and they have over 6.6 million registered users. CAMS is also active in the field of energy services. At the beginning of 2024, for example, four carbon-neutral charging stations began operating in Guangdong (China), contributing to decarbonization. In addition, the Volkswagen Group is working with a range of partners on projects to improve the stability of energy supply and promote electricity generation from renewable sources. For example, Volkswagen Group China launched a V1G pilot project with State Grid in the Beijing-Tianjin-Hebei cluster in December 2023 to improve interaction between vehicles and the grid, achieve balance in electricity supply and demand, and help stabilize the power grid.

Dependency on resources for implementation of actions

The sustainable transformation will require extensive investment in digitalization and electrification. Among other things, the digital transformation ensures that actions for climate change mitigation can be implemented. The budget designated for this purpose is also determined by the sustainable transformation, among other factors.

The cost-intensive transformation is also associated with the financing and attractiveness of the Volkswagen Group for investors seeking sustainable investment opportunities. The Volkswagen Group has had a Green Finance Framework for various forms of financing since 2020, such as green bonds, which define the framework for financial instruments geared to sustainability.

In the reporting period, we refinanced taxonomy-aligned capital expenditure from fiscal years 2021 through 2023 based on the Green Finance Framework updated in October 2022 by issuing green bonds in the amount of €1.0 billion.

The Volkswagen Group has issued a total of €10.5 billion in green bonds to refinance capital expenditure for battery-electric vehicles since 2020. In 2022, the Volkswagen Group published a revised Green Finance Framework that was further developed in particular through the integration of the EU Taxonomy. As was the case in the previous Green Finance Framework, the Volkswagen Group continues to focus on the exclusive inclusion of battery-electric vehicles in sustainable financing. Under the updated Green Finance Framework, only taxonomy-aligned investments will be considered. This links our corporate objective of net carbon neutrality by 2050 with our financing strategy. The funds raised under the Green Finance Framework are specifically used to refinance environmentally friendly projects such as e-mobility. This both fulfills the clean transportation category of the Green Bond Principles of the International Capital Market Association (ICMA) and is in line with the Sustainable Development Goals of the United Nations and the European Union. The success of the updated Green Finance Framework has been confirmed by Sustainalytics to comply with the ICMA's Green Bond Principles and the Green Loan Principles of the Loan Market Association (LMA).

Taxonomy-related CapEx and OpEx

Expanding e-mobility is the most important lever for our transformation. Our actions to expand e-mobility are in line with economic activity 3.3. Manufacture of low-carbon technologies for transport. The relevant disclosure requirements of ESRS E1 paragraph 29 c can be found in the "EU Taxonomy" chapter of the report.

Differences concerning operating expenditure and capital expenditure

The data disclosed under this standard on capital expenditure (CapEx) and operating expenditure (OpEx) is in line with the information reported on CapEx and OpEx in the "EU Taxonomy" chapter. There are therefore no differences to disclose.

METRICS: CLIMATE CHANGE

Group standard 98000 sets out indicators for emissions and energy which are tracked uniformly by all sites worldwide. They include GHG emissions such as carbon dioxide (CO_2), sulfur hexafluoride (SF6), nitrous oxide (N2O), chlorinated hydrocarbons (CHCs) and hydrofluorocarbons (HFCs). The data collected with respect to energy includes generation, purchase and use of fossil, nuclear and renewable energy sources, including the use of combustible materials.

Energy consumption and mix

For the purposes of data collection, the energy consumption and energy mixes of the worldwide production sites are recorded annually. Both self-generated energy and energy procured from external suppliers (purchased electricity) are taken into account. In addition, the renewable and nuclear shares of the energy mix are recorded separately. The relevant portion that comes from non-fuel-based renewable sources such as wind power or photovoltaics is also recorded. The Volkswagen Group's quality criteria must be observed and appropriate documentation provided when procuring renewable energies.
Quantitative metrics for energy consumption and mix are described in the following (see table):

ENERGY CONSUMPTION AND MIX

		2024		2023	
	Unit	Volkswagen Group	Companies with operational control	Volkswagen Group	Companies with operational control
Total energy consumption	million MWh	19.0	5.5	19.4	6.3
Total energy consumption of Volkswagen Group & companies with operational control	million MWh	24.6		25.8	
Energy consumption from fossil sources[1]	million MWh	11.9	3.7	13.5	5.0
Coal and coal products	million MWh	0.8	1.0	2.3	1.0
Crude oil and petroleum products	million MWh	1.1	0.02	1.3	0.04
Natural gas	million MWh	8.7	1.1	8.6	1.4
Fuel from other fossil sources	million MWh	0.1	0.0	0.1	0.0
Purchased energy from fossil sources[1]	million MWh	1.2	1.6	1.3	2.5
Energy consumption from nuclear sources[2]	million MWh	0.04	0.1	-	-
Energy consumption from renewable sources	million MWh	7.1	1.7	5.9	1.4
Fuel – renewable	million MWh	1.0	0.5	0.5	0.5
Purchased energy – renewable[1]	million MWh	6.0	1.2	5.5	0.9
Purchased energy – renewable, electric	million MWh	5.7	1.1	5.2	0.8
Share of renewable electricity purchased bundled[2]	%	65.4	0.9	-	-
Share of renewable electricity purchased unbundled[2]	%	34.6	99.1	-	-
Self-generated energy – renewable, non-fuel[2]	million MWh	0.04	0.0	-	-

1 The datapoint contains estimated values
2 No reporting possible for 2023
The information for 2023 is provided voluntarily and has not been externally validated.

Contractual instruments for the procurement of renewable electricity

A distinction is made regarding procurement of electricity from renewable sources between bundled and unbundled procurement. Bundled means that the certificates of origin, renewable energy certificates or green electricity certificates are purchased together with the green electricity product (not separately) from a supplier. A distinction is currently made between the following contracts:

> On-site power purchase agreements
> Off-site power purchase agreements
> Other contracts

Energy intensity

Energy intensity is calculated based on the total energy consumption and sales revenue. Sales revenue is taken from the consolidated financial statements, where more detailed information can be found. The energy intensity metric is reported excluding the companies with operational control.

ENERGY INTENSITY IN HIGH CLIMATE IMPACT SECTORS

	Unit	2024
Energy intensity for activities in high climate impact sectors (energy consumption per sales revenue)	kWh/€	0.059
Total energy consumption from activities in high climate impact sectors[1]	million MWh	19.0
Sales revenue from activities in high climate impact sectors	million €	324,656
Total sales revenue (financial statements)	million €	324,656

1 Corresponds to total energy consumption

High climate impact sectors to determine energy intensity

All activities within the Volkswagen Group contribute to vehicle production and relate to NACE code C.29.10 (Manufacture of motor vehicles). They are therefore associated with activities in high climate impact sectors. Since all of the Volkswagen Group's activities are included in the calculation of energy intensity, total energy consumption is used here for the calculation. MAN Energy Solutions is also included in the energy intensity calculation.

Energy generation

Self-generated energy includes energy from plants owned, rented, or leased and operated by the Volkswagen Group (for example, power plants, cogeneration plants, boiler houses.). This also applies to the company's own energy generation systems operated by third parties.

TOTAL ENERGY GENERATION

		2024		2023	
	Unit	Volkswagen Group	Companies with operational control	Volkswagen Group	Companies with operational control
Total energy generation	million MWh	6.4	0.3	7.2	0.3
Total energy generation of Volkswagen Group & companies with operational control	million MWh		6.7		7.5
Non-renewable energy generated[1]	million MWh	5.6	0.2	6.6	0.2
Renewable energy generated	million MWh	0.8	0.05	0.5	0.05

1 The datapoint contains estimated figures.
The information for 2023 is provided voluntarily and has not been externally validated.

GHG emissions

Metrics on Scope 1 and Scope 2 GHG emissions

Scope 1 GHG emissions are direct GHG emissions that are generated by the Volkswagen Group through sources it controls itself, such as through the use of fuels at the sites. Direct biogenic CO_2 emissions (Scope 1) are emissions that result from the use of biogenic fuels at the sites. The *Verband der Automobilindustrie* (VDA - German Association of the Automotive Industry) emission factors are used to calculate the emissions.

Scope 2 GHG emissions are indirect CO_2 emissions from energy generation that are generated as a result of purchasing energy from external power plants, cogeneration plants and boiler houses and released elsewhere. Scope 2 GHG emissions are calculated using both the market-based and location-based methods in accordance with the GHG Protocol. Indirect location-based biogenic CO_2 emissions are emissions that result from the use of biogenic fuels by external energy suppliers (for example generation of electrical energy or heat) and are assessed using local emission factors. The current VDA emission factors are used to calculate the emissions.

SCOPE 1 AND 2 GHG EMISSIONS

		2024		2023	
Metric	Unit	Volkswagen Group	Companies with operational control	Volkswagen Group	Companies with operational control
Scope 1 GHG emissions	million tons of CO_2e	3.0	0.3	3.6	0.4
Total Scope 1 GHG emissions of Volkswagen Group & companies with operational control	million tons of CO_2e	3.3		4.0	
of which TRATON GROUP	million tons of CO_2e	0.2	0.0	0.2	0.0
of which MAN Energy Solutions	million tons of CO_2e	0.03	0.0	0.04	0.0
Scope 1 biogenic GHG emissions	million tons of CO_2e	0.4	0.2	0.2	0.2
Share of Scope 1 GHG emissions in regulated ETS[1]	%	84.4	18.2	-	-
Scope 2 GHG emissions (location-based)	million tons of CO_2e	2.6	1.6	2.4	1.9
Total Scope 2 GHG emissions (location-based) of Volkswagen Group & companies with operational control	million tons of CO_2e	4.2		4.3	
of which TRATON GROUP	million tons of CO_2e	0.3	0.0	0.2	0.0
of which MAN Energy Solutions	million tons of CO_2e	0.03	0.0	0.03	0.0
Scope 2 biogenic GHG emissions (location-based)[2]	million tons of CO_2e	0.4	0.1	0.5	0.1
Scope 2 GHG emissions (market-based)	million tons of CO_2e	0.5	0.7	0.7	1.3
Total Scope 2 GHG emissions (market-based) of Volkswagen Group & companies with operational control	million tons of CO_2e	1.1		2.0	
of which TRATON GROUP	million tons of CO_2e	0.1	0.0	0.1	0.0
of which MAN Energy Solutions	million tons of CO_2e	0.01	0.0	0.01	0.0

[1] No reporting possible for 2023
[2] The datapoint contains estimated figures
The information for 2023 is provided voluntarily and has not been externally validated.

Methodologies, assumptions and emission factors used to measure Scope 1 and Scope 2 GHG emissions

The GHG emissions (Scope 1 and 2) of the production sites are calculated annually pursuant to the requirements of the GHG Protocol and the ESRS. Provider-specific factors are applied for market-based CO_2 emission calculation, whereas VDA emission factors are used for location-based measurement.

The total GHG emissions of the site are determined by adding all relevant emissions, each multiplied by their global warming potential. The CO_2 emission factors for energy not generated on site (for example electrical energy, district heating, district cooling) are obtained from or provided by the relevant energy suppliers. The CO_2 emission factors for own consumption of primary energy sources for heat or power generation are calculated from the heating values or calorific values of the fuels and the efficiency of the own generation system.

We use the electricity grid mix of the country in question to calculate the location-based Scope 2 emissions.

Identifying and disclosing material Scope 3 categories

Metrics on Scope 3 GHG emissions

In line with the Scope 3 standard published by the World Business Council for Sustainable Development and the World Resources Institute, we are reporting CO_2e emissions for 13 out of a total of 15 Scope 3 categories in 2024. Category 9 (Downstream transportation and distribution) is included in the reporting on category 4. Additionally, category 10 (Processing of sold products) is included in the reporting on Scope 1 GHG emissions. Category 15 includes emissions from various types of investments and is not reported due to low materiality at Group level. Around 21.4% of all Scope 3 emissions fall under the emission category Purchased goods and services, while 72.7% arise during the use phase (well-to-wheel). The following tables show the Scope 3 emissions of the Volkswagen Group, the TRATON GROUP and MAN Energy Solutions, including notes on methodology for data collection and calculation:

VOLKSWAGEN GROUP

Scope 3 category	Unit	2024	2023	Notes
Total Scope 3 GHG emissions	million tons of CO_2e	408.58	429.12 (413.95)[1]	The previous year's figure was adjusted as part of the recalculation of the base year.
Category 1: Purchased goods and services	tons of CO_2e/%	87,346,897 / 21.4	94,907,875 / 22.1 (89,572,138 / 21.6)[1]	The category 1 CO_2e emissions relate to the supply chain emissions of all passenger cars and light commercial vehicles produced in the reporting year. They were calculated on the basis of 72 production-volume-weighted life cycle assessments (LCAs). All vehicle LCAs for passenger cars and light commercial vehicles have been independently certified in accordance with ISO 14040/44, mainly by TÜV NORD CERT GmbH. Key drivers of change include portfolio and regional shifts and lower production figures. The previous year's figure was adjusted as part of the recalculation of the base year. The Volkswagen Group uses the electricity grid mix as standard for assessing the production phase of vehicles and, at the same time, includes certificates for renewable energies from suppliers to highlight common decarbonization efforts. This combination of location-based and market-based approaches may result in slight double counting of the proportion of renewable energy. A fully market-based approach will be possible as soon as the relevant emission factors are available in the databases the Volkswagen Group uses. Figure in the base year (2018): 96,763,132 tons of CO_2e
Category 2: Capital goods	tons of CO_2e/%	9,712,587 / 2.4	9,182,158 / 2.1 (5,716,214 / 1.4)[1]	The calculation of emissions from capital goods is based on financial data from the Volkswagen Group and the use of emission factors. These have been adjusted for inflation since the 2023 reporting year. With effect from the 2024 reporting year, a new data source has been used for the emission factors because the original data source is no longer available. The previous year's figure was adjusted as part of the recalculation of the base year. Figure in the base year (2018): 10,180,382 tons of CO_2e
Category 3: Fuel- and energy-related emissions (not included in Scope 1 or 2)	tons of CO_2e/%	1,338,434 / 0.3	983,498 / 0.2	Energy consumption across the Volkswagen Group is recorded annually in the internal EIS and converted into CO_2e using emission factors for the various energy sources from a representative generic database. With effect from the 2024 reporting year, the emission factors have been differentiated by region, where possible. Figure in the base year (2018): 1,510,068 tons of CO_2e
Category 4: Upstream transportation and distribution	tons of CO_2e/%	4,290,314 / 1.1	4,153,587 / 1.0	Categories 4 and 9 correspond to the CO_2e emissions from energy source supply and use, both from inbound and outbound shipments and transportation processes between the sites worldwide (excluding the Chinese joint ventures). Transportation data is manually derived from internal transport IT systems for all modes of transport and manually recorded processes. Reduction actions are certified by TÜV NORD CERT GmbH. Figure in the base year (2018): 4,716,050 tons of CO_2e

Category 5: Waste	tons of CO_2e/%	1,276,726 / 0.3	1,050,976 / 0.2	The waste produced across the Group is recorded annually in the internal EIS and converted into CO_2eq using emission factors for the various waste streams from a representative generic database. Figure in the base year (2018): 1,205,683 tons of CO_2e
Category 6: Business travel	tons of CO_2e/%	224,616 / 0.1	248,450 / 0.1	Since the 2022 reporting year, the emissions have been calculated based on Volkswagen AG's actual air and rail travel, among other factors, and extrapolated for the Group based on the number of employees worldwide. Figure in the base year (2018): 708,180 tons of CO_2e
Category 7: Employee commuting	tons of CO_2e/%	327,861 / 0.1	1,114,774 / 0.3	Starting in 2024, the emissions are based on a calculation that takes into account the global number of employees (direct and indirect) of the Volkswagen Group and region-specific, external, generic parameters for the modal split, mode-specific emission factors, average commuting distances and working days. Figure in the base year (2018): 1,009,481 tons of CO_2e
Category 8: Upstream leased assets	tons of CO_2e/%	136,675 / 0.0	120,831 / 0.0 (259,659 / 0.1)[1]	The calculation of emissions from upstream leased assets is based on financial data from the Volkswagen Group and the use of emission factors. These have been adjusted for inflation since the 2023 reporting year. With effect from the 2024 reporting year, a new data source has been used for the emission factors because the original data source is no longer available. The previous year's figure was adjusted as part of the recalculation of the base year. Figure in the base year (2018): 137,539 tons of CO_2e
Category 9: Downstream transportation and distribution	tons of CO_2e/%	-	-	Included in Scope 3 category 4 Upstream transportation and distribution
Category 10: Processing of sold products	tons of CO_2e/%	-	-	Included in Scope 1
Category 11: Use of sold products	tons of CO_2e/%	296,904,121 / 72.7	310,470,033 / 72.4 (299,195,581 / 72.3)[1]	The CO_2e emissions comprise the well-to-wheel emissions of all passenger cars and light commercial vehicles produced in 2024 at an assumed lifetime mileage of 200,000 kilometers. The calculation is based on the weighted average fleet emissions [g CO_2/km] in the main markets of Europe (EU27, United Kingdom, Norway and Iceland), China and the USA in accordance with the currently legally applicable driving cycles. Region-specific emission factors for fuel and electricity supply chains from a representative generic database were used to calculate the corresponding well-to-tank emissions. As these generic emission factors were updated in 2024, the historical emissions were also updated to reflect the new state of knowledge. Reduction actions are certified by TÜV NORD CERT GmbH. Figure in the base year (2018): 412,986,695 tons of CO_2e
Category 12: End-of-life treatment of sold products	tons of CO_2e/%	541,918 / 0.1	609,577 / 0.1	The category 12 CO_2e emissions relate to the potential end-of-life emissions of all passenger cars and light commercial vehicles produced in the reporting year. They were calculated on the basis of production-volume-weighted life cycle assessments. All vehicle LCAs for passenger cars and light commercial vehicles have been independently certified in accordance with ISO 14040/44. Figure in the base year (2018): 1,146,594 tons of CO_2e
Category 13: Downstream leased assets	tons of CO_2e/%	4,233,126 / 1.0	3,858,556 / 0.9 (8,627,724 / 2.1)[1]	The calculation of emissions from downstream leased assets is based on financial data from the Volkswagen Group and the use of emission factors. These have been adjusted for inflation since the 2023 reporting year. With effect from the 2024 reporting year, a new data source has been used for the emission factors because the original data source is no longer available. In addition, the results will be revised to exclude emissions for leased vehicles from Group production to avoid double counting, particularly with categories 1 and 11. The previous year's figure was adjusted as part of the recalculation of the base year. Figure in the base year (2018): 2,955,240 tons of CO_2e
Category 14: Franchises	tons of CO_2e/%	2,248,100 / 0.6	2,415,100 / 0.6	Since the 2022 reporting year, calculation of category 14 has been based on an annual evaluation of the CO_2eq emissions of the Volkswagen Group's trading and service partners on the basis of the sites' energy consumption and country-specific emission factors. The latter come from a representative generic database. Figure in the base year (2018): 3,215,900 tons of CO_2e

Category 15: Investments	tons of CO_2e/%	-	-	Category 15 is not reported due to low materiality at Group level.

1 Figures correspond to the previous year's figures before recalculation

TRATON

Scope 3 category	Unit	2024	Notes
Category 1: Purchased goods and services	tons of CO_2e	8,437,991	Purchased goods and services = volume of the vehicle and components * weight of vehicle and components kg CO_2e per reference vehicle or components. Purchased services (IT, accessories, packaging, sales marketing) were not included due to their minimal impact (<1%). Scania combines similar products into eight reference groups, using production volumes and an internal material data system (SMDS) with external life cycle assessment (LCA) data. MAN Truck and Bus applies life cycle assessments for vehicle categories by using sales data, average weight calculations and expert estimates. For International, this datapoint is calculated by ClimatePartner. Volkswagen Truck and Bus (VWTB) calculates the emissions from the volumes of the components and uses ecoinvent emission factors based on technical calculations.
Category 2: Capital goods	tons of CO_2e	-	Included in the Volkswagen Group figure
Category 3: Fuel- and energy-related emissions (not included in Scope 1 or 2)	tons of CO_2e	-	The production sites' emissions are included in the Volkswagen Group figure.
Category 4: Upstream transportation and distribution	tons of CO_2e	1,230,802	Scania and VWTB use an activity-based calculation method. MAN Truck and Bus uses a cost-based approach. Scania and MAN Truck and Bus use emission factors from the Global Logistics Emission Council (GLEC). VWTB uses emission factors from the Department for Environment, Food & Rural Affairs (DEFRA) and the Brazilian GHG Protocol Program (PBGHGP). ClimatePartner calculates this datapoint for International.
Category 5: Waste	tons of CO_2e	-	The production sites' emissions are included in the Volkswagen Group figure
Category 6: Business travel	tons of CO_2e	-	Included in the Volkswagen Group figure
Category 7: Employee commuting	tons of CO_2e	-	Included in the Volkswagen Group figure
Category 8: Upstream leased assets	tons of CO_2e	-	Included in the Volkswagen Group figure
Category 9: Downstream transportation and distribution	tons of CO_2e	-	Included in Scope 3 category 4 Upstream transportation and distribution
Category 10: Processing of sold products	tons of CO_2e	151,500	Only rigids are included in the processing calculation. The emissions are estimated by assuming that the processing emissions per vehicle correspond to the production emissions per vehicle. Scope 1 and Scope 2 emissions are divided by the total number of vehicles sold and then multiplied by the number of rigids sold. ClimatePartner calculates this datapoint for International.
Category 11: Use of sold products	tons of CO_2e	342,519,213	Emissions from the use phase of the products sold comprise the largest part of the TRATON GROUP's emission inventory. The calculation of these emissions is divided into two methods depending on the product category. The first method applies to the trucks and buses product category, while the second method applies to the power solutions and external engines and motors product category. To calculate the emissions from trucks and buses, variables such as the number of vehicles, energy consumption, a well-to-wheel GHG emission factor and the distance driven are taken into account. Each brand applies the same general formula by multiplying the values. But due to differences in the product portfolio, each brand calculates the total emissions in an individual way with differently grouped vehicle classes. For drive solutions and external engines and motors, Scania and MAN Truck and Bus estimate total fuel consumption based on information from engine and motor experts and multiply it by a CO_2 emission factor. International and VWTB do not sell their own engines and motors and therefore do not calculate emissions for this product category.
Category 12: End-of-life treatment of sold products	tons of CO_2e	622,842	End-of-life treatment of sold products = Σ (intensity factor (tons of CO_2 per vehicle group) * product sales volume). Scania and MAN Truck and Bus use a combined LCA model to estimate the CO_2 emissions for each vehicle group at the end of its life cycle. Only disassembly and transportation are taken into account here, not credits for recycling or energy recovery. This method is also used by VWTB and applied to sales volumes. ClimatePartner calculates this datapoint for International.
Category 13: Downstream leased assets	tons of CO_2e	-	Included in the Volkswagen Group figure

Category 14: Franchises	tons of CO_2e	292,358	Scania and MAN's emissions from franchises are calculated on the basis of the average Scope 1 and Scope 2 emissions of a typical commercial site. ClimatePartner calculates this datapoint for International. VWTB does not have any commercial sites that fall within the scope of the ESRS.
Category 15: Investments	tons of CO_2e	8,690	Scania calculates this datapoint in two steps. First, the investments are prioritized by relevance, and the ten most important investments are selected for evaluation. The Scope 1 and Scope 2 emissions are then calculated in proportion to Scania's sharehol-dings in these companies. It is calculated as emissions * percentage held. The emission data needed comes from the companies' environmental reports or, if these are not available, from completed questionnaires sent to the companies. MAN Truck and Bus has fewer than ten investments and therefore includes all investments in the calculati-on. For International, this datapoint is calculated by ClimatePartner. VWTB does not provide any financial resources for external companies.

MAN Energy Solutions

Scope 3 category	Unit	2024	Notes
Category 1: Purchased goods and services	tons of CO_2e	1,129,132	For the calculation of Scope 3 a spend-based approach is used. This category's CO_2e emissions relate to the supply chain emissions of all goods and services purchased in the reporting year. They were calculated on the basis of the invoice volume in €.
Category 2: Capital goods	tons of CO_2e	-	Included in the Volkswagen Group figure
Category 3: Fuel- and energy-related emissions (not included in Scope 1 or 2)	tons of CO_2e	-	Included in the Volkswagen Group figure
Category 4: Upstream transportation and distribution	tons of CO_2e	115,828	Calculation is based on a distance-based approach. The values from Logistics relate to the MAN Energy Solutions production sites' in- and outbound shipments and transportation processes. Emissions are extrapolated on the basis of revenue data.
Category 5: Waste	tons of CO_2e	-	Included in the Volkswagen Group figure
Category 6: Business travel	tons of CO_2e	-	Included in the Volkswagen Group figure
Category 7: Employee commuting	tons of CO_2e	-	Included in the Volkswagen Group figure
Category 8: Upstream leased assets	tons of CO_2e	-	Included in the Volkswagen Group figure
Category 9: Downstream transportation and distribution	tons of CO_2e	-	Included in Scope 3 category 4 Upstream transportation and distribution
Category 10: Processing of sold products	tons of CO_2e	-	Not relevant for MAN Energy Solutions
Category 11: Use of sold products	tons of CO_2e	48,918,574	For the calculation of Scope 3 category 11, an average-based approach is used based on secondary data (assumptions). CO_2e emissions are calculated using well-to-tank emission factors. Systems commissioned in the year are taken into account by calculating their lifetime emissions. The included divisions are new products from the Marine 4-Stroke, Power, Industries & Quest-One. Representative emission factors are used on region-specific level as well as on sector specific.
Category 12: End-of-life treatment of sold products	tons of CO_2e	0	This approach is based on the assumption that MAN Energy Solutions products are almost 100% recyclable at their end of life. The CO_2e emissions that arise from recycling are excluded by a cut-off-approach.
Category 13: Downstream leased assets	tons of CO_2e	-	Included in the Volkswagen Group figure
Category 14: Franchises	tons of CO_2e	-	not relevant for MAN Energy Solutions
Category 15: Investments	tons of CO_2e	-	Category 15 is not reported due to low materiality at Group level.

No Scope 3 GHG emission levels are available for the TRATON GROUP or MAN Energy Solutions for 2023

Biogenic Scope 3 GHG emissions at Group level

Biogenic CO_2 is reported for Scope 3 category 11. The data is collected on the basis of the DCI, meaning that the reporting is initially focused on passenger cars and light commercial vehicles. The data on the biofuel proportion and average emission factors is taken from a representative generic database. Efforts are being made to expand the scope of reporting in the coming years to heavy commercial vehicles. In the reporting year, biogenic Scope 3 GHG emissions amounted to 9,653,769 tons of CO_2. No reporting possible for 2023.

Methodologies, assumptions and emission factors used to measure Scope 3 GHG emissions

The Volkswagen Group's Scope 3 inventory is calculated on an annual basis in accordance with the requirements of the internationally accepted GHG Protocol and the ESRS. This enables the success of the actions to be determined and other areas where action can be taken to be identified. The methodologies and assumptions used for the calculation are documented in the internal manual, and updated annually.

The emission factors used to calculate Scope 3 GHG emissions are taken primarily from a representative generic database. Factors from other sources (for example GHG Protocol) are also used for individual Scope 3 categories.

Material changes and their effect on the comparability of GHG emissions

In its internal manual, the Volkswagen Group states how the Group's Scope 3 inventory is compiled and updated annually. Year-on-year comparability has already been established for the DCI in recent years. In addition, reference was made to significant changes in how the Scope 3 emissions inventory is complied.

In the past, we disclosed changes in the extent of reporting (coverage), the calculation method or the calculation data basis for Scope 3 GHG emissions in comparison to the preceding annual report. The following material changes apply compared with last year's reporting: Starting in 2024, the category 7 emissions are based on a calculation that takes into account the global number of employees (direct and indirect) of the Volkswagen Group and region-specific, external, generic parameters for the modal split (distribution of transport by means of transport), mode-specific emission factors, average commuting distances and working days. For categories 2, 8, and 13, the emission factors used have been revised with effect from the 2024 reporting year because the source of the previous emission factors is no longer available. With effect from the 2024 reporting year, the data for category 13 has been revised to exclude emissions for leased vehicles from Group production to avoid double counting, particularly with categories 1 and 11. With effect from the 2024 reporting year, the emission factors have been differentiated by region, where possible, for categories 3 and 5. Updated emission factors for fossil fuels are used to determine the emissions in category 11. The "Targets: Climate change" section explains the material changes in reporting compared with previous years and how these changes affect the outcome. The emissions from the supply chains are currently calculated primarily using secondary data and industry averages. Immaterial changes to this data are not specifically assessed in terms of their impact on the overall outcome.

Reporting periods in the value chain

The Upstream transportation and distribution (category 4), Downstream transportation and distribution (category 9) and Franchises (category 14) areas of the Group report figures from the previous reporting year. This is done for procedural reasons. If there are any relevant changes, these would be reported and transparently disclosed in the following year.

Scope 3 GHG emissions based on specific activities in the value chain

The vehicle model and therefore all materials integrated in a vehicle and their weight are based on the vehicle bill of materials, i.e., on primary data. There is primary data from Tier 1 suppliers for individual hotspot materials or components. The same will apply in future for the battery (cell) production processes required in EU Batteries Regulation Article 7. There is not yet any recognized or standardized method of indicating the proportion of these emissions. Neither an indication as a share of datapoints nor as a share of total GHG emissions is entirely meaningful, because, for example, the proportion of emissions from decarbonized hotspot parts is naturally decreasing.

Total GHG emissions

The total GHG emissions metrics are calculated from the sum of the total emissions of the Scope 1, 2 and 3 categories.

TOTAL GHG EMISSIONS

Metric	Unit	2024	2023
Total GHG emissions – location-based	million tons of CO_2e	416.1	437.4
Total GHG emissions – market-based	million tons of CO_2e	413.0	435.1

No Scope 3 GHG emission levels are available for the TRATON GROUP or MAN Energy Solutions for 2023
The information for 2023 is provided voluntarily and has not been externally validated.

GHG intensity

GHG intensity is calculated from the metrics for total GHG emissions and sales revenue. Sales revenue is taken from the financial report, where you can find more detailed information. The GHG intensity metric is reported excluding the companies with operational control.

GHG INTENSITY

Metric	Unit	2024
Total GHG emissions per sales revenue – location-based	kg CO_2e/€	0.8
Total GHG emissions per sales revenue – market-based	kg CO_2e/€	0.8
Sales revenue used to calculate GHG intensity	million €	324,656
Total sales revenue (financial statements)	million €	324,656

GHG removals and GHG mitigation projects

GHG removal and storage

No actions have been implemented for the removal and storage of GHGs in the Group's own business activities or value chain. If such actions are introduced in the future, we plan to differentiate between technology-based and nature-based solutions. Technology-based solutions should be based on specific counting, weighing and measurement of the GHGs removed from the atmosphere; assumptions, methodologies and frameworks shall not be applied. Nature-based solutions, on the other hand, should be based on assumptions, methodologies and frameworks of major established standards in the carbon market, such as VERRA and Gold Standard.

Metrics on GHG removal and storage

No metrics on GHG removal or storage are reported, as no actions for removing and storing GHGs have yet been implemented in the Group's own operations or in the value chain.

Use of carbon credits

In line with the hierarchy of actions set out in the transition plan, the offsetting projects enhance our decarbonization strategy and, as explained in the plan, are an important factor in achieving our decarbonization targets.

A carbon-free energy supply is not currently possible for global energy requirements. Energy efficiency therefore remains an important basis for effective climate change mitigation and should always be the first lever.

Ultimately, the remaining energy needs requirements be covered with as much carbon efficiency as possible (second priority lever). This involves reviewing innovative energy concepts, direct integration of renewable energies, and technological changes such as electrification.

In the area of hard-to-abate emissions, the Volkswagen Group is considering using climate action projects to offset them, for example to achieve net CO_2e-neutral production (third priority lever). Emissions are considered to be hard to abate if avoiding them is either not currently technically possible or would be disproportionately expensive and therefore not economically feasible. As part of the net CO_2e-neutral transition, the Volkswagen Group continues to offset unavoidable emissions from the life cycle phases, such as from the supply chain or production, through climate action projects with high certification standards. These include the VCS, the Climate Community and Biodiversity Standards (CCB Standards) and the Gold Standard. In addition to external certification standards, offsetting projects for quality assurance are also assessed in accordance with our own criteria. The Volkswagen Group intends to continue to observe the highest quality and certification standards in carbon offsetting (carbon credits) to achieve the long-term climate targets.

Role of carbon credits as part of the decarbonization strategy

The carbon offsetting approach is used for all emission categories from Scope 1 to Scope 3. Once all actions to increase efficiency and reduce emissions as outlined in our transition plan have been implemented, we intend to offset particularly hard-to-abate emissions through carbon offset projects. This will affect less than 10% of emissions. This is based on the requirements of the SBTi.

If carbon credits are used to achieve decarbonization targets, they are used to ensure net carbon-neutral delivery of the battery-electric vehicles. The only carbon credits we use are those that meet the standards of VERRA and Gold Standard. We did not use carbon credits from any other standards in the reporting year.

Metrics on carbon credits

As a general rule, the carbon credits used by the Volkswagen Group must meet the highest quality standards. For this reason, they are only acquired from certain project types and from appropriately prequalified companies. The Volkswagen Group only accepts certain issuing standards for the carbon credits themselves.

The underlying projects are implemented in accordance with publicly verifiable and scientifically based methodologies. The results of these projects are verified by independent third parties.

Each carbon credit used by the Volkswagen Group represents -1 ton of CO_2e. After purchase, the carbon credit is always transferred to Volkswagen Group accounts and only then used (usually at a later date).

CANCELLATION OF CARBON CREDITS

	Unit	2024
Total carbon credits canceled in the reporting year[1]	tons of CO_2e	6,076,738
Share of projects to reduce CO_2 emissions	%	0
Removal projects from biogenic reductions	% / tons of CO_2e	0
Removal projects from technological reductions	% / tons of CO_2e	0
Share of projects to reduce CO_2 emissions	%	100
VERRA share	% / tons of CO_2e	70 / 4,232,578
Gold Standard share	% / tons of CO_2e	30 / 1,844,460
Share of projects within the EU	%	-
Share deemed the corresponding adjustment to Article 6 of the Paris Climate Agreement	%	-

1 This figure differs from the DCI figure, as only the carbon credits canceled in the reporting year are taken into account here, whereas the DCI also takes into account surplus carbon credits from the previous year

Net zero target taking account of carbon credits

It is the Volkswagen Group's aim to be a net carbon-neutral company by 2050. However, there is not yet a certification standard for a binding net zero target. This means that there are also no specific targets for the removal and storage of GHG emissions. Nevertheless, the Volkswagen Group has set itself the goal of basing its carbon offsetting actions on the requirements of the SBTi and the GHG Protocol and to limit their share to below 10%. The company will abide by internationally recognized standards in carbon offsetting.

Internal carbon pricing

We do not currently use an internal carbon price in investment decisions. However, we apply an abatement cost approach to support strategic decisions and to calculate and prioritize decarbonization actions in production. This involves relating various GHG emissions to the net present value, resulting in a value in €/ tons of CO_2e. This assessment produces an abatement cost curve, from savings per ton of CO_2e (energy efficiency actions) to high costs per ton of CO_2e (use of synthetic fuels). This abatement cost curve helps to prioritize actions and to estimate the total costs of target achievement. However, this approach is not yet used in individual investment decisions.

Pollution

The Volkswagen Group is pursuing the vision of a Zero Impact Factory, the aim of which is to reduce the emission and use of substances that lead to air and water pollution as well as substances of concern at its production sites.

MATERIAL IMPACTS AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Pollution of air

Impacts in the area of air pollution

Air pollution can contribute to the deterioration of local air quality and affect humans and the environment.

As part of the double materiality assessment, the topic of air pollution was identified as a material actual negative impact. Negative impacts arise in particular from emissions during the use phase, i.e. when our customers use their vehicles. The statutory limits applicable upon vehicle registration are complied with.

Emissions that arise in the context of the core automotive production business are also relevant, both in the upstream and downstream value chain and in the Group's own business operations. As a minimum, the Volkswagen Group's production facilities comply with the statutory requirements for air pollutants associated with approval. Since air emissions are also caused along the upstream and downstream value chain, the Volkswagen Group requires its partners to work to the same high standards.

Interaction with strategy and business model

The impact identified in the double materiality assessment in relation to air pollution has an influence on the Group's business model, strategy and value chain. The overarching topic of minimizing air pollution is strategically anchored in the Group sustainability strategy regenerate+, the environmental mission statement goTOzero, the vision of the Zero Impact Factory and the Code of Conduct for Business Partners, among other things.

In addition, the Volkswagen Group is taking the following actions to respond to the influence of its material negative impacts on its business model, strategy and value chain in the area of air pollution:

Along the value chain, compliance with the Code of Conduct for Business Partners aims to reduce negative impacts. The Code of Conduct requires business partners to implement appropriate actions to reduce air pollution. Within the Volkswagen Group's business activities, the aim is to minimize negative impacts of this kind by putting policies in place (see "Policy: pollution" section) and by pursuing the vision of the Zero Impact Factory. This includes designing production sites to ensure that as few air-polluting substances as possible are emitted. During the use phase, the impact of vehicles will be reduced, in part, by selling a higher proportion of battery-electric vehicles. This target is anchored in regenerate+.

A detailed description and explanation of the actions is provided in the "Actions and resources: pollution" section.

Pollution of water

Impacts in the area of water pollution

Pollutants that enter waters can negatively impact the aquatic environment and people.

The discharge of pollutants into water was classified as a material actual negative impact along the value chain in the double materiality assessment.

Water is used at various points in the value chain. Chemicals are used in particular in the upstream supply chain for the extraction of raw materials and the production of components. This can lead to the resulting wastewater being contaminated with pollutants. The use of chemicals in our own production processes and during the use phase is considered to be less relevant.

All wastewater is treated before being discharged into receiving waters (for example rivers, lakes or seas) or must be disposed of appropriately. Furthermore, maximum concentrations for certain pollutants are defined for the direct and indirect discharges of wastewater, regardless of the legal requirements at the particular site. Compliance with statutory limits is a top priority for the Volkswagen Group.

The statutory provisions allow certain pollutants to be discharged into receiving waters. However, this discharge may only take place in accordance with the statutory requirements. This aims to ensure that the impact on the aquatic environment is kept to a minimum.

Interaction with strategy and business model

The impact of the Volkswagen Group in relation to water pollution identified in the double materiality assessment has an influence on the Group's business model, strategy and value chain. The topic of avoiding water pollution is anchored in the environmental mission statement goTOzero and regenerate+. The key elements here are minimizing the discharge of pollutants into waters and groundwater. The Volkswagen Group's Code of Conduct for Business Partners also requires its business partners not to cause any harmful water pollution.

The Volkswagen Group is applying the following actions to respond to the influence of its material negative impact on its business model, strategy and value chain in the area of water pollution:

In its own business operations, the Volkswagen Group's processes are designed to minimize pollution. Additionally, the Volkswagen Group reduces this impact by installing treatment and wastewater treatment plants at its production sites.

For suppliers in the upstream value chain, the Volkswagen Group implements the raw materials due diligence management system (RMDDMS) to address this impact. This system is designed to make raw materials procurement sustainable and transparent, thereby preventing negative environmental impacts such as water pollution.

Suppliers along the upstream value chain are also required to implement the Code of Conduct for Business Partners so as to mitigate the negative impacts. This calls for appropriate actions to comply with applicable laws and international rules for preventing water pollution.

The "Actions and resources: pollution" section provides a detailed description and explanation of the actions in this area of activity.

Substances of very high concern

Impacts in the area of substances of very high concern

When working with substances of very high concern, there is generally a risk of harm to people and the environment due to improper handling along the value chain. This topic therefore represents a material actual negative impact as defined by the assessment logic of the materiality assessment in the upstream and downstream value chain.

Some of the substances currently on the European Chemicals Agency's (ECHA) candidate list of substances of very high concern (SVHCs) are present in vehicle parts of the Volkswagen Group. The Volkswagen Group is committed to the responsible and appropriate handling of SVHCs and implements appropriate actions to prevent negative impacts on people and the environment. It complies with all legal requirements. As SVHCs are typically already part of the material composition of supplied vehicle parts, greater attention is paid to the release of SVHCs in the upstream and downstream value chain than in the Group's own operations and in the use phase of the vehicles.

Interaction with strategy and business model

The impact identified in the materiality assessment in relation to substances of very high concern has an influence on the Group's business model, strategy and value chain. The topic of substances of very high concern is anchored at an overarching level in an internal Group standard, which references the Global Automotive Declarable Substance List (GADSL) (www.gadsl.org). The Code of Conduct for Business Partners requires business partners to take appropriate actions to eliminate or avoid using substances and materials that adversely impact people and the environment (for example carcinogenic substances, mutagens or reprotoxic substances) in the context of applicable laws and taking into account the applicable requirements of the Volkswagen Group. This topic is also identified as an area of activity in the Group sustainability strategy regenerate+, where the focus is on reducing and substituting substances of concern in products. The detailed formulation of the strategic topic is currently still in the development phase and will be defined in greater detail in the course of the further strategy processes.

The Volkswagen Group is countering the material negative impact on its business model, strategy and value chain in the area of substances of very high concern with the following actions:

In its own business operations, the Volkswagen Group is reducing the impact by implementing precautionary actions for risk mitigation and control, as well as actions to avoid and replace SVHCs.

For suppliers from the upstream value chain, the Volkswagen Group is addressing the impact with the help of the Code of Conduct for Business Partners, which calls on business partners to implement actions to avoid the use of SVHCs.

The Volkswagen Group regards chemical compliance as a crosscutting issue that is integrated into and influences existing policies.

The "Actions and resources: pollution" section provides a detailed description and explanation of the actions in these two areas of activity.

Microplastics

Impacts in the area of microplastics

Microplastics enter the environment as a by-product of the decomposition of plastic and are very difficult to break down, taking an extremely long time to decompose. They can now be found in all regions and ecosystems on our planet. They have also been detected in human and animal organisms. Microplastics can have very different constituents and can negatively impact people and the environment.

The double materiality assessment identified a material actual negative impact of microplastics in the downstream value chain. Microplastics can enter the environment primarily through tire abrasion. This affects vehicles in general, including those produced by the Volkswagen Group.

Interaction with strategy and business model

The impact identified in the double materiality assessment in relation to microplastics has an influence on the Group's business model, strategy and value chain.

Microplastics are primarily located in regenerate+ in the nature dimension, which also considers the reduction of microplastics. The detailed formulation of the topic is currently still in the development phase and will be fleshed out in the course of the further strategy processes.

POLICY: POLLUTION

Policy on pollution prevention

The topic of pollution prevention is part of the environmental mission statement goTOzero and is anchored in an associated policy. The mission statement reads: "We reduce harmful emissions in air, soil and water."

The double materiality assessment identified material negative impacts related to pollution. Production processes and product use lead to air and water pollution due to emissions associated with financial and reputational risks.

The identified impacts are addressed in the policy on pollution prevention. For example, the topics of air and water pollution are strategically anchored in the environmental mission statement goTOzero. The main focus here is on reducing the discharge of pollutants into the air and waters. In addition, the goal of increasing unit sales of battery-electric vehicles is anchored in regenerate+. This goal aims to reduce air pollution. The Code of Conduct for Business Partners is also designed to ensure that less harmful air or water pollution is caused.

Regarding the topic of pollutants, the strategic vision of the Zero Impact Factory is as follows: "We design our production facilities so that they emit as few substances as possible that are harmful to the health of humans, animals or vegetation, or to soil, waters or air". In relation to water protection, the focus is on general minimization of pollutant discharge, and also on soil and groundwater protection when using water-polluting substances. Any deterioration in the ecological and chemical status of the waters into which wastewater is discharged must be avoided.

The issue of damage to soil, water and air is anchored in the Code of Conduct for Business Partners: Business partners must ensure that they do not cause any harmful soil changes, water pollution, air pollution, harmful noise emissions or excessive water consumption that could lead to significant harm to the natural basis for food and drinking water or human health, or to minimize this to the greatest extent possible.

In turn, the topic of SVHC is strategically anchored in the Group standard Environmental standard on material and chemical conformity of products. The Code of Conduct for Business Partners also requires the registration, evaluation and restriction of substances and raw materials. This includes compliance with international agreements (Minamata Convention, Stockholm Convention) and legal instruments on the production, use, handling, and disposal of certain substances. It also includes taking actions to avoid the use of substances that are hazardous to the environment or people, in accordance with applicable laws and regulations and Group requirements.

The Group also has plans to further improve the management of chemical substances in order to realize this strategic anchoring. As a world-leading automotive manufacturer and provider of mobility services, the Volkswagen Group is aware of the increasing importance of the sustainable management of chemical substances. The legal and regulatory requirements of chemicals management are complex and vary in the global markets where the Group operates. The Volkswagen Group is committed to complying with existing regulations and to responsibly handling chemical substances that are required for its products, activities and services.

In addition, the Volkswagen Group regards chemical compliance as a crosscutting issue. The necessary processes have already been integrated into existing management systems to ensure compliance. A further step is to implement chemical compliance in existing policies, defining specific roles and process requirements.

In addition, the Volkswagen Group engages in needs-based exchanges with its employees, suppliers, industry associations and regulatory authorities in order to reduce the use of hazardous chemicals. This ranges from Research and Development, through Design, Production, Distribution and Logistics, to the reuse and recycling of products.

Registration, evaluation and restriction of substances and raw materials are also emphasized in the Code of Conduct for Business Partners. Business partners are expected to take appropriate actions to eliminate or avoid the use of substances and materials that have adverse environmental or health impacts, such as carcinogens, mutagens or reprotoxic substances. When doing so, they must comply with applicable laws and the applicable requirements of the Volkswagen Group.

Avoiding air and water pollution

In order to avoid pollution of air and water, the environmental mission statement goTOzero and the ECMS play a key role in the policy on pollution prevention. The strategic vision of the Zero Impact Factory focuses on minimizing pollutant discharges at production sites. There are specific requirements for this, such as limits for the concentration of pollutants in wastewater, which must be documented in measurement reports. The design of the production sites should be geared towards ensuring that the use of local water resources does not negatively impact them. No substances should be discharged into waters that could impair their natural condition.

The Volkswagen Group has installed various processes in its business operations to ensure that the due diligence requirements of the *Lieferkettensorgfaltspflichtengesetz* (LkSG – German Supply Chain Due Diligence Act) with respect to harmful soil changes, water pollution, air pollution and harmful noise emission are met. The introduction of these processes is supported by a Group policy. This provides a framework and minimum requirements for how an ECMS should be implemented in an organization. Each company then develops its own processes to comply with these rules. A compliance and risk management system is also integrated into the ECMS, which is designed to deal with the risks of the aforementioned environmental media preventively at an early stage. For example, production sites typically conduct an environmental aspects analysis that allows them to identify and assess potential environmental risks from production processes at an early stage. As a result, the decision-makers can take preventive actions to mitigate the risks.

The environmental management requirements apply across all phases of the business activity and the entire life cycle of the products and services. Each controlled company is responsible for the detailed formulation of the processes. These are operationally active and belong mostly to the Volkswagen Group and are therefore responsible and accountable for implementing this Group policy. The Federal Office of Economic Affairs and Export Control (BAFA) report on compliance with due diligence obligations in accordance with the LkSG comments on the aforementioned processes in relation to the LkSG.

Minimizing the use of substances of very high concern

To enable compliance in all markets, the Volkswagen Group and its suppliers must comply with the regulations, laws and regulatory requirements in the target markets. In addition, compliance with standards, including the Group standards for Environmental standard on material and chemical conformity of products and Evidential and approval requirements for delivery of chemicals, is a mandatory contractual requirement for suppliers. This ensures compliance with all applicable material regulations and restrictions.

The Group standard Evidential and approval requirements for delivery of chemicals addresses the registration, evaluation and restriction of chemical substances. Chemicals classified as carcinogenic, mutagenic or reproductive toxic (reprotoxic) in categories 1A or 1B are generally prohibited from use (terminology used in Regulation (EC) No. 1272/2008 – CLP). Decisions to use them may be made in justified exceptional cases only with due consideration of the principle of substitution. Substances of very high concern, such as those referred to in Regulation (EC) No 1907/2006 (REACH), Article 57 (2), are largely to be avoided and may be refused on a case-by-case basis following assessment of their longer-term usability.

The regulation *Vorschriftenkoordinator/Vorschriftenexperten* (VKO/VEX - coordinator/regulation expert) process was implemented in Technical Development to navigate the approximately 240 laws on harmful substances worldwide, including end-of-life vehicle, battery, chemical and biocide laws, and requirements on interior emissions. This is defined in a separate Group process standard. Implementation and internal/external communication are carried out in accordance with Group standard Environmental standard on material and chemical conformity of products which references the GADSL. Since 2000, compliance has been verified by participating in the international material data system (IMDS) (www.imdsystem.com) and by consistently requiring supplier data on the chemical composition of components and materials in vehicles. All IMDS data is assessed in line with relevant applicable legislation.

The Group standard Environmental standard on material and chemical conformity of products requires avoidance of the use of SVHCs within the meaning of the EU REACH Regulation No. 1907/2006 that are included on the ECHA candidate list. Outside of the law, the Volkswagen Group requires substances subject to authorization pursuant to Annex XIV of the REACH Regulation (EC) No 1907/2006 to no longer be used in new developments as a rule, even if the authorization requirement does not enter into effect until after series production.

In addition, an alternative test for the use of substances (within the scope of Appendix C of Annex I to Commission Delegated Regulation (EU) 2021/2139) for deliverables that are relevant for reporting under the EU Taxonomy Regulation is carried out by the supplier with professional and technical support. Among other things, this scope includes SVHCs. In its vehicle-related business, the Volkswagen Group has defined existing specifications and processes in greater detail with the aim of avoiding and replacing the substances relevant for reporting under the EU Taxonomy Regulation. On this basis, the Group's analyses look at vehicle-related materials and components of all-electric vehicles in order to assess whether the SVHCs and other substances of relevance under the EU Taxonomy can be substituted, taking into account factors such as technical and economic criteria.

Furthermore, we impose an obligation on our business partners to comply with the requirements based on international conventions and other legal instruments regarding the production, use, handling and disposal of certain substances. In particular the requirements of the Minamata Convention on Mercury of October 10, 2013 and the Stockholm Convention on Persistent Organic Pollutants (POPs) of May 23, 2001, as well as the corresponding applicable implementing regulations at national and supranational level, must be complied with.

Avoiding incidents and emergency situations

The Volkswagen Group requires the controlled companies to have in place contingency plans and hazard prevention actions that are specially tailored to company-specific environmental risks, and that are aimed at avoiding or minimizing negative effects on the environment. Examples of specific actions include communicating contingency plans to employees, relevant departments and contractors and training them in hazard prevention. Communication is a matter for the individual companies and can take place, for example, using noticeboards, instructions or training. They also include testing and reviewing the contingency plans and ensuring the availability of resources for expert advice in the event of an incident.

The contingency plans should be reviewed and updated in the event of significant physical or operational changes. This also incorporates experience from exercises or actual emergency actions. The frequency of the exercises performed is left to the discretion of each company, which is responsible and accountable for implementing the corresponding Group policy (see the "Overarching policies" section in the "Introduction to environmental management" chapter for more information on the scope).

TARGETS: POLLUTION

Overarching targets

The overarching specific UEP metric takes into account factors including the VOC emissions associated with vehicle and components production. The target for the UEP metric is therefore directly related to air pollution.

The impact points target for reducing the absolute environmental impacts of the production sites also includes a target for emissions into the air and water. The environmental aspect of air pollutants is used to monitor air emissions of VOCs, nitrogen oxides and dust, CHCs and HFCs during production. In addition, the environmental aspect of wastewater is used to monitor emissions of chemical oxygen demand (COD), nitrogen, phosphorus, nickel and zinc into waters.

The site checklist also covers the areas of pollutants and water. For example, it includes criteria such as the use of VOC-reduced rinsing thinners and paints, requirements for VOC emissions from paint shops, restrictions on dust emissions, avoidance of the use of heavy metals and hazardous substances, and limits for the discharge of chloride, sulfate, nickel, zinc, manganese and COD into wastewater.

Prevention and control of substances of very high concern

No measurable outcome-oriented targets within the meaning of the ESRS have been defined for the production sites in relation to the prevention and control of SVHCs. Systematic data collection is currently being worked on to enable end-to-end quantitative reporting. The large number of substances, as well as the concentration data of SVHCs in chemical mixtures, which are often only specified by suppliers within concentration ranges, pose a challenge in terms of data collection and quantification.

The Volkswagen Group and the operators at the sites of the individual brands always act in accordance with the applicable legal requirements. If SVHCs are used during vehicle production or are present in the vehicle, they are recorded, verified and approved in advance by internal chemical management processes and systems. In addition, the Volkswagen Group implements processes to generally avoid SVHCs and to review them for substitutability. One example is the verification of substitutability and associated reduction of SVHCs during vehicle production and in components of all-electric vehicles in accordance with the EU Taxonomy Regulation.

Information on target drivers

The voluntary targets defined for the UEP metric, impact points and site checklist all relate to the topic of pollution. The Volkswagen Group generally complies with the applicable emission regulations, including EU Directive 2010/75/EU on industrial emissions (IED), and national requirements such as the *Abwasserverordnung* (AbwV - German Waste Water Ordinance).

ACTIONS AND RESOURCES: POLLUTION

Compliance with legal requirements with regard to chemicals and substances of very high concern

There is no separate management system for chemical compliance requirements. These requirements are already being met continually by the operating organizations and suppliers and are expected to be integrated into existing management systems in the future. The aim is to manage the risk associated with the handling of chemicals and SVHC in the Volkswagen Group within the structures of the Three Lines Model of the Institute of Internal Auditors (IIA). The first line comprises operational risk management in the business operations, the second line Group-wide risk management and the third line Internal Audit, which reviews the effectiveness of the first two lines. The tools for identifying and implementing the specific requirements are supplied by the management systems used. In addition to the management system tools, regulatory requirements are also identified by the second line of the VKO/VEX and distributed within the organization as needed. To verify material-related requirements, the second line accesses the data from the internal material information system (MISS). The data used is the supplier data from the IMDS.

In addition to continuous risk management using the Three Lines Model, the Volkswagen Group has established specifications and processes for managing regulatory requirements (VKO/VEX) and internal requirements (for example by means of the Group standards Environmental standard on material and chemical conformity of products, Evidential and approval requirements for delivery of chemicals) in the vehicle-related business, which generally stipulate that SVHCs must be avoided and substituted. On this basis, vehicle-related chemicals and components of all-electric vehicles are analyzed in accordance with the requirements of the EU Taxonomy Regulation and the substitutability of SVHCs in these products is reviewed together with suppliers, taking into account technical and economic criteria. The "EU Taxonomy" chapter provides a specific overview of the components considered in the Volkswagen Group.

Prevention and control of emissions to water

In the interests of water protection, the Volkswagen Group does not discharge untreated wastewater resulting from the Group's activities into receiving waters. Pretreatment plants are usually used to remove pollutants from wastewater that cannot be removed in a biological wastewater treatment plant. For example, light liquid and grease separators, evaporators and oil skimmers are installed to remove fat, oil and emulsions. By contrast, metals are removed by means of the physico-chemical precipitation process. COD is practically eliminated through adsorption, filtration or flotation processes. The final step before discharge is biological treatment of the pretreated wastewater using a membrane bioreactor to remove potential pollutants such as phosphorus and nitrogen. If the wastewater is not treated at the production site itself, it is treated in an external treatment plant or disposed of appropriately as waste.

In line with the Zero Impact Factory strategic vision, further actions are being considered in production with regard to pollutants in wastewater: In the interests of preventive water protection, for example, when working with substances that are potentially hazardous to water, it is important to ensure that the relevant containers are fitted with a secondary barrier for retention in the event of an accident. Additionally, the site checklist for wastewater discharge specifies maximum concentrations for the discharge of certain pollutants into wastewater, irrespective of the legal requirements at the site in question.

Compliance with measurement obligations is ensured by regular wastewater analysis, the frequency of which varies depending on the pollutant, and is based on the legal and internal requirements (in certain cases, samples are taken several times a day).

Prevention and control of emissions to air

The Volkswagen Group is committed to continuously reducing its air emissions in its own activities and in the supply chain. Within the company's own operations, in addition to the actions for compliance with all legal requirements, the impact points target serves to reduce the absolute environmental impacts of the production sites, and also takes air emissions into account.

In addition, the site checklist defines criteria including the use of VOC-reduced rinsing thinners and paints, requirements for VOC emissions from paint shops and restrictions on dust emissions.

In the upstream and downstream value chain, compliance with the Code of Conduct for Business Partners is intended to reduce the emission of air pollutants by requiring business partners to implement appropriate actions to reduce air pollution.

By transforming its portfolio towards e-mobility, the Volkswagen Group is also making a contribution to improving local air quality by reducing nitrogen oxide and particulate matter emissions (for more information see the "Actions and resources: climate change" section of the "Climate change" chapter).

Engagement in the upstream and downstream value chains for raw materials

The Volkswagen Group is aware that its suppliers' business activities can have a significant impact on people and the environment. The extraction and processing of some of raw materials for the automotive industry is associated with environmental risks, such as air and water pollution, as well as deforestation. To enable greater transparency, the Group publishes a Responsible Raw Materials Report. This provides detailed information on the Volkswagen Group's methodologies and activities in the context of the RMDDMS for sustainable raw material procurement.

The RMDDMS includes continuous risk-based due diligence reviews to identify and assess actual and potential negative impacts as well as potential human rights risks in the supply chain. The supply chains for sustainable raw materials sourcing require a particular focus, as the Volkswagen Group's risk analysis reveals a high exposure to human and environmental risks that occur more frequently among indirect suppliers. The RMDDMS provides additional assessments for high-risk raw materials, which enable risk mitigation and actions to prevent systematic risks and reviews of their effectiveness. At present, 18 raw materials are identified as particularly risky. These include the battery raw materials cobalt, lithium, nickel and graphite, the conflict minerals tin, tungsten, tantalum and gold (3TG), and aluminum, copper, leather, mica, steel, natural rubber, platinum group metals, rare earths, magnesium and cotton.

Audits are one of the main tools of the RMDDMS, serving to assess risks in the Volkswagen Group's lower supply chains and derive risk mitigation actions. They supplement other raw material due diligence tools and promote transparency, compliance and a culture of continual improvement and dialog throughout the upstream supply chain. Further actions that can be derived from the RMDDMS are described in the "Workers in the value chain" chapter.

The Volkswagen Group includes the responsibility of its business partners in its commitment to improving the supply chain. For this reason, the Code of Conduct for Business Partners requires business partners to implement appropriate actions to eliminate or avoid using substances and materials that adversely impact people and the environment (for example carcinogenic substances, mutagens or reprotoxic substances).

The Volkswagen Group aims to procure responsible sourcing of raw materials and is guided by the five steps of the Organization for Economic Cooperation and Development's (OECD) Due Diligence Guidance for Responsible Business Conduct and the requirements of the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Accordingly, business partners may only use raw materials in smelting works or refineries of materials that meet the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. They must also have been verified by the Responsible Mineral Initiative (RMI) or similar organizations. The Volkswagen Group expects its suppliers to avoid all minerals from conflict-affected smelting works. However, the aim is not to prohibit the procurement of conflict minerals or other products originating from conflict-affected and high-risk areas, but to encourage the procurement from responsible sources within these regions. The identification of the 3TG smelting works and refiners used by suppliers or their sub-suppliers must be disclosed annually. In line with international best practices, the Volkswagen Group also expects its suppliers to complete Conflict Mineral Reporting Templates (CMRT). As well as identifying the smelting works and refiners, this template also allows the countries of origin of the mined materials to be specified. Compliance with the OECD guidance is assessed using the RMI's Responsible Minerals Assurance Process (RMAP). The RMAP is an independent third-party assessment of the management systems and sourcing practices of smelting works/refineries to confirm compliance. To underscore its commitment to responsible supply chains for conflict minerals, the Volkswagen Group voluntarily publishes a CMRT to ensure end-to-end transparency.

METRICS: POLLUTION

Air and water pollution

Metrics on emissions into air and water

The metrics recorded across the Group are shown in the following. If thresholds for other air or water emissions as defined by the European Pollutant Release and Transfer Register (E-PRTR) are exceeded at European production sites, the sites report this to the competent authorities as part of their annual reporting obligations.

EMISSIONS INTO AIR AND WATER

		2024		2023	
	Unit	Volkswagen Group	Companies with operational control	Volkswagen Group	Companies with operational control
Air emissions					
VOC[1]	tons	10,963	979	10,635	1,384
CHCs	tons	5.7	4.2	8.3	5.5
HFCs	tons	22.6	6.1	27.4	7.5
NO_x[1]	tons	1,126.1	332.0	1,209.5	334.1
SO_2[1,2]	tons	0.0	371.4	399.3	378.9
Dust (PM10)[1,2]	tons	148.4	0.0	138.0	0.0
CO[1,2]	tons	0.0	0.0	0.0	0.0
Water emissions	tons				
TOC[1,2]	tons	463.1	157.9	578.9	259.3
Zinc[1,2,3]	tons	2.2	0.3	-	-
Nickel[1,2,3]	tons	2.6	0.2	-	-
Dissolved fluoride[1,2,3]	tons	26.6	17.9	-	-

1 Only sites that exceed the threshold as defined by the E-PRTR (Annex II).
2 This metric does not include the TRATON GROUP sites.
3 No reporting possible for the 2023 reporting year.
The information for 2023 is provided voluntarily and has not been externally validated.

Description of measurement methodologies

Group standard 98000 defines indicators for emissions to enable their consistent collection at Volkswagen Group sites. They include the recording of pollutants discharged into wastewater such as zinc, nickel, COD, total organic carbon (TOC) and dissolved fluoride as well as air emissions such as dust, VOCs, nitrogen oxides (NO_x), sulfur dioxide (SO_2), CFCs and HFCs. The recording hierarchy in accordance with Group standard 98000 applies in conjunction with the permitted measurement methods described in the standard. These are parameter-specific and based on the state of the art.

Context information on pollution of air

The Volkswagen Group's production sites record a range of environmentally relevant air emissions, irrespective of national legislation or regulatory requirements. These include refrigerants containing climate-relevant CFCs or HFCs, for which the quantities emitted from stationary facilities are recorded. Emissions from combustion processes, such as nitrogen oxides, carbon monoxide (CO) and sulfur dioxide, are calculated by multiplying the quantities of fuel used by country-specific emission factors, unless more precise, site-specific emission factors are available. In addition, the VOC emissions, which are mainly released during painting processes, are recorded. When calculating VOC emissions, as a minimum those emissions required by national legislation or plant permits are recorded. VOC emissions from painting facilities must be calculated for all vehicle paint shops. If VOC emissions are combusted through thermal post-combustion or regenerative post-combustion, the CO_2 emissions released must also be recorded. With regard to recording particulate matter with a diameter of 10 µm or less (particulate matter 10 – PM10), it is permitted to record the total dust quantity and then convert it into PM10 using conversion factors.

Context information on pollution of water

The data collection interval and analytical methods for the pollutant concentrations contained in the wastewater are based on the requirements of the site approvals and/or relevant laws (in Germany, for example the AbwV) and vary from quarterly measurements to daily measurements, depending on the pollutant. In addition, Group standard VW 98000 sets certain minimum standards for specific pollutants, which are to be sampled at least quarterly and based on relevant ISO standards. Additionally, the scope of the analysis should represent at least 80% of the total volume of a site's wastewater. DIN EN ISO 10304-1 is used to measure dissolved fluoride in wastewater. The specifications of DIN EN 1484 are used to measure TOC. Alternatively, the COD can be measured and converted into TOC. The specifications of DIN EN ISO 11885 are used for zinc and nickel emissions. The reported annual emission quantities into wastewater typically result from multiplying the measured wastewater volumes and the averaged, analytically determined concentrations of the relevant pollutants.

Processes for recording and accounting

Each site is responsible for providing the environmental indicators. The environmental indicators are recorded in the EIS in accordance with Group standard 98000 and validated at Group level. The sites must work towards ensuring that the environmental indicators are determined for each specified recording interval using the same system. Year-on-year changes in excess of a predefined tolerance level must be justified.

Information sources

Permitted measurement methods are generally based on national and international laws and regulations (for example German Federal Emission Control Act, EU F-Gas Regulation), internationally recognized standards and norms (for example GHG, ISO standards), industry-specific requirements (for example VDA emission factors) and scientific findings (for example IPCC assessment reports).

Reasons for choosing alternative methodology to quantify emissions

Pursuant to the measurement hierarchy of Group standard 98000, environmental data is to be collected primarily by measurement. If direct and complete measurements are not technologically possible or not economically justifiable, calculations substantiated by measurements or by extrapolations based on assumptions may be used. This also applies where calculations or extrapolations produce results that are equivalent to direct measurements in terms of accuracy. The decision on the data collection methodology is made at site level. The assumptions are site-specific and are verified by random sampling.

Standard, measurement uncertainty and range of estimates

Pursuant to the measurement hierarchy of Group standard 98000, direct measurement of physical amounts takes priority over calculation based on parameters. Estimates are made with the lowest priority based on transparent assumptions.

Substances of very high concern

The IMDS-SVHC list of the European Automobile Manufacturers' Association (ACEA), which is derived from the ECHA candidate list, is used as the basis for recording substances of very high concern.

Total amount of SVHCs generated, used or procured during production

If SVHCs are used as substances or in mixtures during vehicle production, or become a component of the Automotive product during the production process, they have been checked, recorded and approved in advance by internal chemical management processes. An evaluation of substance-related quantities for SVHCs cannot currently be carried out in full at Group level. An approach for recording the quantities of all SVHCs used as substances or in mixtures (SVHC > 0.1 M%) during vehicle production is currently being developed in conjunction with Procurement. This is intended to ensure that the total quantity of SVHCs (kg/a) procured and used can be recorded in future.

If different chemical substances are combined during the production process, such as in process baths, there is a possibility of new chemical compounds forming on a small scale. Due to the small quantities involved, these are not currently recorded.

Total amount of SVHCs generated in production in the form of emissions

The Volkswagen Group and the operators at the sites of the individual brands always act in accordance with the applicable legal requirements. The sites and systems technology have been approved by the authorities in accordance with these requirements. This applies in particular to environment-relevant installations, where operations generate emissions to air and water, resulting in extensive operator obligations being outlined in their plant permits. Within the framework of such ancillary provisions, recurrent emission measurements are also conducted to ensure compliance with applicable limits.

To facilitate Group-wide compliance with all binding commitments on production-related emissions, the Volkswagen Group has implemented the Three Lines Model described in the "Actions and resources: pollution" section.

There is currently no limit that encompasses the full range of all known SVHCs. There is also no measurement method for recording the total spectrum of all SVHCs. It is therefore not possible to gather data on these emissions in accordance with the latest advancements.

Total amount of SVHCs generated in production as part of products

The total amount is calculated for each SVHC. To do this, the proportion by weight per SVHC is first determined for each component containing SVHCs (threshold of 0.1% per smallest relevant item in the component according to REACH Article 33) and added up for the corresponding reference vehicles (ID.4 and Tiguan) (for more information on the reference vehicles, see the "Metrics: resource use and circular economy" section in the "Resource use and circular economy" chapter). Calculation of the total amount of each SVHC is based on production figures for battery-electric vehicles and internal combustion engine vehicles. Lastly, the SVHCs are allocated to the reportable hazard classes. As individual substances can be allocated to multiple hazard classes, the overall total amount does not correspond to the sum of the individual hazard classes due to double entry. Nevertheless, in order to provide a total amount of the SVHCs used, the total weight per substance is allocated to only one hazard class in the following table.

In addition, the SVHC information for the Porsche AG Group and TRATON GROUP is provided below, excluding the consideration of MAN Energy Solutions. The values are determined as described above.

SUBSTANCES OF VERY HIGH CONCERN FOR THE VOLKSWAGEN GROUP

		2024	
Hazard class	Unit	Battery-electric vehicles	Internal combustion engine vehicles
Carcinogenic (Article 57a)	tons	6	73
Mutagenic (Article 57b)	tons	-	-
Toxic for reproduction (Article 57c)	tons	5,398	39,365
PBT (Article 57d)	tons	0.5	5
vPvB (Article 57e)	tons	6	151
Endocrine disrupting properties (Article 57f – environment)	tons	7	58
Endocrine disrupting properties (Article 57f – human health)	tons	0.004	0.1
Respiratory sensitizing properties (Article 57f – human health)	tons	4	0.2
Specific target organ toxicity after repeated exposure (Article 57f – human health)	tons	0.3	26
Likely to have serious and concerning effects on human health and/or the environment (Article 57f)	tons	0.3	26
Total of substances of very high concern as component of the product	tons	5,421	39,672

Total amount of SVHCs generated in production as part of products in the Porsche AG Group

The determination of SVHC volumes is based on a reference vehicle approach. One vehicle model is analyzed for each of the five vehicle segments (two-door sports car, sports utility vehicle (SUV) internal combustion engine, SUV battery-electric vehicle, saloon internal combustion engine, saloon battery-electric vehicle). The SVHC quantities of the reference vehicle are extrapolated to the vehicles produced in each segment during the reporting year based on the production quantities. Finally, overarching segment totals are calculated for each substance, and the substances are allocated to the appropriate hazard classes for substances of concern.

SUBSTANCES OF VERY HIGH CONCERN IN THE PORSCHE AG GROUP

Hazard class	Unit	2024
Carcinogenic (Article 57a)	tons	14
Mutagenic (Article 57b)	tons	0
Toxic for reproduction (Article 57c)	tons	2,832
PBT (Article 57d)	tons	0
vPvB (Article 57e)	tons	7
Endocrine disrupting properties (Article 57f – environment)	tons	15
Endocrine disrupting properties (Article 57f – human health)	tons	0
Respiratory sensitizing properties (Article 57f – human health)	tons	5
Specific target organ toxicity after repeated exposure (Article 57f – human health)	tons	0
Likely to have serious and concerning effects on human health and/or the environment (Article 57f)	tons	10
Total amount of substances of very high concern as component of the product	tons	2,883

Total amount of SVHCs generated in production as part of products in the TRATON GROUP

To calculate the amounts (SVHCs), the TRATON GROUP uses the lead content in starter batteries, which according to a study by MAN Truck & Bus, make up 98% of all SVHCs in a typical truck. For 2024, the amount of SVHCs in the products corresponds to a total amount of 24,780 tons.

Water

Water is a valuable resource. We combine sustainable water management with a number of aspects; our aims include reducing freshwater consumption, making water use more efficient and improving groundwater protection.

MATERIAL IMPACT AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Impact in the area of water

Water is an indispensable resource in the Volkswagen Group's value chain and is needed at various points both within our own production processes and, to an especially high degree, in the upstream supply chain for the extraction and processing of raw materials. A relevant level of water consumption can also be observed in the use phase of vehicles, caused, for example, by the washing of vehicles or fuel production. Using large quantities of water, particularly in regions where it is in short supply, leads to water stress and can contribute to the depletion of groundwater reserves, the impairment of ecosystems and the escalation of social tensions. This was identified in the double materiality assessment as a long-term actual impact that negatively affects the environment.

Interaction with strategy and business model

The impacts of water use identified in the double materiality assessment are factored into the Group's business model, strategy and value chain. The sustainable use of resources, including water, is anchored at an overarching level in the Group sustainability strategy regenerate+. Based on this, increasing resource efficiency is also one of the action areas in the Volkswagen Group's environmental mission statement goTOzero. The focus here is on systematically encouraging reuse and recycling approaches along the entire value chain.

The closed-loop circulation of process water and the associated reduction in the use of fresh water are anchored in the Zero Impact Factory strategic vision for the Volkswagen Group's own production sites. Specifically, we are aiming to reduce water withdrawal at passenger car and light commercial vehicle production sites by 30% by 2035 compared with 2018. At selected hot spot locations in areas with water stress, the reduction of water withdrawal will be as much as 40%. Our commitment to achieving this target will help mitigate the identified impacts of water use.

The Code of Conduct for Business Partners requires business partners to take appropriate action to ensure responsible use of water. Business partners confirming that they comply with corresponding sustainability requirements and pass them on to relevant business partners should enable continuous application of the requirements along the upstream and downstream value chain.

POLICY: WATER

Policy for sustainable water management

Water management in the Volkswagen Group is set out in a dedicated policy. One of the focal points of the approach is conservation of water as a resource. In line with the regenerate+ strategy, the Volkswagen Group is working to continually reduce the need for primary raw materials, including water.

As part of its environmental mission statement, the Volkswagen Group also sets itself goals for conserving resources. With regard to water, this involves improving resource efficiency and promoting reuse approaches. Another action area in the mission statement is protecting ecosystems, with the associated goal of reducing harmful emissions into water.

Water is also a focal point of our Group-wide Zero Impact Factory strategic vision. Our production sites must be designed their water use has the least possible negative impact on water as a local resource. The Zero Impact Factory therefore focuses specifically on reducing water withdrawal, increasing reuse of water, using water responsibly (particularly in areas with water stress), minimizing the input of water-polluting substances and preventing deterioration of the ecological and chemical quality of receiving water.

The Code of Conduct for Business Partners also stipulates that business partners have an obligation to take appropriate actions to minimize water consumption at their sites and along the business partners' own supply chains. These actions should ensure that they do not cause any water pollution that could lead to significant harm to the natural basis for drinking water.

In the downstream value chain, the Volkswagen Group is unable to regulate relevant water consumption by means of its own levers.

Water management at the company

Water is needed for numerous reasons at the production sites, such as for painting, cooling and sanitary purposes. The use of freshwater is necessary in many areas, around two thirds of which is obtained from external suppliers such as municipal water boards. Around a third of water withdrawal is covered through our own wells, rainwater and abstraction from surface water. Production sites are part of the local water cycles and affect the water resources available through water withdrawal, treatment and wastewater discharges.

In this connection, internal water treatment is becoming increasingly important. A growing number of sites are starting to reuse their treated wastewater in production processes, in cooling towers, in sanitary facilities or for irrigation purposes, thereby reducing their need for water withdrawal. A closed loop and recycling of cooling or process water reduces freshwater consumption and wastewater generation and therefore contributes to responsible use of water as a resource. The Volkswagen Group strives to achieve the highest possible technical treatment level and does not release any untreated wastewater into receiving waters. Nearly all sites have pretreatment systems that remove harmful substances from wastewater (for more information, see the "Actions and resources: Pollution" section in the "Pollution" chapter). If wastewater is not treated on site, it is treated in an external treatment plant or, in individual cases, disposed of as waste.

Water withdrawal in water risk areas

The use of freshwater in vehicle production may impact water availability in the region. A proportion of water withdrawal by the Volkswagen Group takes place at sites in areas with water stress. Responsible use of water is particularly important in such regions to avoid further shortages. This is why the Volkswagen Group's Zero Impact Factory strategic vision places particular emphasis on reducing water withdrawal and making water use more efficient in areas with water stress.

Conservation of resources is anchored in the Volkswagen Group's goTOzero environmental mission statement. Together with business partners, the Volkswagen Group aims to reduce the use of natural resources along its supply chain.

In any comparison between production sites and the supply chain, the largest share of water withdrawal occurs within the supply chain, in particular as a result of the extraction and processing of raw materials. The Code of Conduct for Business Partners requires business partners to take appropriate actions to ensure responsible use of water, with water-scarce regions taking priority.

Business partners confirming that they comply with corresponding sustainability requirements and pass them on to relevant business partners should enable continuous application of the requirements along the upstream and downstream value chain (for more information, see the "Actions and resources: Water" section).

Strategies for sites in water risk areas

The Volkswagen Group's policies relating to the environment apply to all production sites. The Zero Impact Factory strategic vision addresses the reduction of water withdrawal and the efficient use of water, particularly in areas with water stress.

TARGETS: WATER

Overarching targets

Overarching targets are set for the "Water" chapter based on the goals outlined above (see the "Overarching targets and metrics" section in the "Introduction to environmental management" chapter): By 2025, the production-related environmental impacts at all sites where we produce passenger cars and light commercial vehicles are to be reduced by 45% compared with 2010. As well as other aspects, the UEP metric also includes water consumption per vehicle. Additionally, the topics of water consumption and reuse of water are addressed by analyzing water withdrawal and wastewater discharge as part of the Impact Points method. The Volkswagen Group also considers the topic of water as part of the Site Checklist. Within the water area of activity, specific criteria for improving water management at the production sites are considered.

Group-wide reduction in water withdrawal

The Volkswagen Group has set specific targets for water withdrawal at its production sites. These were defined together with the brands against a backdrop of rising water stress in the IPCC climate scenarios and taking the market situation into account. Among other things, they are designed to help reduce the risk of future supply bottlenecks. Water withdrawal at the Volkswagen Group's production sites (with the exception of TRATON GROUP and MAN Energy Solutions) is to be reduced by 30% on average across the Group by 2035 compared with 2018 (baseline value: 45.6 million m^3). At relevant production sites in areas with moderate to extreme water stress (known as "hot spot" locations), water withdrawal is set to be reduced by as much as 40% (baseline value: 28.1 million m^3). The Verisk Maplecroft database is used to identify locations with water stress and hot spot locations (see section "Metrics: Water" for further information). Data on water withdrawal at the production sites is collected in accordance with the internal 98000 standard and reflects the requirements of the ESRS. With these voluntary targets, the Volkswagen Group is contributing to the Sustainable Development Goals SDG 6.4 (Clean water and sanitation), SDG 12.2 (Responsible consumption and production) and SDG 13 (Climate action), among other things.

In the 2024 reporting year, water withdrawal Group-wide (excluding TRATON GROUP and MAN Energy Solutions) was 32.5 million m^3, a reduction of 13.1 million m^3 compared with the base year 2018, or a target achievement of 94.9%. Along with economies of scale, VW Kraftwerk GmbH's fuel switching from coal to gas at the Wolfsburg site accounts for a large share of the progress already made in achieving the target. As a consequence of the fuel switching, the quantity of waste heat fell significantly, and with it cooling water requirements, reducing VW Kraftwerk GmbH's water withdrawal by nearly 2 million m^3 since 2018.

Water withdrawal for the hot spot sites in the 2024 reporting year was 17.8 million m^3, a reduction of 10.3 million m^3 compared with the base year 2018, or a target achievement of 93.2%.

ACTIONS AND RESOURCES: WATER

Actions in the value chain

As already mentioned in section "Policy: Water", the Code of Conduct for Business Partners requires business partners to take appropriate action to ensure that water withdrawal is continually minimized. A particular focus is on improvements in regions with water scarcity or water stress. Appropriate actions may include in particular the effective reduction of water withdrawal, reuse and recycling, and responsible and effective treatment of wastewater to protect the environment and improve water quality overall. Business partners should ensure that people affected by their business activities have secure access to affordable water in sufficient quantities for personal use. On request, business partners that deliver products to the Volkswagen Group are additionally required to provide information on their total freshwater consumption at product level.

The Lithium Partnership initiative in Chile is one example of responsible water management. In 2021, the Volkswagen Group co-founded the Responsible Lithium Partnership in Chile, a multistakeholder platform coordinated by development agency *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) and financed by several companies. The aim of the initiative is to strengthen dialog between local stakeholders from different sectors and promote the responsible management of water. For the first time, representatives from indigenous communities, mining, tourism, agriculture and public authorities are working together to find solutions to the water problems in Salar de Atacama, where around a quarter of the world's lithium is extracted. In spring 2024, the members of the multistakeholder platform agreed to protect the catchment area's water resources through a joint action plan and to manage them more sustainably. This includes a register of all water rights holders, geological and hydrological mapping, water scarcity campaigns, the provision of drinking water to local communities and the recycling of gray water.

Actions at the production sites

Continuous optimization of water-saving processes is a goal at all of the Volkswagen Group's production sites. Close cooperation between the brands worldwide is deemed essential.

Responsible use of water as a resource is particularly relevant in areas at water risk. Approximately 42.3% (around 14.5 million m^3) of Group-wide water withdrawal is attributable to sites in areas of high or extreme water stress. However, closed-loop circulation or recirculation of cooling and process water means that water withdrawal and the quantity of wastewater can be reduced. The San José Chiapa/Mexico site, which can be considered a wastewater-free site due to closed-loop circulation, provides a good example of this. Various actions have been taken in recent years to reduce water withdrawal at our site in Kariega in South Africa, which is a high water-stress area. Among other things, the engine production cooling towers have been fed with rainwater since 2022. A recycling system for production wastewater has also been in operation since 2023, which is expected to reduce water withdrawal at the site by around 15% in the future.

Other sites are beginning to reuse their treated wastewater in production processes, in cooling towers, for toilet flushing or for irrigation purposes. Closed loops and recycling of cooling or process water therefore reduce water consumption and wastewater generation and therefore help ensure the responsible use of water as a resource. A total of approximately 3.9 million m^3 of water was reused at the Group's production sites in 2024. Significant portions of this were attributable to the sites in Ingolstadt (Germany) (0.7 million m^3) and Puebla/Mexico (0.6 million m^3). The two sites mainly use a combination of ultra filtration and reverse osmosis in their wastewater recycling.

METRICS: WATER

Measurement methodologies

Internal Group standard 98000 defines how water-related metrics are expected to be collected consistently at all sites worldwide. If flow volumes are measured, this is usually done continuously using analog or digital flow measurement devices.

Hot spot sites

The Volkswagen Group has defined especially ambitious targets for "hot spot" sites related to water (see section "Targets: Water"). A total of 25 production sites are currently considered to be hot spot sites. To identify them, all production sites that Verisk Maplecroft found to be in the categories of medium, high or extremely high water stress were included. In addition, they were prioritized according to water withdrawal in the base year 2018. Sites that are in the upper median in the Group's internal comparison were taken into account. TRATON GROUP and MAN Energy Solutions sites were excluded because they are outside the scope of the target.

Sites in water risk areas

For many years, the Volkswagen Group has used the water stress index from the Verisk Maplecroft database to define areas at water risk. Sites with high or extreme water stress are considered here.

Maplecroft identifies areas as affected by high water stress when the ratio of water withdrawal to water availability is greater than 40%, following the standard scientific definition. This percentage corresponds to a value of 5 in Maplecroft's non-linear scaling. Extreme water stress (80% or greater) is shown on the scale from a value of 2.5 or lower. The same scale range is used to determine areas at water risk as would be the case when using the World Resources Institute Aqueduct database (see ESRS Annex II, to be used for areas with water risks of 40% – 100%), although Aqueduct also covers other physical and regulatory risks (e.g. water quality) as well as reputational risks, in addition to water stress. These are not currently factored into the analysis using Verisk Maplecroft. Nevertheless, other water risks are also being addressed by the Volkswagen Group, for example, implicitly improving water quality using the impact points method (see "Overarching targets and metrics" section in the "Introduction to environmental management" chapter).

Water consumption

Water consumption is generally calculated using the following formula: water consumption = water withdrawal minus volume of wastewater. Consequently, water consumption describes the water that is no longer available for further use, for ecosystems or for local communities. For the Volkswagen Group, water consumption results mainly from evaporation losses that arise during the production processes. The metrics water withdrawal and volume of wastewater that are used to determine water consumption are described in the following.

Water withdrawals

Water is withdrawn to supply the Volkswagen Group's production sites with water. This includes volumes of water that are either procured from third parties or extracted from our own sources.

Externally procured water is the volume of water obtained from public or private water suppliers and other non-Volkswagen Group organizations. This may be high-quality drinking water or lower-quality water used as process water. Externally procured wastewater is water that is fed in by an external water supplier for use at the site and that had already been used. As regards externally procured water, reports on water quality are prepared in accordance with local or national requirements. The quantity of externally procured water at the sites is usually recorded on the basis of billing.

Water extracted from own sources refers to the volume of water pumped and collected by the site. This includes utilized rainwater, surface water and groundwater:

- Rainwater refers to water in the form of rain, snow or hail, for example, that falls on the grounds of the site and is used in its water supply. The annual volume of rainfall is usually collected by official sources, such as KOSTRA-DWD, or by own weather stations.

- Surface water refers to the water taken from open bodies of water (lakes, rivers, oceans) and supplied to the site for use. Use for once-through cooling with subsequent direct recirculation is not considered to be water withdrawal.
- Groundwater refers to the water taken from underground bodies of water (aquifers) and supplied to the site for use. Groundwater withdrawn solely for groundwater treatment or remediation is not considered to be water withdrawal.

The scope and frequency of the analysis of water extracted from the Group's own sources are based on withdrawal approvals or national regulations, such as the German Drinking Water Regulation (TrinkwV), but they are performed at least once a year.

Approximately 86% of the water samples taken at the Volkswagen Group's sites are measured directly and approximately 9% are calculated. Approximately 1% is determined by estimates. No information is available for 4%. This information on the data collection methods is based on information provided by the sites and is not validated externally.

Volume of wastewater

The volume of wastewater is the amount of water that leaves the site after use or treatment. A distinction is made between direct and indirect discharge. Direct discharge is taken to mean the discharge of treated wastewater directly into a receiving body of water (receiving water), while indirect discharge refers to the discharge of wastewater into a sewer system or wastewater treatment plant or its transportation by tanker to a third-party treatment plant.

Approximately 55% of the volume of wastewater is determined by measurement, approximately 26% by calculation and approximately 14% by estimates. No information is available for approximately 5%. This information on the data collection methods is based on information provided by the sites and is not validated externally.

Water intensity

Water intensity is calculated based on the total water consumption and sales revenue. Sales revenue is taken from the consolidated financial statements, where more detailed information can be found. This metric water intensity is reported excluding the companies with operational control.

Reuse of water

The reuse of water metric covers water that is reused and recycled. Reuse means water used again at the site without being treated, whereas recycling refers to water that is used again following treatment. Reuse of water can help to reduce the amount of freshwater needed, which is of particular relevance in areas experiencing high water stress or water scarcity. Reuse of water also includes utilized rainwater and wastewater produced by other organizations and supplied to the site for use (see water withdrawal). Reuse of water solely comprise actions that are cross-plant or cross-process. Water that is reused in the same process or in the same plant (with or without prior treatment) and only leads to an increase in its service life is not included. This includes, for example, closed-loop circulation in car washes and recirculated water for the flushing process in the paint shop.

Approximately 64% of the reused water volume is directly metered, approximately 24% is calculated and approximately 6% is determined using estimates (e.g. recycled water used in sanitary facilities). No information is available for approximately 6%. This information on the data collection methods is based on information provided by the sites and is not validated externally.

METRICS
WATER

		2024		2023	
	Unit	Volkswagen Group	Companies with operational control	Volkswagen Group	Companies with operational control
Water consumption					
Total water consumption[1, 2]	in million m^3	8.8	5.0	-	-
In areas at water risk[1, 2]	in million m^3	2.6	3.1	-	-
Water intensity[1, 2]	l/€	0.03	-	-	-
Water withdrawals					
Total water withdrawals	in million m^3	21.2	13.2	21.9	15.6
In areas at water risk	in million m^3	4.4	10.2	4.0	12.3
Wastewater discharge					
Total wastewater discharge[1]	in million m^3	13.9	8.2	17.4	9.3
In areas at water risk	in million m^3	2.0	7.1	1.9	8.1
Reused water					
Total reused water	in million m^3	2.7	1.1	2.3	1.3

1 The datapoint contains estimated figures.
2 No reporting possible for 2023.
3 The information on water withdrawals and wastewater discharge is provided voluntarily and have not been externally validated.
The information for 2023 is provided voluntarily and has not been externally validated.

Biodiversity and ecosystems

The Volkswagen Group is endeavoring to increase biodiversity at its production sites and within the supply chain, thereby achieving added value for nature and improvement in biodiversity.

MATERIAL IMPACTS AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Impacts on biodiversity and ecosystems

When carrying out the materiality assessment, the Volkswagen Group identified four material actual negative impacts along its value chain. These relate to biodiversity, the conservation status of species and ecosystems, and the availability of ecosystem services.

Several aspects have an impact on biodiversity, for example raw material extraction for our materials, energy generation, deforestation and repurposing of land use for biofuel production, and agriculture (e.g. rubber plantations). They also have an impact on the conservation status of species. Issues of importance in this context include the spread of invasive species as a result of global logistics flows, the decrease in insect populations caused by pesticide use in agriculture, for example for the manufacture of rubber tires or biofuels. In the downstream value chain, land sealing and fragmentation due to road-building may have adverse effects on the conservation status of ecosystems. Activities along the value chain may have a negative impact on ecosystem services, for example through emissions to the air or to water.

Interaction with strategy and business model

The impacts identified in the materiality assessment have an influence on the Volkswagen Group's business model, strategy and value chain. The topics of biodiversity and ecosystems is anchored in the Group regenerate+ sustainability strategy, core elements being preservation of biodiversity and its sustainable use. The Volkswagen Group has committed to protecting, preserving and promoting biodiversity in the environmental mission statement and also in our Biodiversity Commitment. The Code of Conduct for Business Partners places particular emphasis on the topics of biodiversity and ecosystems along the value chain, especially for the protection of threatened habitats and species, as well as on sustainable use of natural resources. The Code of Conduct for Business Partners requires the Volkswagen Group's business partners to comply with actions under legislation applicable to them and with international biodiversity requirements, amongst other aspects.

Implementation of the biodiversity-related actions aims to offset the impacts of the Volkswagen Group's business activities.

In particular, biodiversity actions are being implemented at the production sites to offset land use in line with the Zero Impact Factory strategic vision, such as the creation of flower meadows or green walls. The positive contribution of these projects in and around the Volkswagen Group plants is assessed using a metric.

In addition, we aim to mitigate negative impacts away from the Volkswagen Group's operating sites by collaborating on voluntary global biodiversity projects.

TRANSITION PLAN AND CONSIDERATION OF BIODIVERSITY AND ECOSYSTEMS IN STRATEGY AND BUSINESS MODEL

In the 2024 reporting year, a resilience analysis was conducted to examine the Volkswagen Group's ability to adapt to the significant negative impacts on biodiversity and ecosystems (ESRS E4) identified in the materiality assessment. The analysis did not identify any significant physical risks, transition risks and systemic risks or opportunities in relation to biodiversity and ecosystems, but it did identify material impacts. The resilience analysis included a qualitative assessment of the extent to which the strategy and business model are able to address the material impacts. Criteria such as the scope and quality of existing policies, actions and targets, the consideration of impacts in Group sustainability strategy, and the challenges of implementing adaptation measures and strategies were used to assess resilience in the short-, medium- and long-term. One of the key assumptions is that the requisite access to capital can be provided as planned, irrespective of the economic situation. It is also assumed that the Volkswagen Group's biodiversity performance continues to satisfy the expectations of investors and lenders. It is also assumed that suppliers are willing to provide relevant data pertaining to biodiversity and ecosystems. These assumptions are continuously validated in the relevant planning and steering committees. There is uncertainty regarding the fundamental challenges of unpredictable developments in the global vehicle sales market, as well as the evolution of regulatory requirements related to biodiversity and ecosystems.

The time horizons considered in the resilience analysis correspond to the time horizons defined in the "General information" chapter in the "Notes on use of the ESRS" section and also used in the materiality assessment. These are divided into short-term (up to one year), medium-term (between one and five years) and long-term (more than five years) targets. The analysis covers the impacts identified as material and their main drivers along the Group sustainability strategy and value chain. In particular, this includes the integration of biodiversity and ecosystems into regenerate+, as well as the level of coverage of strategic and operational adjustment actions along the upstream value chain and the company's own operations. The downstream value chain was also taken into account in the analysis of the level of coverage of the policies and actions.

To take relevant stakeholders into account in the resilience analysis in accordance with ESRS E4 paragraph 13 (f), internal experts who maintain regular contact and cooperation with relevant stakeholders were involved in the process. External stakeholders and people with indigenous and local knowledge of affected regions were not included in the process. Regenerate+ serves as the central strategic framework for mitigating significant negative impacts on biodiversity and ecosystems. Nature is defined as a core dimension within regenerate+. Topics such as genetic diversity and biodiversity are explicitly addressed in the ecosystems pillar, giving the core elements of ESRS E4 relevant significance in the Group sustainability strategy. Biodiversity and ecosystems are also addressed in the corporate strategy by fundamentally anchoring sustainability in it. In addition, there is an opportunity to address specific topics related to biological diversity and ecosystems at Board of Management level by embedding regenerate+ in the strategy process. The strategic direction and pilot projects in the Group are discussed and brought to other relevant bodies in monthly Group-wide dialog formats on biodiversity and ecosystems at a technical level whose members are experts and representatives for biodiversity from the various brands and plants. The aim is to use metrics for long-term management. The Group brands also define different focus areas for biodiversity. For example, specific projects on commodity hotspots are being developed by individual brands in the supply chain with the aim of implementing pilot projects with suppliers and other partners in 2025.

The impact on biodiversity and ecosystems, particularly in the medium- and long-term, is addressed through the interplay of operational policies such as the Group's environmental mission statement goTOzero or the Volkswagen Group's Biodiversity Commitment and location-based biodiversity actions. In the short term, actions such as creating insect hotels, installing nesting boxes for birds and bats, and planting flowering meadows are intended to mitigate the negative impacts. No specific targets for biodiversity and ecosystems were defined for 2024 at Group level, but are currently being developed. In addition, existing targets from strategic focus topics contribute to biodiversity and ecosystems, such as decarbonization and water management. Group-wide operationalization of these strategic focus topics, including targets across all brands and locations, is still pending.

To mitigate negative impacts on biodiversity and ecosystems, the Volkswagen Group uses the Code of Conduct for Business Partners, which places suppliers under a general contractual obligation to comply with the relevant sustainability requirements. Suppliers are also called on to pass sustainability requirements on to relevant business partners so as to enable requirements to be continuously applied along the upstream and downstream value chain. Although the majority of suppliers do not pose an increased risk in terms of biodiversity and ecosystems, the upstream and downstream value chain, particularly for mining or agricultural products, is examined in advance. No significant investments are planned for the adaptation of the supplier structure in terms of biodiversity.

The overall picture reveals that the Volkswagen Group is capable of addressing the significant negative impacts on biodiversity and ecosystems, particularly from its own operations, in the medium- and long-term through existing adjustment strategies, policies and site-specific actions. There are several comprehensive policies and site-specific actions. The strategic anchoring of biodiversity and ecosystems is largely complete. Formalization of the biodiversity targets and expansion of the actions to all brands and sites were identified as the next steps to be implemented in the short to medium term. This is crucial when it comes to comprehensively addressing the impacts on biodiversity and ecosystems and to driving forward operationalization.

IMPACTS AND DEPENDENCIES IN OR NEAR BIODIVERSITY-SENSITIVE AREAS

The standard process described in the "General information" chapter was used to identify the material topics. Furthermore, the department analyzed the impacts of the company's activities in or near biodiversity-sensitive areas, giving consideration to potential impacts and dependencies. Transition risks, physical risks and opportunities, and systemic risks were not taken into account. A scenario analysis was not applied. Consultations with affected communities were not held as part of the analyses.

Potential impacts and dependencies were identified using the online tool Exploring Natural Capital, Opportunities, Risks and Exposure (ENCORE). This performs a sector analysis in order to assess potential risks, impacts and dependencies in the context of the relevant sector. It focuses solely on the potential impacts that may arise from the Volkswagen Group's own production, excluding the associated impacts from the supply chain (for example, metal production). The evaluation looked at the sector's potential impact on a range of impact categories. Relevant impact categories are land use change (for example, land in use), resource use (for example, water use), climate change (GHG emissions), pollution (for example, harmful emissions to soil, air and water, waste generation) and disruptions (for example, noise or light). Linking these categories shows the potential overall impact of the activity (for example, vehicle manufacturing) on soil, water, biodiversity and the atmosphere. Activities considered are the manufacture of motor vehicles, the manufacture of parts and accessories for motor vehicles, energy generation from fossil fuels, and the manufacture of special-purpose machinery. The existing dependencies of the company's own activities on biodiversity and ecosystems were also examined. The ecosystem services taken into account in this context are the provision of services (for example, water supply) and regulation and maintenance services (for example, flood control, water purification). The very high, high and medium impacts and dependencies of the individual activities at the different sites are detailed in the table "Annex: Sites near or in biodiversity-sensitive areas". Minor and very minor impacts of activities at the sites include land use, the volume of water consumption, GHG emissions and emissions of other air pollutants, as well as the generation and release of solid waste. Low and very low dependencies of activities at the sites relate to global and local climate regulation, mitigation of sensory impacts, control pattern regulation, air filtration, solid waste decomposition, dilution effect through atmosphere and ecosystems, and water supply, among others. In addition, the environmental status of the areas is addressed through the Biodiversity Intactness Index (BII) and GLOBIO Mean Species Abundance (MSA) Index in the table "Annex: Sites near or in biodiversity-sensitive areas". The BII is a metric used to assess the extent to which ecosystems are intact and functioning in relation to their natural state. It measures the abundance and diversity of species in a given area, compared to what would be expected in an undisturbed ecosystem. GLOBIO uses the MSA index to calculate the integrity of local terrestrial biodiversity, based on the assessment of human impacts.

Owing to the construction of production sites, vehicle manufacturing has a negative impact on biodiversity and ecosystems through land use change and sealing. Efforts are underway to avoid land use change (land use for production), or to reduce it as far as possible. It is intended that unused areas will be restored and used areas offset. An average of approximately 50% of the plant area is currently sealed. In 2024, the new Biodiversity Land Use Indicator (BLI) was rolled out at all passenger car and light commercial vehicle production sites and associated component manufacturing sites worldwide. The aim was to measure the impact of land consumption by the company's own production sites and their contribution to land enhancement through biodiversity actions. This metric is intended to enable an assessment of land use and setting of associated targets.

A comprehensive assessment was conducted to determine whether Volkswagen Group sites are located near biodiversity-sensitive areas. The assessment covered the Volkswagen Group properties classified as environmentally relevant. These include the production sites where activities related to the manufacturing of vehicles, components, assemblies or special-purpose machinery take place. Four more environmentally relevant sites such as environmentally relevant external production facilities and a technical development center were also included in the analysis.

The sites classified as significant due to their proximity to protected areas and the significant activities conducted there are listed in the table "Annex: Sites near or in biodiversity-sensitive areas". A radius of 4.5 km was applied in the assessment to determine whether the Group sites are located near biodiversity-sensitive areas. The results show that 58 of the 117 sites analyzed are located near biodiversity-sensitive areas. A total of 126 protected areas are located in the vicinity of the Volkswagen Group's sites. Four sites are located directly adjacent to a protected area.

An analysis of the protected areas was carried out, covering protected habitat types, endangered and critically endangered species, and species at risk of extinction. The number of species with protected status and habitats currently identified in these areas was also compared against the most recent status from the analysis conducted. No direct negative impacts caused by the production sites and other sites were identified for the protected areas for which the necessary information for the analysis was available. The impacts from our own production on changes to freshwater resources and the associated actions are described in detail in the "Water" chapter. The material impacts of production on soil degradation and desertification have not yet been assessed in detail.

POLICY: BIODIVERSITY AND ECOSYSTEMS

Biodiversity policy

The manufacture and operation of vehicles impact biodiversity through emissions, land use and transportation – from raw material extraction to the use phase through to recycling. The Volkswagen Group supports conservation projects worldwide, examples being the "Green Belt" reforestation project in China and projects to restore moorland in Germany and Poland. The Volkswagen Group has also been involved in protecting and preserving biodiversity since 2007. As described in the "Material impacts and their interaction with strategy and business model" section, the materiality assessment identified negative impacts, particularly along the upstream value chain. The negative impacts are addressed within the scope of the Biodiversity policy. The Group's Chief Sustainability Officer is responsible for coordinating the topic of biodiversity within the scope of the Group's regenerate+ strategy. The Group Head of Environment is responsible for activities relating to biodiversity in production. As environmental management officer, he performs the tasks of the Volkswagen AG biodiversity officer.

The Volkswagen Group's regenerate+ makes specific reference to biodiversity and ecosystems. The Volkswagen Group is aware of the importance of biodiversity and its dependency on ecosystem services and has therefore incorporated their protection as an action area in its environmental mission statement goTOzero. The Volkswagen Group has committed to protecting, preserving and promoting biodiversity through this mission statement and the Biodiversity Commitment: The Volkswagen Group reduces harmful emissions to air, soil and water, mitigates the impact of its business operations on biodiversity and ecosystem services and support projects to conserve these.

As a founding member of the Biodiversity in Good Company e. V. initiative, the Volkswagen Group also acknowledges the three goals of the international Convention on Biological Diversity (CBD). These are the conservation of biological diversity, the sustainable use of the components of biological diversity, and the equitable sharing of the benefits arising from the utilization of genetic resources. In the Volkswagen Group's Biodiversity Commitment, corresponding action areas have been defined to make a contribution to achieving these goals within the framework of the Group's business activities. A biennial progress report is published as part of the Biodiversity in Good Company Initiative. Furthermore, the Volkswagen Group supports the CBD's Action Agenda for Nature and People initiative by publishing its commitment on the German Business for Biodiversity platform set up by the German Federal Ministry for the Environment (BMUV), and on the CBD website.

Another component of the Volkswagen Group's efforts is raising employees' awareness by informing and training them on the topic of biodiversity and involving them in the projects.

The topics of biodiversity and ecosystems are anchored in the Code of Conduct for Business Partners with the aim of protecting natural ecosystems and achieving sustainable use of natural resources. Business partners must strive for supply chains that do not involve logging or deforestation based on the legislation applicable to them, and taking into account international biodiversity requirements. These international requirements include the resolutions and recommendations regarding biodiversity of the CBD and the International Union for Conservation of Nature (IUCN).

Another important point is that the Volkswagen Group was the first automotive manufacturer to join the LEAF Coalition (Lowering Emissions by Accelerating Forest finance) in the reporting year. Together with governments and companies around the world, the initiative supports the protection of tropical rainforests, making an important contribution to achieving the Paris climate goals, protecting biodiversity and realizing sustainable development.

The Volkswagen Group is also a member of the DRIVE Sustainability Partnership, which is involved in the development of a Raw Material Outlook Platform. This included the material change risk analysis on raw materials and their extraction and processing. One of the 16 criteria applied concerned overlaps with areas important to preserving biological diversity. The direct impacts of the production on biodiversity and ecosystems also play a key role. Details on biodiversity management at production sites are provided in the strategic vision for the Zero Impact Factory. It includes voluntary biodiversity offsets and ongoing assessment of the impacts of the production sites on biodiversity. Since 2024, the BLI has been rolled out as a new Group-wide performance indicator aimed at improving biodiversity by creating semi-natural areas at and around the sites.

The Volkswagen Group engages in dialog with expert partners and promotes networking between the realms of politics, the economy, science, regulation and associations in order to improve its own and society's knowledge about biodiversity and biodiversity management. The Volkswagen Group relies on knowledgeable partners such as non-governmental organizations (NGOs) and other local players to realize biodiversity projects.

Impacts of biodiversity loss and the state of species and dependencies on ecosystem services

The vision of the Volkswagen Group is to have a positive impact on people and nature and to make a sustainable contribution. The focus on ecosystems and preserving biodiversity is a central pillar of the Group sustainability strategy. The production and operation of vehicles impact biodiversity through emissions, land use, and transportation. This impact will be countered by reducing land use and thereby achieving added value for nature and an improvement in biodiversity. The Volkswagen Group has set itself the goal of increasing biodiversity at its production sites and within the supply chain. In accordance with the Biodiversity Commitment, the Volkswagen Group pursues these goals as follows: Risks and opportunities are assessed with respect to the Group's business activities that have an impact on biodiversity and ecosystem services. Biodiversity is also integrated into the Volkswagen Group's ECMS. Projects are also being implemented to protect and preserve biodiversity.

Sustainable raw material sourcing in the value chain

The Volkswagen Group is aware that its suppliers' business activities can have a significant impact on people and the environment. The extraction and processing of some raw materials for the automotive industry is associated with environmental risks such as deforestation and air and water pollution. The Volkswagen Group published its first Responsible Raw Materials Report in 2021. It provides detailed information on the methodologies and activities in the context of the raw materials due diligence management system for raw material sourcing. The current report covers the period from January to December 2023 and gives an insight into the scope, the methodology and the implementation of activities and results concerning due diligence for raw materials classed as a priority by the Volkswagen Group. This also involves memberships in various initiatives.

Social consequences of biodiversity impacts and sustainable land use practices

The Code of Conduct for Business Partners emphasizes the issue of damage to soil, water and air. Business partners must ensure that they do not cause any harmful soil changes, water pollution, harmful air pollution, noise emissions or excessive water consumption that could lead to significant harm to the natural basis for food and drinking water or human health. They must also observe the prohibition of unlawful eviction and unlawful taking of land, forests and waters in the acquisition, development or other use of these resources.

Biodiversity-sensitive areas

The Volkswagen Group carried out an evaluation of protected areas close to Group sites in order to determine the impacts on biodiversity of the production sites and rule out potential risks.

Assessments of compatibility with biodiversity are performed when seeking new locations for production sites. When extending existing production facilities or building new ones, protection of natural capital requires priority to be given to land already used for industrial purposes, in order to minimize land use and soil sealing as far as possible (for further information, see "Transition plan and consideration of biodiversity and ecosystems in strategy and business model" and the "Biodiversity-sensitive sites" table in the Annex).

Deforestation

Business partners must strive for supply chains that do not involve logging or deforestation based on the applicable legislation and on international biodiversity requirements. These international requirements include the resolutions and recommendations regarding biodiversity of the CBD and the IUCN. In addition, the Volkswagen Group is currently making preparations for the implementation of the EU Deforestation Regulation.

TARGETS: BIODIVERSITY AND ECOSYSTEMS

As described earlier under section "Policy: Biodiversity and ecosystems", the topics of biodiversity and ecosystems are already anchored in regenerate+, the Biodiversity Commitment and the environmental mission statement goTOzero. In order to record developments and progress, the Volkswagen Group is a founding member of the Biodiversity in Good Company e. V. initiative.

The topic of biodiversity is part of the strategic vision of the Zero Impact Factory. The Volkswagen Group has created a site checklist featuring quantifiable targets on the topic of biodiversity and ecosystems. In relation to biodiversity management, the site checklist contains criteria such as the consideration of local protected areas or the provision of funding schemes for biodiversity and environmental education. The checklist also acknowledges specific actions such as planting regional plant species at sites, semi-natural design of green spaces, and promoting biodiversity through creation of habitats at or close to sites.

Furthermore, a new metric for measuring biodiversity was introduced in 2024 – the BLI, for which a specific target will also be set in the future. This metric aims to increase the proportion and quality of semi-natural areas at the sites.

ACTIONS AND RESOURCES: BIODIVERSITY AND ECOSYSTEMS

Actions at the production sites

The sites identify, plan, perform, uphold and evaluate the biodiversity actions for their particular site themselves. The decentralized implementation of a range of nature-based actions enables the local knowledge available at the site to be harnessed. Local service providers are normally involved in implementing the actions. In suitable places, the Group's own employees are involved in designing the actions.

Examples are provided below of the actions carried out regularly at different sites, including during the reporting year, that are contributing to promoting and preserving biodiversity at the sites:

> Flower meadows created, for example in Poznań/Poland and implementation of mowing regimes adapted to flowering times, for example in Pamplona/Spain
> Bug hotels installed, for example in Crewe/United Kingdom
> Nesting boxes for birds and bats installed, for example in Barcelona/Spain and Września/Poland
> Bee colonies established, for example in Puebla/Mexico
> Trees planted, for example in San José Chiapa/Mexico
> Native wild shrubs hedges established, for example in Győr/Hungary
> Deadwood piles created, for example in Wolfsburg/Germany

There are also numerous specific projects at the sites aimed at promoting biodiversity. For example, seeds from various indigenous tree species, such as the neem tree (Azadirachta indica) and the pongam tree (Pongamia pinnata), are collected in Pune/India to grow for internal use. At the Chattanooga site/USA, a grazing project is taking place across an area of 30 hectares. The project involves allowing sheep to graze the grassland, avoiding the need for motorized mowing. Grazing is intended to reduce invasive species, while at the same time action are being taken to promote the growth of native shrubs, grasses and wildflowers.

It is also important to the Volkswagen Group that employees get involved in the biodiversity projects and to raise their awareness of the issue in the process. This is demonstrated by the example of the Volkswagen Group site in Palmela/Portugal, where 2,000 native trees and shrubs were planted by employees and their families in volunteer projects. In addition, a waste collection campaign undertaken by 120 volunteers, in conjunction with the national NGO Brigada do Mar, collected eleven tons of waste in the area around the plant and handed it in for proper disposal.

Of the more than 200 Corporate Citizenship projects implemented in fiscal year 2024, over 29 serve directly to promote and protect biodiversity. These projects include tree planting, preserving and developing ecosystems, refuse collection campaigns on beaches and in forests, environmental education, and support for research and science.

The 2024 Zero Impact Factory Award for biodiversity issues deserves particular mention. All Volkswagen Group plants were invited to submit their top biodiversity actions, from which the three most outstanding were selected as winners in early 2025.

To support the sites' biodiversity work, a Sustainability Impact Fund for internal sustainability projects will be available from 2025 onwards. A decision committee made up of experts will select the projects to be supported in the future.

Contribution to global voluntary biodiversity projects

The Volkswagen Group also aims to promote biodiversity by launching a biodiversity fund with up to €25 million per year from 2025 for external projects. The fund has a general term of five years, so projects undertaken between 2025 and 2029 are eligible for financial support. Here, too, a decision committee composed of experts will select the projects to be supported. The Volkswagen Group is already supporting biodiversity projects worldwide:

Volkswagen de México has been supporting conservation and reforestation projects since 2008, in order to preserve ecosystems. The projects create habitats for wild fauna and promote the development of biodiversity. The reforestation actions help to prevent soil erosion and promote groundwater storage. Construction of infiltration ditches also helps rainwater infiltration. This serves to protect the soil and promote groundwater recharge, for example, on the volcanic slopes of Popocatépetl and Iztaccíhuatl, where years of logging, livestock farming and fires have created open land.

The Group works with partners such as UNESCO and the Seabird Life organization to support sustainable mobility projects and to remediate storm damage in UNESCO biosphere reserves in Spain, as well as other projects to conserve and restore moorland in reserves in Poland and Germany.

Volkswagen Group China, along with the Volkswagen, Audi and Škoda brands, has initiated the Green Belt reforestation project to protect habitats and promote sustainable development. More than 8.5 million trees are to be planted by 2030 on a total area of over 40 million m^2 in ten environmentally sensitive regions in the north of China. Reforestation serves the purpose of carbon sinks, supports biodiversity and helps to prevent wind erosion and soil losses.

ŠKODA has launched the "Gardens of the Giant Mountains" project via the ŠKODA Auto Endowment Fund. The fund is an addition to the company's long-term "Škoda Trees" initiative and supports projects aimed at water retention, supporting local biodiversity and promoting nature conservation. In 2024, various actions were taken with the aim of reintroducing the Apollo butterfly (Parnassius apollo), which is on the Red List of Threatened Species and is at risk of extinction in the Czech Republic.

METRICS: BIODIVERSITY AND ECOSYSTEMS

Biodiversity Land Use Indicator

As a vehicle and component manufacturer, the Volkswagen Group has an impact on land use. Plant construction usually involves building on and permanently sealing large areas of land. To determine the contribution of production to land use and reduce it in the future, a new metric for production sites for passenger cars and light commercial vehicles was established at Group level in 2024 – the BLI. It builds on the EMAS biodiversity guide and the No Net Loss/Net Gain (NNL/NG) approach of the IUCN.

The BLI provides information on the proportion of semi-natural areas at the site, taking into account their quality. These semi-natural areas may be located on the site premises or within a 30 km radius, providing they are owned or managed by the site and serve primarily to promote biodiversity. Areas managed in conjunction with partners may also be considered where the scope of the joint management is clearly regulated. The ecological quality of each area is classified as low, medium or high. The areas are weighted according to this quality factor. A calculation tool (BLI tool) and accompanying guidelines are available for determining the site result. The initial Group-wide survey of the BLI in 2024 showed a result of approximately 28.6%, taking into account the quality of the area. A future target of this metric is planned.

Sites near or in biodiversity-sensitive areas

The sites near or in biodiversity-sensitive areas metric provides information on the number and area of sites that are in or near protected areas or in important areas for biodiversity. For 2024, the Volkswagen Group is using the radius from the EU Taxonomy reporting, which is defined as 4.5 kilometers. The corresponding protected areas have been analyzed by a third party.

SITES NEAR OR IN BIODIVERSITY-SENSITIVE AREAS

	Unit	2024	2023
Sites in the vicinity of protected areas[1]	number	58	-
Area of sites in the vicinity of protected areas[1]	hectares	8,653	-

1 No reporting possible for 2023.

Resource use and circular economy

The finite nature of natural resources and the social and environmental consequences of mining raw materials make the development of a circular economy a key sustainability topic for us.

MATERIAL IMPACTS AND RISKS AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Intensification of the closed-loop circulation of materials helps to reduce the negative environmental impact of resource consumption and counteract the shortage of raw materials. This makes it a key sustainability topic for the Volkswagen Group.

Impacts in the area of resource inflows

The materiality assessment identified an actual negative impact in the resource inflows, including resource use topic. The Volkswagen Group believes this is attributable to its current use of primary and non-renewable resources in its own business operations, but is also connected with the resource intensity of the automotive sector, including in the upstream supply chain.

In addition, the materiality assessment identified an actual positive impact, advanced by the use of secondary materials in the Group's own production and in the supply chain. For one thing, the useful life of resources is being extended. What is more, greenhouse gas emissions are being reduced and supply chains are becoming more resilient, as the use of secondary material increases material availability and creates a second supply chain option. This leads to greater resilience in the supply chain.

Impacts in the area of resource outflows

The Volkswagen Group identified an actual negative impact in the materiality assessment. The Group contributes to the depletion of scarce resources by manufacturing products using non-renewable resources in its own business operations, but also because of the current challenges in recycling and reparability in the downstream value chain.

Yet, the Group also contributes to the circular economy in a variety of ways, reducing resource outflow by promoting the reusability of products and extending the service life of products by offering repair services. In this respect, the materiality assessment also identified an actual and potential long-term positive impact in the Group's own business operations and in the downstream value chain.

Impacts in the area of waste

In the materiality assessment, the Volkswagen Group identified an actual and a potential long-term negative impact on the scarcity of resources in the area of waste. Waste is generated at all stages of the Group's value chain, from the mining of raw materials through production and up to the end of the use phase of vehicles.

Financial risks in the area of resource use and circular economy

Three material risks in the area of resource inflows were identified in the materiality assessment. Owing to proposed future statutory obligations to use high-quality plastic recyclates, raw material procurement costs are rising. This squeezes the Volkswagen Group's margins and profitability because the price increases cannot usually be passed on to customers in full.

The fluctuations and occasional scarcity in the availability of raw materials needed for battery production, as well as the tightening of statutory regulations on the recycling of old batteries, may lead to higher purchase prices or even limit availability (for example of old batteries). This may squeeze the Volkswagen Group's margins and profitability because the price increases cannot be passed on to customers in full.

Furthermore, as a result of the forthcoming tightening of legislation (Euro 7), it is likely that tires with excessive abrasion which release excessive amounts of microplastics into the environment will no longer be approved for use or that compensation payments will have to be made for such tires. As few tires are currently below the expected limits, this could lead to higher costs. Tires could become significantly more expensive, not only due to increased raw material prices but also as a result of rising demand in connection with current reduced availability.

A material risk in relation to resource outflows was identified in the materiality assessment. Non-compliance with statutory and general requirements in relation to the Group's own product may result in it not being authorized for market release. The fluctuations and occasional scarcity in the availability of raw materials needed for battery production, as well as the tightening of statutory regulations on the recycling of old batteries, may lead to sales issues. Additionally, challenges such as the limited availability of recycled materials and quality issues with recyclates may prevent the achievement of the proposed regulatory recyclate quota. According to the current draft of the new Directive on end-of-life vehicles, this could result in failure to obtain type approval in the EU. Further regulatory clarification is also required as to how the goal of achieving a circular economy will be governed in future in connection with material bans.

Interaction with strategy and business model

The impacts and risks identified in the materiality assessment have an influence on the Group's business model, strategy and value chain. The overarching topic of circular economy and resource inflows is strategically anchored in the Group sustainability strategy regenerate+. Key elements are the increasing closed-loop circulation of materials, the introduction of new recycling technologies and the use of secondary materials. The environmental mission statement also focuses on further improving resource efficiency and promoting approaches for reusing and recycling materials. In addition, the topic of resource efficiency is anchored in the Code of Conduct for Business Partners.

The Volkswagen Group responds to the impacts and risks to its business model, strategy and value chain in the area of circular economy and resource inflows by taking the following actions to mitigate negative impacts and risks and strengthen positive impacts:

The identified impacts and the risk related to resource inflows, including resource use, occur in the upstream value chain and in the Group's own business operations. In the area of resource inflows, including resource use, the use of primary raw materials, for example, will be reduced through the use of recyclates and renewable raw materials, and cross-brand working structures will be developed for a circular and resource-efficient business approach. The impacts and risks identified in connection with resource outflows related to products and services concern both the Group's own business operations and the downstream value chain. In vehicle development, actions are taken based on reparability and recycling, with plastic components labeled for easy identification and separation by type.

The impacts identified in the area of waste have an effect throughout the value chain. To counteract this, production waste is recycled at the sites in the Group, for example, and a waste management system is implemented with the aim of reducing the amount of waste and recovering unavoidable waste. Waste will also be further minimized by closing loops.

By taking additional actions throughout the entire life cycle of the product and therefore along the value chain, the Volkswagen Group counteracts the impacts and risks identified. These include moving over to new circular business models, which is to be examined and implemented.

POLICY: RESOURCE USE AND CIRCULAR ECONOMY

Resource use and circular economy play key roles in the Group strategy and regenerate+, and are addressed in a corresponding policy.

Impacts and financial effects for the topic Circular economy were identified in the materiality assessment that refer specifically to resource inflows, including resource use and resource outflows related to products and services, as well as waste. The identified impacts and risks are addressed by the resource use and circular economy policy. Key elements are the closed-loop circulation of materials, joint development of recycling technologies, the use of secondary materials, improvements in resource efficiency, and reuse and recycling of materials and components.

The increasing closed-loop circulation of materials helps to reduce the negative environmental impact of resource consumption and counteract the shortage of raw materials. This makes circular economy a key sustainability topic for the Volkswagen Group. At the same time, this development offers many opportunities: it promotes the development of new technologies through innovations in material design, recycling technologies and business models.

Conserving resources, secondary raw materials, sustainable procurement and renewable raw materials

In the nature dimension of regenerate+ , the Volkswagen Group is working to continuously reduce its demand for primary raw materials. The finite nature of natural resources and the social and environmental consequences of mining raw materials make the development of a circular economy a key sustainability topic. The focus here is primarily on conserving resources.

The topic of circular economy is a core element of the environmental mission statement goTOzero, on which the strategic design of this action area is oriented. As part of this mission statement, the Volkswagen Group is setting itself targets including further improving its resource efficiency and promoting reuse and recycling approaches in relation to materials and water. This will be achieved by using recycled material and renewable raw materials as well as by establishing closed loops for materials and water.

Resource efficiency is also addressed in the environmental protection section of the environmental policy. The Volkswagen Group's ECMS includes processes that support environmentally compatible waste management in production, recycling of waste and use of secondary raw materials.

Other topics that contribute to a circular economy are embedded in the strategic vision of the Zero Impact Factory program. Material efficiency is a focal point here. Production processes must be designed to use and reuse materials efficiently and sustainably, to reduce the volume of waste to a minimum and to recycle the waste created.

The circularity and environmental compatibility of vehicles is included in our thinking from the development stage onwards. The requirements for the development of vehicles and their components are specified in the Volkswagen Group's environmental standards. One particular example of note here is the Volkswagen Group environmental standard for vehicles, Recycling Requirements, Use of Recyclates, Recyclability Type Approval, which contains recommendations and guidelines on design for circular economy.

Other requirements include the preferred use of recyclates if technically suitable and available throughout the service life, as well as the legally required labeling of plastics in accordance with internationally applicable ISO standards.

The topics of resource efficiency, circular economy and waste management are central components of the Code of Conduct for Business Partners. Business partners are required to take appropriate actions to ensure efficient use of energy, water and raw materials, use of renewable resources and minimal damage to the environment and health. In addition, the Code calls on business partners to take appropriate actions to prevent waste, to reuse resources, to implement recycling, and to dispose of residual waste, chemicals and wastewater in a safe and environmentally friendly manner. Such actions may be taken in the development or production stages, during the product lifespan or recycling at the end of their useful life, and during further activities. Business partners must also comply with international conventions on cross-border movement of hazardous waste (for more information, see section "Actions and resources: resource use and circular economy"). Where technically possible and economically viable, the Volkswagen Group recommends that business partners use secondary materials in their processes. Business partners should know the proportion of recycled content in their products and be able to provide this information. They should also endeavor to establish and promote closed loop systems.

TARGETS: RESOURCE USE AND CIRCULAR ECONOMY

Overarching targets:

The overarching *Umwelt Entlastung Produktion* (UEP – Environmental improvement production) metric includes the volume of waste for disposal per vehicle. The UEP target therefore provides an incentive for the sites to reduce the volume of waste.

Moreover, the Impact Points method covers all production waste. The metric assesses the environmental impacts that arise through the transport and handling or disposal of production waste. The overarching impact points target likewise helps to improve waste management by rewarding higher-value processes for waste treatment.

The site checklist has a clear link to circular economy in production through the "material" action area. This includes, for example, implementing closed-loop recycling, achieving zero landfill and completely avoiding disposal of production waste to landfill, as well as substituting disposable packaging with reusable alternatives. The targets set for fulfilling the site checklist provide an incentive for the production sites to increase their resource efficiency and close material cycles.

Increasing the proportion of circular materials in vehicles

The Volkswagen Group aims to be using 40% circular materials in its vehicles from 2040 onwards (excluding China). By increasing its use of renewable, recycled, and reconditioned materials, the Volkswagen Group aims to make a significant contribution to the circular economy, reduce its use of primary raw materials and extend the service life of valuable resources.

The Volkswagen Group is also working hard to meet future statutory targets for improving the sustainability and environmental friendliness of its products. In accordance with the draft regulation on circularity requirements for vehicle design and on disposal of end-of-life vehicles, starting from around 2032 new vehicles must contain a specific share of post-consumer plastic recyclate (PCR), with a corresponding proportion coming from end-of-life vehicles (ELVs).

Another target in accordance with the new Batteries Regulation concerns the battery cells in electric vehicles. From 2031, 6% lithium, 16% cobalt and 6% nickel must come from end-of-live high-voltage batteries or battery production waste.

Sustainable sourcing and use of renewable resources

The Volkswagen Group intends to increase the use of circular materials, with the increasing use of renewable resources playing a key role. The sustainability rating (S-Rating) target can support the sustainable sourcing of resources (for more information, see the "Workers in the value chain" chapter). The S-Rating is used to check the level of compliance with Volkswagen's sustainability requirements by direct suppliers with a high sustainability risk. We have set ourselves the objective of, in terms of revenue, 95% of our direct suppliers having a positive S-Rating (A or B scores) by 2040. We have set ourselves the objective of, in terms of sales revenue, 95% of our direct suppliers having a positive S-Rating (A or B scores) by 2040. As an intermediate target, we aim to achieve 85% in 2025.

Sustainability requirements for suppliers

In line with the goal of increasing the number of suppliers with environmental certification (see the "Overarching targets and metrics" section in the "Introduction to environmental management" chapter), 95% of the Volkswagen Group's suppliers that operate a production site with more than 100 employees are to be certified in accordance with the ISO 14001 or EMAS environmental management system by 2040.

Expansion of circular product design

The Volkswagen Group has not yet set measurable outcome-oriented ESRS-related targets for expanding circular product design. The "Circular economy" area generally focuses on the use of circular materials. Vehicles are already developed based on circular criteria with a view to their entire life cycle. Attention is paid to the recyclability of the materials and avoidance of pollutants (for more information see section "Policy: resource use and circular economy" and "Actions and resources: resource use and circular economy").

Allocating targets to the waste hierarchy

The Volkswagen Group bases its treatment of waste on the waste hierarchy. Avoiding waste has top priority. Unavoidable waste must be subjected to recycling processes of the highest possible quality. The lower levels of the waste hierarchy provide for disposal in the form of incineration and, as the last option, landfilling.

The waste hierarchy is also taken into consideration in the Impact Points method. Waste with lower environmental relevance has lower eco-factors than waste with a potentially high environmental impact. The Impact Points targets therefore provide an incentive to allocate waste to a higher-value recovery operation.

ACTIONS AND RESOURCES: RESOURCE USE AND CIRCULAR ECONOMY

Contribution to a circular economy

After achieving the longest possible service life, material recycling during the vehicle recovery phase is becoming increasingly important. Vehicles already have a long service life; the average age of an end-of-life vehicle is 14 to 20 years according to national authorities in Europe. The initial steps in relation to circular economy concentrated on batteries, steel, aluminum and plastics. The results obtained from this are used to further develop the overall circular economy strategy and to devise new business models. The topic of circular economy is also about strengthening the company's resilience and minimizing dependencies. The Volkswagen Group achieves this in particular by closing its own material loops.

Cross-divisional and cross-brand working structures have been developed at Group level for managing the topics to be developed. These build on the work of committees including the Group Steering Committee for the Environment and Energy, the Group Steering Committee for Product Recycling and the Sustainability Product Group platform. In addition, information is shared between the employees active in waste management, who meet up regularly within the scope of a working group. The Volkswagen Group will seek to intensify its efforts for a transition to an economically and environmentally sound circular and resource-efficient business approach in the future. To achieve this, it relies on alliances and the implementation of joint projects with various partners, such as suppliers, plant manufacturers, the recycling sector and universities.

Among others, two alliances for sustainable raw material extraction can be highlighted here: the Global Battery Alliance and the Initiative for Responsible Mining Assurance (IRMA). Sustainable use of resources involves extracting these raw materials under fair and humane conditions and using them efficiently. This is why the Volkswagen Group supports the Global Battery Alliance, a partnership of 140+ companies, governmental and non-governmental organizations as well as researchers. Its main goals are socially and environmentally responsible raw material extraction, transition to a circular economy achieved through reuse and recycling, and innovation along the entire value chain. This alliance of companies, mining companies and non-profit organizations works to implement common standards for better conditions in industrial mining – for example, with regard to health and safety in the workplace or environmental protection. The IRMA standards are being gradually integrated into the Volkswagen Group's own supply chain.

Actions along the entire life cycle

The most important actions to be taken to implement the circular-economy strategic orientation include further clarifying targets and indicators and also realizing circular business models. This applies to the most important components and materials, such as batteries, steel, aluminum and plastics. In addition to the existing metrics (DCI, UEP), the Board of Management adopted a set of metrics for the topic of circular economy in the reporting year. It includes a description of the use of circular materials at vehicle level. This set of metrics will also be used in battery production and will show the progress in this area. There will be reports on the metrics.

To make our contribution to a circular business approach, the Volkswagen Group is continuously stepping up efforts to use material loops in production processes, as recycling is an important means of reducing environmental impact and conserving resources. Material loops are being intensified, for example, by the return of aluminum or through the recycling of waste.

For the Volkswagen Group, recycling begins at the new vehicle development stage. Here it focuses on the recyclability of the materials and avoidance of pollutants. The Group also gives recommendations on the reparability of the materials. For this reason, all components made of plastic are labeled in accordance with international ISO standards so that the plastics can later be identified and separated by type. In addition, the vehicle environmental standard includes design recommendations that enable materials to be more effectively separated from each other after the end of the vehicle's life. Likewise, all fluids can later be removed from the end-of-life vehicle and many components disassembled.

In its environmental standard for business partners, the Volkswagen Group requires the use of secondary materials obtained from production waste (pre-consumer recyclates) or end-of-life products (post-consumer recyclates) if these meet the same quality standards as primary materials and are available in sufficient quantity over the service life.

Sustainable supply chains

In the area of Group Procurement Sustainability, a comprehensive strategy program was launched in 2022 whose aims include continuously strengthening sustainability. It focuses on the topics of circular economy and climate neutrality, fairness and equality and global management. The first focus topic covers initiatives and projects relating to the topics of decarbonization, the circular economy, resource efficiency, and biodiversity. Additional work focuses include implementing projects and partnerships in the area of the circular economy and reducing CO_2e emissions in the supply chain.

The Volkswagen Group is aware that its suppliers' business activities can have an impact on people and the environment. To that end, it published the first of its now annual Responsible Raw Materials Reports in 2021. This provides detailed information on the Volkswagen Group's methodologies and activities in the context of the raw materials due diligence management system.

The Volkswagen Group works continually on responsible supply chains for 18 high-risk raw materials, including battery raw materials and rare earth elements. Since 2022, there has been cooperation with international representatives from industry, government ministries, science and technology in the field of rare earth elements. Specific sustainability criteria are to be determined in cross-industry initiatives and implemented along the supply chain. The same applies to possibilities for auditing. As part of the DRIVE Sustainability Initiative, a risk analysis of human rights and environmental issues was carried out for the rare earth supply chains. Based on a systematic risk analysis, social and environmental risks and corruption along the supply chain will be preventively avoided. The analysis should also help to detect and deal with violations by suppliers and continuously improve their sustainability performance. The Volkswagen Group's responsible supply chain system (ReSC system) includes elements for this that build on each other.

For example, there have been material specifications for leather since early 2022, with compliance mandatory for all new contract award suppliers since April 2022. Disclosure of the country of origin of the raw product and provision of a leather-specific sustainability certificate – such as Leather Working Group certification – is requested by means of the specifications. In this way, the Volkswagen Group obligates its suppliers to respect animal welfare and ensure responsible production and processing of leather. This includes compliance with strict criteria regarding water consumption and avoiding water contamination in the tanning process, among others.

Leather is one of the 18 materials defined by the Volkswagen Group as high risk. The Sustainable Leather Specifications have been created to work towards environmentally and socially responsible procurement of leather and to minimize the identified risks. The Volkswagen Group therefore requires transparent and responsible raw materials supply chains as a binding prerequisite for all future nominations (global and forward sourcing) of all procured leather, including direct and indirect quantities. Suppliers are requested to adhere to the "Sustainable Leather" Specifications and provide proof of this prior to nomination.

Use of renewable raw materials

To cut down on resource consumption, the Volkswagen Group starts using raw materials from renewable sources from the vehicle design phase onwards. Wherever possible, the Group brands use, for example, the natural fibers flax, cotton, wood and cellulose.

Use of recyclates in vehicles

Using the highest possible proportion of recycled materials is very important for the Volkswagen Group. The Volkswagen Group's environmental standards also state that recyclates or materials with a recyclate content are to be used preferentially in place of other materials where technically possible. In the ID. family, recyclates can be used in the following components, for example: headliners, fabrics, carpets, seats, door trim panels and decorative inlays. Some of the seat textiles for individual equipment lines are made of up to 100% recycled PET, mostly manufactured from used PET bottles.

The Volkswagen Group is researching a range of promising approaches and implementing them in series production with the aim of continuously reducing its environmental footprint further. It focuses on non-animal and recycled materials for interior equipment. The plan for Volkswagen brand all-electric models is therefore to use non-animal materials as alternatives in the interior as far as possible. For example, alternative materials made of marine plastic or old PET bottles (approximately 63 500 milliliter bottles) are used in the seat covers of the Design and Comfort lines of the ID. Buzz People. The surface material of a seat cover is made of Seaqual® yarn, which contains 10% ocean waste and 90% recycled PES. This saves 32% of CO_2e carbon emissions in manufacture compared to traditional surface materials. The recycled content of seat covers made of ArtVelours Eco® is 71%.

Recycled materials are also used in the ID.7. Recyclates – materials from recycled products – are used for some of the seat upholstery, floor coverings, surfaces and the roof liner of the ID.7. The decorative headliner "Anmut", the "Dilours" carpet and the floor mats, for example, are made from nearly 100% recycled PET. ArtVelours Eco consists of 71% recycled material made from PET bottles and used T-shirts. Highlights in the interior include – depending on equipment – ArtTex imitation leather and the microfiber material ArtVelours Eco, used for the center console and the interior door paneling. Both materials look just as classy as leather and have a similar feel. Bio-based plasticizers are used, which is an important step towards increased sustainability.

In-house expertise in battery recycling and conserving resources

The Volkswagen Group has been heavily involved with research, development and validation of battery recycling processes, concepts and strategies since 2009. The Group is currently exploring strategic partnerships with numerous players in the battery value chain to comprehensively close the loop for the Group. The Volkswagen Group opened its first pilot facility for recycling high-voltage batteries at the Salzgitter site in early 2021. The objective is to develop industrialized recovery of valuable raw materials such as lithium, nickel, manganese and cobalt in a closed loop and also of aluminum, copper and plastic. Additionally, various concepts for discharging and dismantling batteries are being developed, alongside investigations into the further recyclability of battery materials. The facility has been initially designed to recycle up to 3,600 battery systems per year in pilot operation. The long-term goal is to develop a closed material loop for high-voltage batteries to support the provision of the Group's own supply chains with the most sustainable raw materials possible.

The Volkswagen Group is one of the few automotive manufacturers around the world that is adopting a hands-on approach to the battery as a core e-mobility technology – from the procurement of raw materials all the way through to recycling. The PowerCo cell factories play a key role in this ambition, and will be designed to maximize material use within production through close-to-production recycling of production waste. PowerCo is also planning the systematic use of recyclates and, in collaboration with the Volkswagen Group, is forging ahead with the development of end-of-life battery recycling.

In the reporting year, three Group-owned sites for battery cell production were under construction, including the main plant in Salzgitter/Germany, Valencia in Spain and St. Thomas in Canada. In addition, each factory will use electricity generated with low CO_2 emissions and be designed for future closed-loop recycling, i.e. recycling as part of a circular economy. The circular economy will first be implemented for NMP and cathode active materials.

To date, tools for engine production have been processed at the center of excellence for tools at the Salzgitter site to make them suitable to return to use. The existing expertise in production tool preparation is also to be applied to battery cell manufacture in the future.

Along with efforts to recycle batteries, other solutions for conserving resources are also being worked on, for example in the ID.7. Intelligent and resource-saving solutions for electric car batteries are currently in development.

Aluminum closed loop

The Aluminum Closed Loop project, launched at the Audi plant in Neckarsulm/Germany in 2017, is the first closed loop for aluminum to be implemented across company boundaries. The waste from aluminum sheet-metal parts from the press shop is sent directly back to the suppliers, who recycle the waste and use it to produce new material that Audi then uses again in the press shop. Compared with using primary aluminum, recycling aluminum waste can save up to 95% of the energy used in manufacturing. In this way, Audi continuously avoids CO_2e emissions and reduces the quantity of primary raw materials needed. In addition to the Audi plants in Ingolstadt/Germany, Neckarsulm/Germany and Győr/Hungary and the multibrand plant in Bratislava/Slovakia, the Audi Münchsmünster and Volkswagen Emden sites in Germany have been part of the aluminum closed loop process since 2024.

Internal and external recycling of production waste

Waste with recyclable content generated in production is increasingly being incorporated into closed-loop processes. For example, all aluminum chips generated at the Kassel/Germany site are returned to the casting process in the foundry. Almost 15 tons of aluminum chips are produced in Kassel each day and melted down in the plant. According to forecasts, this alternative to regular aluminum production using primary raw material reduces energy requirements by up to 2,000 MWh per year and reduces CO_2 emissions by around 800 tons per year.

In addition, at the Volkswagen plant in Wolfsburg, plastic waste produced in the process of manufacturing gasoline tanks (co-extrusion) is treated and used for the production of diesel tanks (mono-extrusion). As a result, over 400 tons of material that would otherwise have been disposed of was reused in plastic tanks in 2023.

The Volkswagen Group aims to optimize the recycling processes even further by being actively involved in publicly funded research projects on recycling technologies. These projects are carried out in collaboration with partners such as universities and research institutions throughout Germany and aim to improve and automate individual process steps. This relates, for example, to dismantling batteries or recycling raw materials multiple times.

One example of this is the research consortium HVBatCycle. The consortium, which was created in 2023, is funded by the German Federal Ministry for Economic Affairs and Climate Action (BMWK) and is set to operate for three years. Under the leadership of the Volkswagen Group, the consortium wants to prove that the most valuable components of traction batteries can be recovered and reused several times in succession through recycling. The aim is to permanently recover valuable materials, contributing to more sustainability and greater security of supply.

The Open Hybrid LabFactory (OHLF) in Wolfsburg is also involved in researching automotive material loops. Funded by the German Federal Ministry of Education and Research (BMBF), the research campus provides a platform for dialog between science and industry in order to accelerate research activities and their implementation in mass production. The OHLF's work is divided into four fields of research: design for circular economy, processes for reverse production, circular material concepts and overall system analyses and design.

Waste management

The Volkswagen Group's approach to waste disposal in production aims to continuously reduce the quantity of waste we produce, to reuse unavoidable waste to a high standard and to close loops. The focus is on avoiding waste creation by optimizing production and auxiliary processes and increasing material utilization levels (material efficiency), prioritizing the reuse of waste and reducing the quantity of waste for disposal. Digital waste management systems are increasingly being used to optimize the management of waste. They make it easier to control waste management processes and facilitate state control of the disposal of hazardous waste.

The Procurement Division has established a Group-wide system for recovering waste materials that can generate income, for example, paper, plastics, wood, electronic components and metal. Efforts to avoid plastic waste have been stepped up with the Zero Plastic Waste project. This includes recycling plastic waste in diesel tank production.

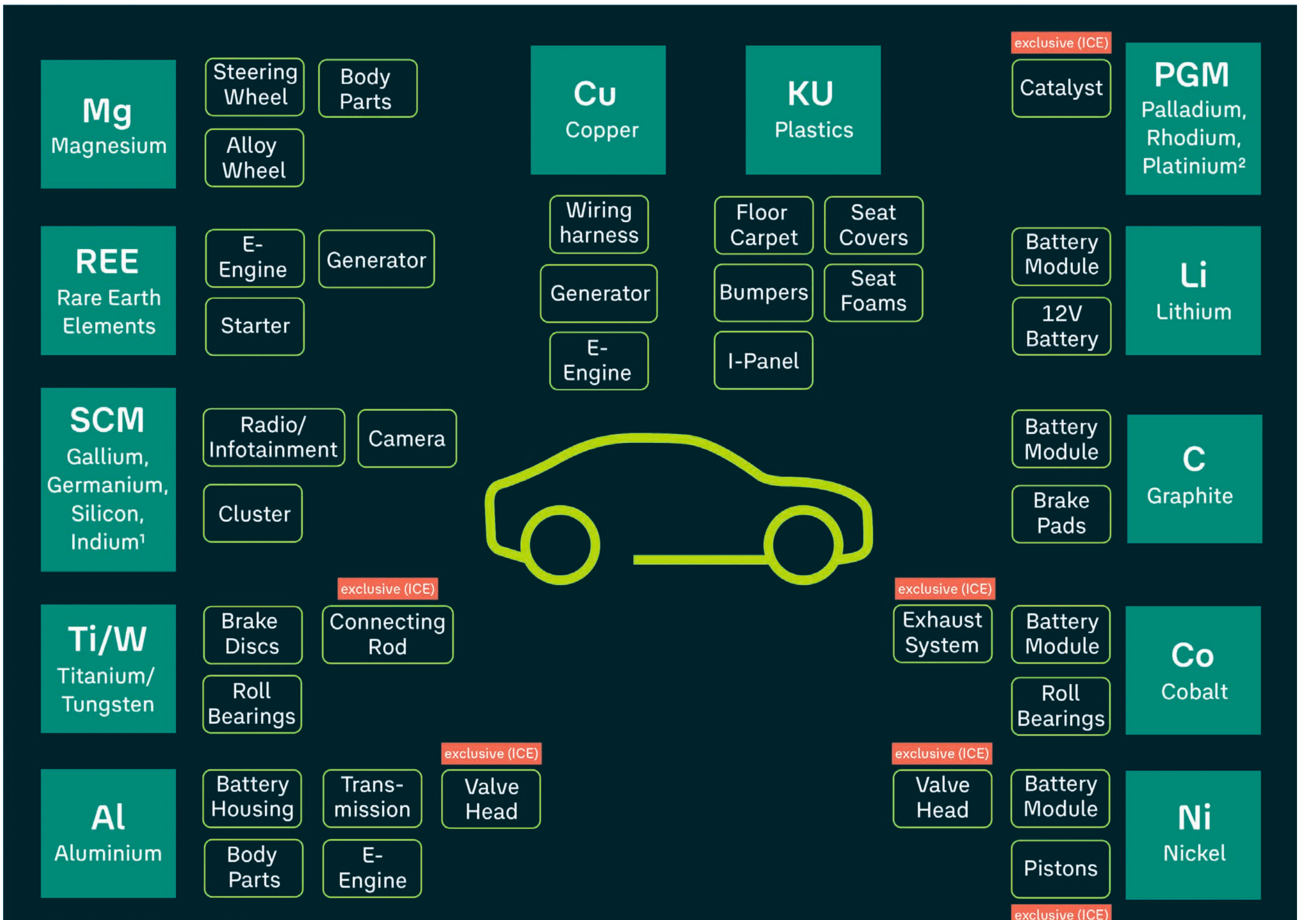
Waste management also forms part of the Code of Conduct for Business Partners. This sets out that business partners must take appropriate actions to prevent waste, to reuse resources, to implement recycling, and to dispose of residual waste, chemicals and wastewater in a safe and environmentally friendly manner. Such actions may be taken in the development or production stages, during product use and recycling at the end of their useful life, and during other activities. In particular, our business partners must also comply with national and international conventions on waste, in particular the 1989 Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, and other applicable conventions and legislation at national and international level.

METRICS: RESOURCE USE AND CIRCULAR ECONOMY

Resource inflows

Material and product inflows

A vehicle essentially comprises around 10,000 individual parts. A particular focus can be placed on the following components with a view to raw material criticality, supply chain risk and relevance to sustainability (see illustration): steering wheels, aluminum wheel rims, aluminum exterior parts, high-voltage batteries, permanent magnets, generators, wiring harnesses, brake discs, semiconductor-relevant material groups (e.g. infotainment systems, control modules, radios) catalytic converters and seat modules (foam and covers). Every year, the Volkswagen Group purchases a wide range of raw materials, components and other goods.



1 Semiconductor material
2 PGM = Platinium Metal Group

Critical raw materials and rare earths in operations and the value chain

As already mentioned in section "Actions and resources: resource use and circular economy", the Volkswagen Group uses raw materials from renewable sources to reduce resource consumption. Wherever possible, the Group brands use, for example, the natural fibers flax, cotton, wood and cellulose. Such materials can be used if they comply with all the technical requirements and perform better than conventional materials over the life cycle.

Electric drives are an important step toward low-emission mobility and so help to protect the climate. At the same time, their production results in different components entering circulation from the production of conventional vehicles, for example, high-voltage batteries. The raw materials these contain are valuable and it is important for them to remain in circulation for many reasons. Using battery raw materials multiple times helps the Volkswagen Group to reduce its carbon footprint, for example.

The Volkswagen Group wants to live up to its responsibility in the procurement of raw materials in the automotive industry. To that end, it published the first of its now annual Responsible Raw Materials Reports in 2021. In total, the management system currently covers 18 raw materials. These include the battery raw materials cobalt, lithium, nickel and graphite, the conflict minerals tin, tungsten, tantalum and gold (3TG), and aluminum, copper, leather, mica, steel, natural rubber, platinum group metals, and rare earths, and the newly added raw materials cotton and magnesium.

In terms of procurement, the following raw materials are currently purchased directly: steel, platinum group metals (PGMs), aluminum and plastics (both for in-house production only) and leather. Given the increasing complexity of the supply chains and the geopolitical and material availability challenges of recent years, it is necessary to expand the range of raw materials purchased directly and to define an efficient Group-wide material protection strategy. The plan is to develop a Group raw material procurement process to secure critical and strategic raw materials (contained in focal components). Strategic support is to be provided for nine different raw material groups. The raw material groups are magnesium, rare earth elements, aluminum, semiconductor materials (gallium, germanium, silicon and indium), tungsten, titanium, recycled materials (plastics and aluminum), copper, plastics (primary production) and PGMs. The definition of these nine focal raw material groups is based on an internal criticality analysis that applies six different criteria and their commercial relevance. The results were then compared with the Critical Raw Materials List from the EU Critical Raw Materials Act and confirmed accordingly (see illustration).

Source: Study on the Critical Raw Materials for the EU – Version 2023

Water in operations and the value chain

The supply chain, in particular obtaining and processing raw materials, is responsible for the majority of our water use. Through the Code of Conduct for Business Partners, the Volkswagen Group exerts influence on the supply chain and requires that its suppliers do not cause water pollution or excessive water consumption that could lead to significant harm to the natural basis for food and drinking water or human health. Approximately 42.3% (around 14.5 million m³) of Group-wide water withdrawal is attributable to sites in areas of high to extreme water stress (for further information on water management see the "Actions and resources: water" section of the "Water" chapter).

New production sites in the reporting year

No new production sites were opened in the reporting year, so there were therefore no significant resource inflows in this respect.

Methodology used to record quantitative resource inflows based on reference vehicle approach

The resource inflows for the vehicle-related business for reporting year 2024 were calculated using a reference vehicle/output-based approach. This involves a back-calculation from the materials installed in the vehicle to the materials flowing into the vehicle to determine the resource inflows in quantitative terms. The Tiguan and ID.4 passenger car models were selected as sample reference vehicles. They were among the most produced vehicles in the reporting year.

In terms of vehicle configuration, the most representative configurations based on sales data were used. The maximum vehicle weight was selected based on conservative assumptions.

The waste material created in production was not included for reporting year 2024 as insufficient data was available.

The reference models are weighted based on production figures in the reporting year and extrapolated based on the ratio of production of internal combustion engine models to battery-electric vehicle models to determine the resource inflow metrics.

TOTAL WEIGHT OF PRODUCTS AND MATERIALS USED

		2024	
	Unit	Battery-electric vehicles	Internal combustion engine vehicles
Total weight of products and technical and biological materials used	tons	1,185,989	8,639,279
Weight of technical materials	tons	1,184,705	8,622,786
Weight of biological materials	tons	1,283	16,493
Proportion of sustainably sourced biological materials	%	0.0	0.12
Weight of reused or secondary recycled components, products and materials used (minimum to maximum)	tons	147,764 – 295,493	1,413,941 – 2,264,010
Percentage of reused or secondary recycled components, products and materials used	%	12.5 – 24.9	16.4 – 26.2

Information about the resource inflows of other Volkswagen Group brands (Porsche and TRATON GROUP) can be found at the end of this chapter. There is no reporting on quantitative resource inflows for MAN Energy Solutions in 2024.

Methodology used to record technical and biological materials and products

The reference vehicle approach is also used to calculate technical and biological materials and products. The materials are recorded in line with the VDA 231-106 material classification. VDA categories 1 to 9 comprise technical materials such as steel and polymer materials (with the exception of category 7.1, which comprises biological materials such as leather and wood).

Methodology used to record sustainably sourced biological materials

The reference vehicle approach described above is also used to calculate biological materials that were sustainably sourced. The following definition applies to determining biological materials that were sustainably sourced: a biological material is deemed to be sustainably sourced if it is certified under a recognized and widespread certification system. Leather is considered to be sustainably sourced at the Volkswagen Group in line with this definition. In accordance with the "Sustainable leather specification document", suppliers must have a certificate from the Leather Working Group (LWG) or comparable certification from a similar organization.

Biological materials are determined pursuant to VDA category 7.1 "modified organic natural materials", which include organic natural materials such as wood and cotton fleece in addition to leather. To identify the leather within VDA category 7.1, a structured analysis was carried out for weight-relevant parts per vehicle so as to list all materials that indicate a leather material based on their pure substances (for example, collagen). These pure substances were only identified for the Tiguan; there is no leather in the ID.4.

There are no biofuels used for non-energy purposes with respect to our product.

Methodology used to record shares of secondary materials

The reference vehicle approach is used to calculate the proportion of secondary materials flowing in. The materials are recorded in line with the VDA 231-106 material classification.

The Volkswagen Group has developed a standardized process to calculate the share of secondary materials in vehicles. Essentially, the objective is to determine the proportion of secondary materials in accordance with DIN EN ISO 14021:2012. This process follows an internal work instruction which has been externally audited. A system-based method is used to determine the share of secondary materials. In VDA categories 1 to 3, the proportion of secondary materials is determined based on VDA data, and in categories 4 to 9, based on supplier data. The resulting proportion of secondary materials in the vehicle is presented as a from/to range. The results reflect the data available at the time the data is collected.

Packaging is also significant in resource inflows in relation to the product. In this context, the vehicle is considered the product. Accessories or other materials are not included. Packaging within the meaning of the ESRS definition comprises materials passed on to the user or consumer. Although the Volkswagen Group does use packaging materials to transport vehicles to dealerships, they are removed prior to handing over the vehicles to users and consumers. Therefore, the transport protection materials pursuant to the ESRS definition are not to be understood as packaging and are not included in the report.

Avoidance of double counting in reuse and recycling

No reused components are currently used in production, so double counting of reused and recycled components can be ruled out.

Methodology used to record quantitative resource inflows of the Porsche AG Group

To determine the total material consumption for the vehicles produced, the percentage-based material composition is evaluated for each model series for a representative vehicle. The evaluation categories are taken from VDA 231-106 "Material classification in motor vehicle construction: Structure and nomenclature". Finally, the total number of vehicles produced and the average weight per model series can be used to determine higher-level totals for material consumption per material group. Leather is the most relevant biological material in Porsche vehicles. It was not possible to collect data on the proportion of secondary materials for the vehicles produced in the Porsche AG Group for the 2024 reporting year.

TOTAL WEIGHT OF PRODUCTS AND MATERIALS USED IN THE PORSCHE AG GROUP

	Unit	2024
Total weight of products and technical and biological materials used	tons	621,679
Weight of technical materials	tons	-
Weight of biological materials	tons	-
Proportion of sustainably sourced biological materials	%	0.2

Methodology used to record quantitative resource inflows of the TRATON GROUP

Vehicles' total weight is calculated either based on supplier data on the weight of the parts or by directly weighing the vehicles. To calculate the total value, the weight data for each product group is averaged and multiplied by the production volume. The total weight of the products is divided into material groups and the corresponding proportion of secondary materials is applied.

TOTAL WEIGHT OF PRODUCTS AND MATERIALS USED BY THE TRATON GROUP

	Unit	2024
Total weight of products and technical and biological materials used	tons	2,473,853
Weight of technical materials	tons	-
Weight of biological materials	tons	-
Proportion of sustainably sourced biological materials	%	0.0
Weight of reused or secondary recycled components, products and materials used	tons	604,511
Percentage of reused or secondary recycled components, products and materials used	%	24.4

Resource outflows

Group standard 98000 defines indicators for waste that are to be collected uniformly at all sites worldwide. This includes both production waste and non-production-specific waste.

The site checklist also describes voluntary criteria for the handling of waste. With regard to waste disposal, this includes waste disposal audits for waste streams, a ban on landfilling of production-specific waste and quotas for the maximum proportion of disposal waste in production. With regard to packaging and disposable products, criteria such as the substitution of disposable packaging with reusable alternatives or the recycling of packaging materials were defined.

Material and product outflows

Activities focus on the development of vehicles, engines, motors, vehicle software and batteries, the production and sale of passenger cars and light commercial vehicles, and the genuine parts business. The product portfolio ranges from compact cars to luxury vehicles and also includes motorcycles, and is supplemented by mobility solutions. The Commercial Vehicles Business Area primarily comprises the development of vehicles and engines, motors, the production and sale of trucks and buses, the genuine parts business and related services. The commercial vehicles portfolio ranges from light vans to heavy trucks and buses.

When new vehicles are being developed, attention is paid to the recyclability of the required materials and avoiding pollutants in order to make a contribution to a circular economy. Under the current European Directive on end-of-life vehicles, passenger cars and light commercial vehicles must be 85% recyclable and 95% recoverable at end of life. All Volkswagen Group vehicles registered in Europe comply with this law.

In addition, the Group standard on recycling sets out requirements relating to the recyclability of vehicles, including design recommendations that enable materials to be more effectively separated from each other after the end of the vehicle's life. Another example is the labeling of all components made of plastic in accordance with international ISO standards so that they can later be identified and separated by type.

Vehicles already have a long service life: The average age of an end-of-life vehicle in Europe is 14 to 20 years according to national authorities. This useful life helps to minimize the consumption of resources and energy and provide extended producer responsibility with a circular business approach in mind.

Sector comparison of product service lives

Mileage of 200,000 km is assumed for passenger cars. This is a standard figure used by the Volkswagen Group and various other car manufacturers which applies the life cycle assessment. This figure was also confirmed in a scientific study by Weymar and Finkbeiner (2016), which involved statistical analysis of different data sets, including from the *Kraftfahrt-Bundesamt* (KBA – German Federal Motor Transport Authority), of a sample of more than 800,000 vehicles.

TRATON GROUP vehicles are constructed and built to be operable for a long period of time. Their longevity is underpinned by regular maintenance and repair or through replacement of defective parts. However, there is currently no industry-wide standard or average method for calculating the service life of heavy commercial vehicles.

Reparability

The Volkswagen Group's focus on high quality with a low need for repair and good reparability is aimed at ensuring a long service life for the vehicles during the use phase and is therefore an important contribution to resource efficiency.

Availability of replacement parts

A network of some 2,000 service facilities support repair work on Volkswagen Group vehicles in Germany. The service experts are equipped with cutting-edge technology and special tools in order to ensure efficient and high-quality repairs.

The Volkswagen Group offers its customers high availability of parts, delivering these as quickly as possible. This enables the service facilities to provide repairs and services quickly. Automatic delivery of quick-turn parts ensures that the Volkswagen dealer and service facility network can always guarantee a direct and prompt supply.

Repair time

The design of vehicles enables fast and comprehensive reparability that is highly adaptable to the cause of the damage. For instance, according to the repair manual, the headlight of the Tiguan model year 2025 can be replaced in 110 time units (66 minutes). In cases of minor crash damage, the highly complex and expensive LED headlights are not generally affected, so replacement of the plastic headlight base is sufficient. This alternative repair solution involves a separate working position in addition to the inexpensive headlight bracket. Furthermore, this customer-centric repair solution is sustainable and reduces the cost of replacement parts and the working time compared to replacing the entire headlight.

With respect to high-voltage batteries, the professional service centers and the damage assessors from insurance companies are also provided with a damage assessment checklist for all battery components. In the event of an accident repair, this ensures that reusable components can remain in the vehicle, where environmentally and economically viable, and that only the damaged components are replaced. In such cases, the dealer is provided with extensive workshop information including the necessary repair times.

Costs

The Volkswagen Group offers a comprehensive range of services, with service reflecting the vehicle's current value and high replacement part quality, enabling more cost-effective repairs. It includes, for example, the Volkswagen Economy Service for vehicles older than four years, which is offered to customers in Germany. This underscores the company's objective of reducing overall costs for vehicle owners.

Proportion of recyclable content in products

Under the European Directive on end-of-life vehicles, passenger cars (M1) and light commercial vehicles (N1) must be 85% recyclable and 95% recoverable at end of life. All Volkswagen Group vehicles registered in Europe comply with these standards.

The recycling and reuse rates are calculated based on ISO 22628 (Road vehicles – Recyclability and recoverability – Calculation method). The rates are calculated in an internal IT system and based on the material data sheets of the components and materials used.

For information on packaging, refer to the section "Methodology used to record shares of secondary materials".

Relevant waste streams and materials present in waste

As an automotive manufacturer, production-specific waste streams are of particular significance to the Volkswagen Group. The majority is attributable to scrap metal comprising chips, sheet stamping waste, castings and other metal debris. The composition of scrap metal varies based on the production process and the materials used. For example, scrap steel predominates in vehicle body production, whereas the manufacture of engines and transmissions creates mainly scrap aluminum.

Large quantities of waste containing plastic are also generated, such as from injection molding, extrusion and mechanical processing of interior components, bumpers and other structural vehicle parts. The content of this waste is very varied and comprises mainly polypropylene, polyethylene, polyurethane, and composite materials.

Paint sludge generated from painting vehicles represents another important waste stream. Its composition depends on the type of paint used and may include solvents, pigments, resins, fillers, and additives. The delivery of components also involves paper, cardboard, and plastic packaging materials. The final type of waste is hazardous waste, which is generated from processes including chemical surface treatment and coating of body parts, replacing used oils and lubricants, and the use of cleaning agents and solvents.

WASTE METRICS

		2024		2023	
Metric	Unit	Volkswagen Group	Companies with operational control	Volkswagen Group	Companies with operational control
Total waste[1]	tons	2,357,654	573,762	2,420,453	641,200
Total waste for recovery	tons	2,185,092	556,443	2,278,457	613,576
Waste for recovery – preparation for reuse	tons	171,809	21,174	160,609	20,872
Of which non-hazardous waste[2]	tons	158,931	11,513	-	-
Of which hazardous waste[2, 4]	tons	12,878	9,661	-	-
Waste for recovery – recycling	tons	1,875,417	485,566	1,844,070	540,611
Of which non-hazardous waste[2]	tons	1,773,202	471,282	-	-
Of which hazardous waste[2, 4]	tons	102,216	14,283	-	-
Waste for recovery – other recovery actions[5]	tons	137,866	49,703	273,779	52,093
Of which non-hazardous waste[2]	tons	93,043	46,867	-	-
Of which hazardous waste[2, 4]	tons	44,823	2,837	-	-
Total waste for disposal	tons	172,596	17,318	141,996	27,624
Waste for disposal – incineration	tons	19,229	14,514	15,996	23,969

Of which non-hazardous waste[2]	tons	3,130	3,750	-	-
Of which hazardous waste[2, 4]	tons	16,098	10,765	-	-
Waste for disposal – landfill	tons	144,750	2,586	110,417	3,014
Of which non-hazardous waste[2]	tons	114,262	736	-	-
Of which hazardous waste[2, 4]	tons	30,487	1,851	-	-
Waste for disposal – other disposal actions[6]	tons	8,618	218	15,583	641
Of which non-hazardous waste[2]	tons	6,740	218	-	-
Of which hazardous waste[2, 4]	tons	1,878	0	-	-
Of which radioactive waste[2]	tons	0	0	-	-
Non-recycled waste[3]	tons	310,492	67,022	415,775	79,717
Non-recycled waste – share of total waste volume[3]	%	13.2	11.7	17.2	12.4
Total hazardous waste[2]	tons	210,023	39,396	-	-

1 The waste inventory contains estimated values, which were calculated using company-specific allocation keys, among other things.
2 No reporting possible for 2023.
3 Excluding waste for recovery – preparation for reuse.
4 Waste volumes with non-verifiable hazardousness are classified as hazardous waste.
5 Waste volumes with non-verifiable recovery operations are classified under other recovery operations.
6 Waste volumes with non-verifiable disposal operations are classified under other disposal operations.
The information for 2023 is provided voluntarily and has not been externally validated.

Methodology for calculating the waste generated

The volumes of all types of waste generated must be reported. This necessitates determining the masses of waste that leave the company's plants or are disposed of in the plants' own disposal facilities (e.g. landfills or incinerators). The total volume of waste also includes waste that is prepared for reuse, recycled, recovered in some other way, incinerated, landfilled or otherwise disposed of. Waste is to be recorded by weighing or calculating the unit weights.

For more information on recording environmental data, see the "Overarching targets and metrics" section in the "Introduction to environmental management" chapter.

EU Taxonomy

Doing business in an environmentally sustainable way is one of the central challenges of our time. The EU has defined criteria for determining the degree of a company's environmental sustainability. With our taxonomy-aligned investments in development activities and in property, plant and equipment, we are today already shaping the future in an environmentally sustainable way as envisaged by the EU Taxonomy.

BACKGROUND AND OBJECTIVES

As part of the European Green Deal, the European Union (EU) has placed the topics of climate protection, the environment and sustainability at the heart of its political agenda in order to achieve climate neutrality by the year 2050. The finance sector is expected to make an important contribution to realizing this objective. In this context, the EU published the "Strategy for Financing the Transition to a Sustainable Economy" in 2021. Aimed at supporting the financing of the transition to a sustainable economy, the published strategy contains proposals relating to transition finance, inclusiveness, resilience and contribution of the financial system, and global ambition. It is based on the EU's action plan on Financing Sustainable Growth of 2018. In addition to "Disclosures" and "Tools", another key module is the EU Taxonomy (Regulation (EU) 2020/852 and associated delegated acts).

The EU Taxonomy is a classification system for sustainable economic activities. An economic activity is considered taxonomy-eligible if it is listed in the EU Taxonomy and can therefore potentially contribute to realizing at least one of the following six environmental objectives:

> Climate change mitigation
> Climate change adaptation
> Sustainable use and protection of water and marine resources
> Transition to a circular economy
> Pollution prevention and control
> Protection and restoration of biodiversity and ecosystems.

An activity is only considered environmentally sustainable, i.e. taxonomy-aligned, if it meets all three of the following conditions:

> The activity makes a substantial contribution to one of the environmental objectives by meeting the screening criteria defined for this economic activity, e.g. level of CO_2 emissions for the climate change mitigation environmental objective.
> The activity meets the Do-No-Significant-Harm (DNSH) criteria defined for this economic activity. These are designed to prevent significant harm to one or more of the other environmental objectives, e.g. from the production process or by the product.
> The activity is carried out in compliance with the minimum safeguards, which apply to all economic activities and relate primarily to human rights and social and labor standards.

The wording and terminology used in the EU Taxonomy are still subject to some uncertainty in interpretation, which could lead to changes in the reporting when it is subsequently clarified by the EU. Ultimately, there is a risk that the metrics presented as taxonomy-aligned would need to be assessed differently. Our interpretation is set out below.

ECONOMIC ACTIVITIES OF THE VOLKSWAGEN GROUP

With "The Group Strategy – Mobility for generations" we are tackling the challenges facing the automotive industry worldwide. Our vision is to be the global automotive tech driver. In this context, we pay particular attention to the use of resources and the emissions of our product portfolio, as well as those of our sites. We are committed to the Paris Climate Agreement and align our own activities with the 1.5 degree goal. It is our aim to be a net carbon-neutral company by 2050.

The Volkswagen Group's activities in its vehicle-related business with passenger cars, light commercial vehicles, trucks, buses and motorcycles cover the development, production and sale of vehicles and extend to our financial services and other vehicle-related products and services. Activities in these areas are suited under the EU Taxonomy to making a substantial contribution to the environmental objective of climate change mitigation by increasing clean or climate-neutral mobility.

The Volkswagen Group's activities in the Power Engineering Business Area comprise the development, design, production, sale and servicing of machinery and equipment. These activities also fall under the environmental objective of climate change mitigation.

An analysis of our economic activities in the context of the EU Taxonomy has not revealed any activities that contribute specifically to one of the other five environmental objectives.

The table below sets out the allocation of our activities in the vehicle-related business and in Power Engineering to the economic activities listed in the EU Taxonomy under the environmental objective of climate change mitigation. Changes may be made to the economic activities in future as the rules around the EU Taxonomy dynamically evolve.

Economic activity in accordance with the EU Taxonomy	Description of economic activity	Allocation in the Volkswagen Group
Environmental objective: Climate change mitigation		
3. Manufacturing		
3.2 Manufacture of equipment for the production and use of hydrogen	Manufacture of equipment for the production and use of hydrogen.	Power Engineering
3.3 Manufacture of low-carbon technologies for transport	Manufacture, repair, maintenance, retrofitting, repurposing and upgrade of low-carbon vehicles, rolling stock and vessels.	Vehicle-related business
3.6 Manufacture of other low-carbon technologies	Manufacture of technologies aimed at substantial greenhouse gas emission reductions in other sectors of the economy, where those technologies do not fall under other economic activities in the manufacturing sector.	Power Engineering
3.18 Manufacture of automotive and mobility components	Manufacture, repair, maintenance, retrofitting, repurposing and upgrade of automotive and mobility systems and components that are essential for delivering and improving the environmental performance of the vehicle.	Vehicle-related business
9. Professional, scientific and technical activities		
9.1 Close to market research, development and innovation	Research, applied research and experimental development of solutions, processes, technologies, business models and other products dedicated to the reduction, avoidance or removal of greenhouse gas emissions for which the ability to reduce, remove or avoid greenhouse gas emissions in the target economic activities has at least been demonstrated in a relevant environment, corresponding to at least Technology Readiness Level 6.	Power Engineering

Economic activities in vehicle-related business

Economic activity 3.3 Manufacture of low-carbon technologies for transport

We allocate all activities in our vehicle-related business associated with the development, production, sale (including financial services), operation and servicing of vehicles to this economic activity. This includes all passenger cars, light commercial vehicles, trucks, buses and motorcycles manufactured by us, irrespective of their powertrain technology, and also includes genuine parts.

In our vehicle-related business, we have detailed the vehicles manufactured by us by model and powertrain technology and analyzed the CO_2 emissions associated with them in accordance with the current regulations. In this way, we have identified those vehicles among all of our taxonomy-eligible vehicles that meet the screening criteria and with which the substantial contribution to climate change mitigation is measured. These include all of the Volkswagen Group's all-electric vehicles (BEVs). Until December 31, 2025, they also include passenger cars and light commercial vehicles with CO_2 emissions of less than 50 g/km in accordance with the WLTP. This encompasses the majority of our plug-in hybrids.

Economic activity 3.18 Manufacture of automotive and mobility components

The components that play a key role in reducing greenhouse gas emissions are reported in this economic activity. To this activity we allocate the sale to third parties of motors and powertrains produced by us for all-electric vehicles; this primarily comprises the sale of these components to our Chinese joint ventures.

At this stage, other activities that are directly associated with the primary vehicle-related business and that in our view should also be allocated to these economic activities have not yet been included or have been interpreted as not yet being taxonomy-eligible. This is because, as the rules of the EU Taxonomy currently stand, it is still unclear where to record them in accordance with the EU Taxonomy. These activities particularly include the sale of additional engines and powertrains, as well as parts deliveries, the sale of non-Group products and production under license by third parties. Based on current assumptions, hedging transactions and individual activities that we present primarily under “Other sales revenue” in the consolidated financial statements cannot be classified as economic activities under the EU Taxonomy, and we have therefore initially classified them as not being taxonomy-eligible.

Economic activities in Power Engineering

In the Power Engineering Business Area, we have analyzed our activities with respect to their classification under the EU Taxonomy and, with the exception of the business of building new heavy fuel oil engines and individual components for the extraction and processing of fossil fuels, have identified them as taxonomy-eligible. To enable us to also demonstrate the substantial contribution made by individual activities to climate change mitigation, we have developed a systematic method of calculating life-cycle greenhouse gas (GHG) emissions that is based on parameters and is suitable for the building of both individual machines and systems. This approach was verified for the Turbomachinery business area by an independent third party and is expected to be extended to other business areas in future.

Economic activity 3.2 Manufacture of equipment for the production and use of hydrogen

Our activities in relation to the manufacture of equipment for the production of hydrogen are taxonomy-eligible: they include the electrolyzers we manufacture and the complete hydrogen systems we build. To meet the substantial contribution criteria, evidence of the life-cycle GHG emissions of the hydrogen later produced by the equipment’s user must also be provided. This depends on the source of the energy used for electrolysis.

The manufacture of equipment for the use of hydrogen, which is required for a hydrogen-based supply of energy and raw materials, makes a substantial contribution to climate change mitigation. This equipment includes the compressors we manufacture for the transport, compression, or liquefaction of hydrogen, tanks and equipment for the storage of hydrogen, and reactors and equipment for processing hydrogen into hydrogen-based synthetic fuels.

Economic activity 3.6 Manufacture of other low-carbon technologies

The description of this economic activity means that only those technologies manufactured for the purpose of reducing GHG emissions substantially in other sectors of the economy are taxonomy-eligible. At Volkswagen, this comprises all new-build activities that enable the use of gas and climate-neutral synthetic fuels (e.g. manufacturing of gas and dual-fuel engines), all industrial solutions for energy storage and sector coupling (e.g. heat pumps) and all carbon capture, utilization and storage (CCUS) technology. These activities are rounded off by the service and after-sales business, comprising the upgrading and modernization of existing equipment. For example, we retrofit existing maritime fleets with technology that makes it possible to reduce CO_2 emissions.

To count as a substantial contribution to economic activity 3.6, we must demonstrate that the use of the product reported here enables substantial life-cycle GHG emission savings compared to the best-performing alternative available on the market. Examining the life-cycle GHG emissions of the product itself does not suffice; the difference from the emissions of the alternative technology must also be calculated and evaluated. For this purpose, we apply the systematic method based on parameters that is used to calculate life-cycle GHG emissions to the CCUS industrial solutions, large-scale heat pumps, energy storage systems and paper industry applications manufactured by us.

Economic activity 9.1 Close to market research, development and innovation

The description of this economic activity includes applied research in technologies for the reduction or avoidance of GHGs. We allocate our licensing business to this economic activity. In the course of such business we provide our development services in the form of production documents, based on which our licensees are authorized to manufacture corresponding gas and/or dual-fuel engines.

DO NO SIGNIFICANT HARM (DNSH)

The DNSH criteria were analyzed in the reporting year for economic activities covered by 3.3 Manufacture of low-carbon technologies for transport, 3.18 Manufacture of automotive and mobility components, 3.2 Manufacture of equipment for the production and use of hydrogen and 3.6 Manufacture of other low-carbon technologies.

In the vehicle-related business, analyses were performed largely for our all-electric vehicles and at the level of the production sites where passenger cars, light commercial vehicles, trucks, buses and components are or will be produced that meet the screening criteria for the substantial contribution of economic activities 3.3 Manufacture of low-carbon technologies for transport and 3.18 Manufacture of automotive and mobility components, or that are to meet them in future according to our five-year planning, and based on current regulations. Of the approximately 40 sites included, the majority are located in the EU, with some in the United Kingdom, Türkiye, South Africa, the USA, Mexico, Brazil, Argentina, China and India. We also included the sites that manufacture specific components for electric vehicles.

For the Power Engineering Business Area, analyses were performed on a project basis and largely at the level of the production sites that produce relevant components for systems or are responsible for supply chains that meet the screening criteria for the substantial contribution of economic activities 3.2 Manufacture of equipment for the production and use of hydrogen and 3.6 Manufacture of other low-carbon technologies, or that are to meet them in future according to our five-year planning. These comprise five sites in Germany, one in Switzerland and one in Sweden.

The wording and terminology used in the EU Taxonomy are subject to some uncertainty in interpretation. To some extent, the Taxonomy goes beyond the regulations to be applied in regular business operations. In addition, the application of the EU Taxonomy to sites outside the EU leads to particular challenges due to the possibility of diverging legislation. Below, we set out our interpretation and describe the main analyses we used to examine whether there was any significant harm to the other environmental objectives. Our assessments confirmed that primarily for Europe we met the requirements of the DNSH criteria in the reporting year in the vehicle-related business at the sites producing passenger cars, light commercial vehicles and components, as well as for the all-electric vehicles and their components produced at these sites.

Climate change adaptation

We performed a climate risk and vulnerability assessment to identify which production sites may be affected by physical climate risks. The physical climate risks we identified were assessed on the basis of the lifetime of the relevant fixed asset.

Volkswagen's climate-based DNSH assessment is based on the Representative Concentration Pathway (RCP8.5) and on the Shared Socioeconomic Pathway (SSP5-8.5) scenario to the year 2050 and thus assumes the highest concentration of CO_2 according to the Intergovernmental Panel on Climate Change (IPCC). The relevance of the identified threats was assessed for the local environment and, if appropriate, the actions needed to mitigate the risk were developed.

Sustainable use and protection of water and marine resources

We evaluated our economic activities with respect to the sustainable use and protection of water and marine resources looking at the three following criteria: preserving water quality of surface water used; performing an environmental impact assessment (EIA) or comparable processes that take into account the impacts on water resources; and implementing actions to mitigate water stress. Risks identified in an EIA or comparable processes are examined and, if relevant, result in actions and regulatory requirements. The analysis was based primarily on ISO 14001 certificates, information from site approvals and other external data sources related to sites in regions with a high risk exposure.

Transition to a circular economy

Environmentally compatible waste management in the manufacturing process, reuse and use of secondary raw materials and a long product lifespan are major aspects of Volkswagen's environmental management system. Volkswagen defines guidelines on the circular economy in its environmental principles, in its overall factory white paper and in its goTOzero strategy.

The product-related requirements for passenger cars and light commercial vehicles are taken into account through implementation of the statutory end-of-life vehicle requirements in conjunction with the type approval of the vehicle models. In addition to this, each brand has targets and actions for the use of recycled materials in new vehicles.

For trucks and buses, a review is conducted at the level of each brand to establish the extent to which local legislation or internal rules and regulations cover the specific requirements.

In the Power Engineering Business Area, a major lever for the circular economy can be found particularly in a long product lifespan, supported by other factors, including our retrofitting business.

Pollution prevention and control

To be considered environmentally sustainable, an economic activity may not significantly increase air, water or soil pollutant emissions as compared with the situation before the activity started.

Overall, the automotive sector is already tightly regulated, as demonstrated for example by the publicly accessible Global Automotive Declarable Substance List (GADSL). Approval and monitoring processes have been implemented with the aim of ensuring compliance with the legal requirements and internal rules and regulations applicable to regular business operations. In this context, we also already consider the use of alternative substances in our analyses and assessments.

In June 2023, the European Commission revised the DNSH criterion of the EU Taxonomy. There is room for interpretation as to the effect that the revised requirements will have on internal processes related to the assessment of substitution options for substances of very high concern (SVHC) and, beginning with the 2024 reporting year, also for other substances of relevance under the EU Taxonomy.

In the vehicle-related business, we fleshed out existing standards and processes with the aim of generally avoiding and substituting substances of relevance under the EU Taxonomy. On this basis, our analyses look at the substances contained in the vehicle-related materials and components, in order to assess whether the substances of relevance under the EU Taxonomy can be substituted, taking into account factors such as technical and economic criteria. Corresponding substitution assessments have already been initiated for sites that manufacture passenger cars and light commercial vehicles and for the all-electric vehicles or components produced there, which must be carried out primarily with the professional and technical support of our suppliers. In the reporting year, it was not possible to demonstrate that the all-electric vehicles and components currently manufactured and sold in North America and China, plug-in hybrids and the truck and bus brands comply with the new regulations.

In the Power Engineering Business Area, the corresponding processes include surveys relating to the substitution assessments and guidelines for performing these assessments. The specifics with regard to the substances of relevance under the EU Taxonomy were fleshed out in the reporting year. However, it was not possible to meet the requirements under the EU Taxonomy because checking the substances of relevance under the EU

Taxonomy requires excessive administrative and technical effort to implement and control on account of the highly project-based business model.

Protection and restoration of biodiversity and ecosystems

In order to verify adherence to the requirements on biodiversity and ecosystems, the relevant areas were identified. Where biodiversity-sensitive areas are located close to a production site, we checked whether a nature conservation assessment had been performed and whether nature conservation actions had been defined in the environmental approvals and subsequently implemented. It was also checked whether there had been changes in an area's conservation status.

MINIMUM SAFEGUARDS

The minimum safeguards consist of the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the Fundamental Conventions of the International Labour Organization (ILO) and the International Bill of Human Rights. The assessments confirm that we meet the requirements of the minimum safeguards in the reporting year.

As a business with a global presence, the Volkswagen Group accepts its corporate responsibility for human rights, fully recognizes these conventions and declarations and reaffirms its agreement with the contents and principles stated therein. Compliance with legal requirements, internal rules and the principles enshrined in the Code of Conduct has top priority. This is why the Volkswagen Group appointed a Human Rights Officer, whose duties relate primarily to monitoring, checking and advising within the meaning of the *Lieferkettensorgfaltspflichtengesetz* (LkSG – German Supply Chain Due Diligence Act).

The LkSG imposes certain due diligence obligations designed to avoid risks associated with human rights and the environment. These obligations include the performance of risk analyses, the integration of preventive measures, remedial actions and the provision of a complaints mechanism. The whistleblower system is the central point of contact for reporting cases of breaches by employees of the Volkswagen Group or by suppliers. Employees can also contact the internal workers' representatives with their concerns. Reports submitted to the Volkswagen Group are transferred to the whistleblower system and processed there. As soon as breaches are identified and remedial action is necessary, the department responsible immediately and autonomously initiates appropriate remedial action. Remedial action that results from risk analyses or is necessary for other reasons is also defined and implemented by the departments responsible.

The Volkswagen Group checks whether the actions taken are effective at avoiding or reducing negative impacts on a regular and ad hoc basis in what is known as compliance monitoring. This also includes checking whether the Code of Conduct is being complied with and whether complaints have been dealt with.

Furthermore, along with the Group policies developed by Group Occupational Safety and Group Security, the HR Compliance Group policy sets out the organizational framework conditions in the controlled companies of the Volkswagen Group with regard to integrity and compliance in HR tools, actions and processes and takes into account local legal, collective-bargaining and operational regulations when implementing these. The provisions of the Code of Conduct are an integral part of the Group policy in that they require employees' human rights to be upheld.

Relationships with our business partners are based on agreements such as the Code of Conduct for Business Partners. Compliance with the requirements defined in the Code is contractually binding, and we review this with the aid of a sustainability rating in the case of relevant suppliers. We address existing sustainability risks and violations of sustainability principles by systematically defining and allocating packages of actions to correct the violations; we also apply this approach to the upstream supply chain. In addition, we also conducted training for suppliers and audits at suppliers with a high risk exposure in the reporting period. We implemented a Human Rights Focus System in 2022 to optimize our management system in line with international frameworks and requirements and specifically the LkSG. The system aims to identify particularly high risks in our supply chain in connection with human rights violations and the environment and to manage these appropriately.

KEY PERFORMANCE INDICATORS IN ACCORDANCE WITH THE EU TAXONOMY REGULATION

The EU Taxonomy defines sales revenue, capital expenditure and operating expenditure as the key performance indicators that must be reported on. We explain these below. The tables required by the EU Taxonomy are included at the end of the section.

The figures reported on sales revenue, capital expenditure and operating expenditure relate to the companies consolidated in the Volkswagen Group's financial statements. Volumes and financial data for our Chinese joint ventures are therefore excluded.

The financial figures relevant for the Volkswagen Group are taken from the IFRS consolidated financial statements for fiscal year 2024. As we differentiate between economic activities, we have avoided double counting. Where possible, the figures within an economic activity have been allocated directly. In our vehicle-related business, for example, we compiled the financial figures based on the vehicle model and powertrain technology. This applies both to the vehicles themselves and to the corresponding financial services and other services and activities. Only where this was not possible for capital expenditure and operating expenditure were allocation formulas used based on the planned vehicle volumes. In the Power Engineering Business Area, we used allocation formulas based on planned sales revenue. This data and planning form part of the medium-term financial planning for the next five years on which the Board of Management and Supervisory Board have passed a resolution.

Sales revenue

The definition of turnover in the EU Taxonomy corresponds to sales revenue as reported in the IFRS consolidated financial statements. This amounted to € 324.7 billion in fiscal year 2024 (see also note on "Sales revenue" in the notes to the consolidated financial statements).

Of this total, €292.7 billion, or 90.2% of Group sales, was attributable to economic activity 3.3 Manufacture of low-carbon technologies for transport, and was classified as taxonomy-eligible. This includes sales revenue after sales allowances from the sale of new and used vehicles including motorcycles, from genuine parts, from the rental and lease business, and from interest and similar income, as well as sales revenue directly related to the vehicles, such as workshop and other services.

Economic activity 3.18 Manufacture of automotive and mobility components accounted for taxonomy-eligible sales revenue of €182 million or 0.1% of Group sales. This includes the sale of all-electric vehicle motors and powertrains to third parties.

Of the taxonomy-eligible sales revenue from economic activity 3.3 Manufacture of low-carbon technologies for transport, €38.3 billion met the screening criteria used to measure the substantial contribution to climate change mitigation. This includes all of our all-electric vehicles and a large proportion of our plug-in hybrids. In 2024, this were 755 thousand such vehicles, or around 5% fewer than in the previous year. Their share of the relevant sales volume – excluding the vehicles from the Chinese joint ventures – was 12.0 (12.7)%. Passenger cars and light commercial vehicles made up the bulk at 754 thousand vehicles; trucks and buses recorded a noticeable decrease year-on-year. Sales of all-electric vehicles (BEV) also decreased noticeably compared with the prior year.

In addition, the taxonomy-eligible sales revenue from economic activity 3.18 Manufacture of automotive and mobility components met the screening criteria used to measure the substantial contribution to climate change mitigation.

Taking into account the DNSH criteria and minimum safeguards, €24.1 (36.5) billion of the sales revenue generated from our vehicle-related business, equating to 7.4 (11.3)% of consolidated sales revenue, was taxonomy-aligned. Taxonomy-aligned sales revenue is generated from economic activity 3.3 Manufacture of low-carbon technologies for transport and in the 2024 reporting year exclusively comprises our all-electric passenger cars and light commercial vehicles that were manufactured in or for Europe. For economic activity 3.18 Manufacture of automotive and mobility components, taking into account the DNSH criterion for assessing substitution options, no sales revenue was reported as taxonomy-aligned in the reporting year (previous year: €165 million).

In the Power Engineering Business Area, our activities that fall under economic activity 3.2 Manufacture of equipment for the production and use of hydrogen generated taxonomy-eligible sales revenue of €34 million, which also met the criteria for the substantial contribution. Most of our taxonomy-eligible sales revenue in the Power Engineering Business Area was attributable to economic activity 3.6 Manufacture of other low-carbon technologies (€ 3.2 billion). In the reporting year, the complex evidential requirements for the substantial contribution were fulfilled for €102 million. A further €76 million was contributed to taxonomy-eligible sales revenue by economic activity 9.1 Close to market research, development and innovation.

Taking into account the DNSH criterion for assessing substitution options, no sales revenue in the Power Engineering Business Area was reported as taxonomy-aligned in the reporting year (previous year: a total of €96 million).

Of the Volkswagen Group's total sales revenue in fiscal year 2024,
> €296.2 (297.4) billion, or 91.2 (92.3)%, was taxonomy-eligible sales revenue and
> €24.1 (36.6) billion, or 7.4 (11.4)%, was taxonomy-aligned sales revenue.

SALES REVENUE 2024

	SALES REVENUE		SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION		COMPLIANCE WITH DNSH CRITERIA	COMPLIANCE WITH MINIMUM SAFEGUARDS	TAXONOMY-ALIGNED SALES REVENUE	
Economic activities	€ million	%[1]	€ million	%[1]	Y/N	Y/N	€ million	%[1]
A. Taxonomy-eligible activities	**296,215**	**91.2**	**38,627**	**11.9**	**Y/N**	**Y**	**24,104**	**7.4**
Vehicle-related business								
3.3 Manufacture of low-carbon technologies for transport	292,685	90.2	38,309	11.8	Y/N	Y	24,104	7.4
3.18 Manufacture of automotive and mobility components	182	0.1	182	0.1	N	Y	-	-
Power Engineering								
3.2 Manufacture of equipment for the production and use of hydrogen	34	0.0	34	0.0	N	Y	-	-
3.6 Manufacture of other low-carbon technologies	3,237	1.0	102	0.0	N	Y	-	-
9.1 Close to market research, development and innovation	76	0.0	-	-	-	-	-	-
B. Taxonomy-non-eligible activities	**28,441**	**8.8**						
Total (A + B)	**324,656**							

1 All percentages relate to the Group's total sales revenue.

Capital expenditure

Capital expenditure for the purposes of the EU Taxonomy refers to the following items in the IFRS consolidated financial statements: additions to intangible assets, additions to property, plant and equipment, and additions to lease assets and investment property. These are reported in the notes to the 2024 consolidated financial statements in the notes on "Intangible assets", "Property, plant and equipment" and "Lease assets and investment property". Additions from business combinations, each of which is reported under "Changes in consolidated Group", are also included. By contrast, additions to goodwill are not included in the calculation.

In fiscal year 2024, additions in the Volkswagen Group as defined above amounted to

- €12.7 billion from intangible assets,
- €16.7 billion from property, plant and equipment and
- €38.0 billion from lease assets (mainly vehicle leasing business) and investment property.

Other additions to be included resulted from changes in the consolidated Group, amounting to €0.2 billion in fiscal year 2024. Total capital expenditure to be included in accordance with the EU Taxonomy therefore came to €67.6 billion.

All capital expenditure attributable to our vehicle-related business is associated with economic activity 3.3 Manufacture of low-carbon technologies for transport. Taxonomy-eligible capital expenditure for the vehicle-related business amounted to €67.2 billion, or 99.3% of the Group's capital expenditure.

To determine the substantial contribution in the vehicle-related business, we compiled the financial figures based on the vehicle model and powertrain technology in the same way as for sales revenue. Where possible, capital expenditure was directly attributed to vehicles. It was included if the vehicles in question make a substantial contribution to the climate change mitigation objective. Any capital expenditure directly attributable to vehicles that do not meet the screening criteria was not included. Capital expenditure that was not clearly attributable to a particular vehicle was taken into account on a proportionate basis using allocation formulas. In our vehicle-related business, we developed allocation formulas based on planned volumes of all-electric vehicles for the Group companies. In the sales companies, for example, we used allocation formulas related either to individual brands or to all brands, depending on the primary business activity, while site-based allocation formulas were used for production companies. This means that capital expenditure was counted in full via the allocation formulas for sites that according to our medium-term planning will produce only all-electric vehicles in the next five years. By contrast, capital expenditure for sites that do not produce all-electric vehicles was not counted via the allocation formulas. Calculated in this way, capital expenditure relating to vehicles that meet the screening criteria for the substantial contribution amounted to €23.2 billion.

Taking into account the DNSH criteria and minimum safeguards, capital expenditure of €18.5 (20.0) billion was taxonomy-aligned. This represented 27.3 (32.6) % of the Group's total capital expenditure. Of this figure, €5.1 billion was attributable to intangible assets, €5.5 billion to property, plant and equipment and €7.9 billion to lease assets and investment property. Taxonomy-aligned capital expenditure in the 2024 reporting year refers exclusively to our all-electric passenger cars and light commercial vehicles and mainly concerns Europe; it includes additions to capitalized development costs of €4.3 billion and additions to property, plant and equipment of €5.5 billion.

In the reporting period, we refinanced taxonomy-aligned capital expenditure from fiscal years 2021 through 2023 based on the Green Finance Framework updated in October 2022 by issuing green bonds in the amount of €1.0 billion. Only capital expenditure in connection with all-electric vehicles was included here.

€93 million of the taxonomy-eligible capital expenditure in the Power Engineering Business Area is attributable to economic activity 3.2 Manufacture of equipment for the production and use of hydrogen, which also fulfills the substantial contribution criterion. €134 million of the taxonomy-eligible capital expenditure in the Power Engineering Business Area is attributable to economic activity 3.6 Manufacture of other low-carbon technologies, based on the planned sales revenue, of which €38 million will make a substantial contribution.

Taking into account the DNSH criterion for assessing substitution options, no capital expenditure in the Power Engineering Business Area was reported as taxonomy-aligned in the reporting year (previous year: a total of €62 million).

Of the Volkswagen Group's total capital expenditure in fiscal year 2024,
- €67.4 (61.3) billion, or 99.6 (99.6)%, was taxonomy-eligible capital expenditure and
- €18.5 (20.1) billion, or 27.3 (32.7)%, was taxonomy-aligned capital expenditure.

CAPITAL EXPENDITURE 2024

	CAPITAL EXPENDITURE		SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION		COMPLIANCE WITH DNSH CRITERIA	COMPLIANCE WITH MINIMUM SAFEGUARDS	TAXONOMY-ALIGNED CAPITAL EXPENDITURE	
Economic activities	€ million	%[1]	€ million	%[1]	Y/N	Y/N	€ million	%[1]
A. Taxonomy-eligible activities	**67,381**	**99.6**	**23,373**	**34.6**	**Y/N**	**Y**	**18,481**	**27.3**
Vehicle-related business								
3.3 Manufacture of low-carbon technologies for transport	67,155	99.3	23,242	34.4	Y/N	Y	18,481	27.3
of which additions to capitalized development costs for BEVs							4,286	6.3
of which additions to property, plant and equipment for BEVs							5,493	8.1
3.18 Manufacture of automotive and mobility components	-	-	-	-	-	-	-	-
Power Engineering								
3.2 Manufacture of equipment for the production and use of hydrogen	93	0.1	93	0.1	N	Y	-	-
3.6 Manufacture of other low-carbon technologies	134	0.2	38	0.1	N	Y	-	-
9.1 Close to market research, development and innovation	-	-	-	-	-	-	-	-
B. Taxonomy-non-eligible activities	**253**	**0.4**						
Total (A + B)	**67,634**							

1 All percentages relate to the Group's total capital expenditure.

Operating expenditure

The operating expenditure reported by us for the purposes of the EU Taxonomy comprises non-capitalized research and development costs, which can be taken from the note on "Intangible assets". We also include the expenditure for short term leases recognized in our consolidated financial statements, which can be found in the note on "IFRS 16 (Leases)", and expenditure for maintenance and repairs.

The allocation of operating expenditure to the economic activities followed the same logic as that described for capital expenditure.

All operating expenditure attributable to the vehicle-related business is associated with economic activity 3.3 Manufacture of low-carbon technologies for transport and has been classified as taxonomy-eligible.

Where possible, non-capitalized research and development costs were directly attributed to vehicles. They were included if the vehicles in question make a substantial contribution to the climate change mitigation objective. We did not include any non-capitalized research and development costs directly attributable to vehicles that do not meet the screening criteria. Non-capitalized research and development costs that were not clearly attributable to a particular vehicle were taken into account on a proportionate basis using allocation formulas. For these and other operating expenses, allocation formulas were used, similarly to capital expenditure. Taxonomy-aligned operating expenditure in the 2024 reporting year related solely to our all-electric passenger cars and light commercial vehicles and was attributable above all to Europe. Of the taxonomy-aligned operating expenditure of €5.4 (5.7) billion, around 86% was attributable to non-capitalized research and development costs.

€11 million of the taxonomy-eligible operating expenditure in the Power Engineering Business Area is attributable to economic activity 3.2 Manufacture of equipment for the production and use of hydrogen, which also fulfills the substantial contribution criterion. €233 million of the taxonomy-eligible operating expenditure in the Power Engineering Business Area is attributable to economic activity 3.6 Manufacture of other low-carbon technologies, based on the planned sales revenue, of which €69 million will make a substantial contribution. Taking into account the DNSH criterion for assessing substitution options, no operating expenditure in the Power Engineering Business Area was reported as taxonomy-aligned in the reporting year (previous year: a total of €69 million).

OPERATING EXPENDITURE 2024

Economic activities	OPERATING EXPENDITURE		SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION		COMPLIANCE WITH DNSH CRITERIA	COMPLIANCE WITH MINIMUM SAFEGUARDS	TAXONOMY-ALIGNED OPERATING EXPENDITURE	
	€ million	%[1]	€ million	%[1]	Y/N	Y/N	€ million	%[1]
A. Taxonomy-eligible activities	**13,367**	**99.2**	**6,134**	**45.5**	**Y/N**	**Y**	**5,448**	**40.4**
Vehicle-related business								
3.3 Manufacture of low-carbon technologies for transport	13,122	97.4	6,054	44.9	Y/N	Y	5,448	40.4
3.18 Manufacture of automotive and mobility components	-	-	-	-	-	-	-	-
Power Engineering								
3.2 Manufacture of equipment for the production and use of hydrogen	11	0.1	11	0.1	N	Y	-	-
3.6 Manufacture of other low-carbon technologies	233	1.7	69	0.5	N	Y	-	-
9.1 Close to market research, development and innovation	-	-	-	-	-	-	-	-
B. Taxonomy-non-eligible activities	**107**	**0.8**						
Total (A + B)	**13,474**							

1 All percentages relate to the Group's total operating expenditure.

CAPEX PLAN UNDER THE EU TAXONOMY

The EU Taxonomy requires the reporting to state the extent to which taxonomy-aligned capital and operating expenditures a) relate to assets or processes associated with environmentally sustainable economic activities or b) are part of a plan to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned (CapEx plan). A CapEx plan under the EU Taxonomy shows the total capital expense, i.e. the sum of capital and operating expenditures expected to be incurred in the reporting period and during the five-year medium-term planning in order to expand taxonomy-aligned economic activities or allow taxonomy-eligible economic activities to become taxonomy-aligned.

For the vehicle-related business, the CapEx plan drawn up under the EU Taxonomy relates to economic activity 3.3 Manufacture of low-carbon technologies for transport within the climate change mitigation environmental objective.

Additions from lease assets (mainly vehicle leasing business) are based on existing environmentally sustainable activities and have therefore not been included in the CapEx plan. We allocated additions from intangible assets and property, plant and equipment, as well as non-capitalized research and development costs to the CapEx plan if they allow taxonomy-eligible economic activities to become taxonomy-aligned or lead to the expansion of taxonomy-aligned economic activities. For this, we compared the average expected taxonomy-aligned production volume of all-electric vehicles from the medium-term planning with the taxonomy-aligned all-electric vehicles from the reporting period and allocated the taxonomy-aligned capital expenditure according to this ratio, whereby we also took into account the share exceeding the current taxonomy-aligned production volume of all-electric vehicles.

As a result, €8 (8) billion of the taxonomy-aligned capital expenditure and €4 (3) billion of the taxonomy-aligned operating expenditure in the reporting period is attributable to the CapEx plan under the EU Taxonomy. The total capital expense from the CapEx plan under the EU Taxonomy that is expected to be incurred in the reporting period and during the five-year medium-term planning amounts to €88 (90) billion. The CapEx plan was revised due to changes in market expectations, adjustments to medium-term planning and a reappraisal of the requirements of the EU Taxonomy.

In the Power Engineering Business Area, the CapEx plan under the EU Taxonomy relates to economic activity 3.2 Manufacture of equipment for the production and use of hydrogen, and economic activity 3.6 Manufacture of other low-carbon technologies, both of which are listed in the climate change mitigation environmental objective. In respect of the manufacture of equipment for the production and use of hydrogen and taking into account the DNSH criterion for assessing substitution options, we were not able to allocate any capital expenditure or operating expenditure to the CapEx plan in the reporting year (previous year: a total of €45 million). Based on the ratio of taxonomy-aligned sales revenue in the reporting year to the expected average taxonomy-aligned sales revenue envisaged in the medium-term planning, the total capital expense from the CapEx plan under the EU Taxonomy that is expected to be incurred in the reporting period and during the medium-term planning amounts to around €455 (455) million. In respect of the manufacture of other low-carbon technologies and taking into account the DNSH criterion for assessing substitution options, we were not able to allocate any capital expenditure or operating expenditure to the CapEx plan in the reporting year (previous year: a total of €59 million). Based on the ratio of taxonomy-aligned sales revenue in the reporting year to the expected average taxonomy-aligned sales revenue envisaged in the medium-term planning, the total capital expense from the CapEx plan under the EU Taxonomy that is expected to be incurred in the reporting period and during the medium-term planning amounts to approximately €360 (380) million.

TABULAR PRESENTATION IN ACCORDANCE WITH THE EU TAXONOMY SALES REVENUE 2024

				CRITERIA FOR A SIGNIFICANT CONTRIBUTION						DNSH CRITERIA (DO NO SIGNIFICANT HARM)									
	Code	Sales revenue	Proportion of sales revenue 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or taxonomy-eligible (A.2) proportion of sales revenue 2023	Enabling activities category	Transition activities category
Economic activities		€ million	%[1]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%[1]	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of low-carbon technologies for transport	CCM 3.3	24,104	7.4	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	11.3	E	
Manufacture of automotive and mobility components	CCM 3.18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1		
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0		
Manufacture of other low-carbon technologies	CCM 3.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0		
Sales revenue from environmentally sustainable activities (taxonomy-aligned) (A.1)		**24,104**	**7.4**	**7.4**	**–**	**–**	**–**	**–**	**–**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**11.4**		
Of which enabling activities		24,104	7.4	7.4	–	–	–	–	–		Y	Y	Y	Y	Y	Y	11.4	E	
Of which transition activities		-	-	-							–	–	–	–	–	–	-		
A.2 Taxonomy-eligible but not environmentally sustainable activities (activities that are not taxonomy-aligned)				EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]										
Manufacture of low-carbon technologies for transport	CCM 3.3	268,582	82.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL								80.0		
Manufacture of automotive and mobility components	CCM 3.18	182	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	34	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Manufacture of other low-carbon technologies	CCM 3.6	3,237	1.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.9		
Close to market research, development and innovation	CCM 9.1	76	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Sales revenue from taxonomy-eligible but not environmentally sustainable activities (activities that are not taxonomy-aligned) (A.2)		**272,112**	**83.8**	**83.8**	**–**	**–**	**–**	**–**	**–**								**80.9**		
Sales revenue from taxonomy-eligible activities (A.1 + A.2)		**296,215**	**91.2**	**91.2**	**–**	**–**	**–**	**–**	**–**								**92.3**		
B. Taxonomy-non-eligible activities																			
Sales revenue from activities that are not taxonomy-eligible (B)		28,441	8.8																
Total (A + B)		**324,656**	**100.0**																

1 All percentages relate to the Group's total sales revenue.
2 Y: Yes, taxonomy-eligible activity and taxonomy-aligned with the relevant environmental objective; N: No, taxonomy-eligible activity but not taxonomy-aligned with the relevant environmental objective; N/EL: 'Not eligible', activity not taxonomy-eligible for the relevant environmental objective.
3 EL: Taxonomy-eligible activity for the relevant objective; N/EL: Activity that is not taxonomy-eligible for the relevant objective.

CAPITAL EXPENDITURE 2024

Economic activities	Code	CapEx	Proportion of CapEx 2024	Criteria for a significant contribution: Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	DNSH criteria (Do No Significant Harm): Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or taxonomy-eligible (A.2) proportion of CapEx 2023	Enabling activities category	Transition activities category
		€ million	%[1]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%[1]	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of low-carbon technologies for transport	CCM 3.3	18,481	27.3	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	32.6	E	
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1		
Manufacture of other low-carbon technologies	CCM 3.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0		
CapEx from environmentally sustainable activities (taxonomy-aligned) (A.1)		**18,481**	**27.3**	**27.3**	**–**	**–**	**–**	**–**	**–**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**32.7**		
Of which enabling activities		18,481	27.3	27.3	–	–	–	–	–		Y	Y	Y	Y	Y	Y	32.7	E	
Of which transition activities		-	-	-							-	–	–	–	–	–	-		
A.2 Taxonomy-eligible but not environmentally sustainable activities (activities that are not taxonomy-aligned)				EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]										
Manufacture of low-carbon technologies for transport	CCM 3.3	48,674	72.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								66.9		
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	93	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Manufacture of other low-carbon technologies	CCM 3.6	134	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
CapEx from taxonomy-eligible but not environmentally sustainable activities (activities that are not taxonomy-aligned) (A.2)		**48,900**	**72.3**	**72.3**	**–**	**–**	**–**	**–**	**–**								**67.0**		
CapEx from taxonomy-eligible activities (A.1 + A.2)		**67,381**	**99.6**	**99.6**	**–**	**–**	**–**	**–**	**–**								**99.6**		
B. Taxonomy-non-eligible activities																			
CapEx from activities that are not taxonomy-eligible (B)		253	0.4																
Total (A + B)		**67,634**	**100.0**																

1 All percentages relate to the Group's total capital expenditure.
2 Y: Yes, taxonomy-eligible activity and taxonomy-aligned with the relevant environmental objective; N: No, taxonomy-eligible activity but not taxonomy-aligned with the relevant environmental objective; N/EL: 'Not eligible', activity not taxonomy-eligible for the relevant environmental objective.
3 EL: Taxonomy-eligible activity for the relevant objective; N/EL: Activity that is not taxonomy-eligible for the relevant objective.

OPERATING EXPENDITURE 2024

				CRITERIA FOR A SIGNIFICANT CONTRIBUTION						DNSH CRITERIA (DO NO SIGNIFICANT HARM)									
	Code	OpEx	Proportion of OpEx 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or taxonomy-eligible (A.2) proportion of OpEx 2023	Enabling activities category	Transition activities category
Economic activities		€ million	%[1]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%[1]	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of low-carbon technologies for transport	CCM 3.3	5,448	40.4	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	43.2	E	
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1		
Manufacture of other low-carbon technologies	CCM 3.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5		
OpEx from environmentally sustainable activities (taxonomy-aligned) (A.1)		**5,448**	**40.4**	**40.4**	**-**	**-**	**-**	**-**	**-**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**43.8**		
Of which enabling activities		5,448	40.4	40.4	-	-	-	-	-		Y	Y	Y	Y	Y	Y	43.8	E	
Of which transition activities		-	-	-							-	-	-	-	-	-	-		
A.2 Taxonomy-eligible but not environmentally sustainable activities (activities that are not taxonomy-aligned)				EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]										
Manufacture of low-carbon technologies for transport	CCM 3.3	7,674	57.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								53.9		
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	11	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Manufacture of other low-carbon technologies	CCM 3.6	233	1.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.2		
OpEx from taxonomy-eligible but not environmentally sustainable activities (activities that are not taxonomy-aligned) (A.2)		**7,919**	**58.8**	**58.8**	**-**	**-**	**-**	**-**	**-**								**55.1**		
OpEx from taxonomy-eligible activities (A.1 + A.2)		**13,367**	**99.2**	**99.2**	**-**	**-**	**-**	**-**	**-**								**98.9**		
B. Taxonomy-non-eligible activities																			
OpEx from activities that are not taxonomy-eligible (B)		107	0.8																
Total (A + B)		**13,474**	**100.0**																

1 All percentages relate to the Group's total operating expenditure.
2 Y: Yes, taxonomy-eligible activity and taxonomy-aligned with the relevant environmental objective; N: No, taxonomy-eligible activity but not taxonomy-aligned with the relevant environmental objective; N/EL: 'Not eligible', activity not taxonomy-eligible for the relevant environmental objective.
3 EL: Taxonomy-eligible activity for the relevant objective; N/EL: Activity that is not taxonomy-eligible for the relevant objective.

Due to a lack of economic activities in the fields of nuclear energy and fossil gas, tabular presentation has been omitted.

Employees and non-employees

The Volkswagen Group is a social employer
that promotes a diverse, inclusive and non-discriminatory culture.

MATERIAL IMPACTS AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Employees and non-employees were included in the assessment of significant impacts, in accordance with the ESRS. The employees and non-employees who are or may be affected by activities' material impacts comprise the following groups: employees, self-employed people, and temporary external personnel.

Employees means anyone with an active employment contract who takes part in the Volkswagen Group's value creation process, including members of top management, people in the passive phase of partial retirement and vocational trainees. The quantitative disclosures do not include people in dormant employment, such as people on parental leave. Nor do they include employees in academic training, such as interns, student workers, or students studying for a PhD, master's degree, or bachelor's degree. Employees are categorized according to different characteristics, such as term of employment and gender distribution.

In addition, another group consists of non-employees, who comprise self-employed people and temporary external personnel. In contrast to non-employees, only employees can exert direct influence in the sense of promoting or mitigating the impacts identified below. For this reason, policies, actions, targets, and stakeholder engagement in relation to employees are described in the following. Where policies exist in relation to non-employees (temporary external personnel and self-employed people) or the involvement of non-employees, these are explicitly described.

The impacts identified by the materiality assessment are concentrated on the Company itself. In addition to the ongoing dialog with employees, for example through workers' representatives, the materiality assessment process has given the Volkswagen Group an understanding of whether and which groups of employees and non-employees might be more significantly affected by negative impacts.

Impacts in the area of working conditions

The Volkswagen Group's materiality assessment identified a positive actual and potential impact on employees and non-employees with long-term effect. This impact results from the provision of secure jobs with fair and transparent pay and healthy working conditions. This includes, for example, training programs, health protection, and extensive participation rights. For both employees and non-employees, this can mean a secure income, health, and long-term employment prospects despite changing requirements in the working environment.

In addition, the materiality assessment identified an actual negative impact. This arises if business processes relating to the Group's working conditions have a negative impact for the individual affected (e.g. in the case of job cuts, restricted freedom of association due to local laws, or unhealthy working conditions). The negative impact is related to isolated incidents. This may mean the loss of their job and a secure income for the individuals concerned and also limited opportunities to represent interests and health restrictions.

Impacts in the area of equal treatment and equal opportunities

In addition to the impacts identified in the area of working conditions, the Volkswagen Group's materiality assessment identified an actual positive impact on employees and non-employees through the provision of an inclusive working environment and equal treatment of employees and non-employees, including with regard to development opportunities.

This also encompasses the inclusion of persons with disabilities, the promotion of a culture free of discrimination, violence, and harassment, and awareness-raising among employees and non-employees of these topics. For employees and non-employees, this impact is felt through a non-discriminatory approach to the development of potential and the facilitation of development prospects.

Moreover, the materiality assessment also identified an actual negative impact. This is reflected in isolated cases of unequal treatment, including with regard to a shortage of development opportunities due to a lack of or insufficient objective rules on avoiding discriminatory behavior, such as remuneration policies or hiring and promotion processes. The negative impact is related to isolated incidents. Discrimination and unequal treatment can have far-reaching consequences, which may lead to both financial losses and adverse health effects.

Impacts in the area of other work-related rights

In addition, the Volkswagen Group's materiality assessment identified an actual and potential positive impact on employees and non-employees through the promotion and enforcement of compliance with social and human-rights standards with regard to employees and non-employees (e.g. no child labor or forced labor). The impact is potentially long term.

In addition to the impacts identified for the sustainability report in the context of the double materiality assessment, there are additional personnel risks inherent in the business model. These are described in the "Personnel risks" section in the chapter "Report on Risks and Opportunities" in the Group management report. The actions described below also mitigate the personnel risks mentioned there.

Interaction with strategy and business model

The impacts identified in the materiality assessment have an effect on the Volkswagen Group's business model and strategies. The consideration of impacts on employees is anchored in the Volkswagen Group's fundamental corporate values. The Code of Conduct maps out the common set of values for integrity and compliance in the Volkswagen Group and specifies a framework of values for the Group's strategic direction. An in-depth description of the Code of Conduct is provided under the section "HR Compliance Group policy and Code of Conduct" and in the chapter "Business conduct information". The balance between the interests of the Company and those of our employees is to be safeguarded by the employee representatives through co-determination processes.

This consideration of the interests of employees has an impact that goes beyond the impacts identified in the short term.

The Volkswagen Group's sustainability strategy regenerate+ includes the aim of being a socially responsible employer for employees. The strategy describes the path to a sustainable future, focusing on a safe and healthy working environment; a diverse, inclusive, and non-discriminatory culture; attractive jobs; fair wages; and good further training opportunities for the long-term qualification of employees.

In addition to the Group sustainability strategy, the management of impacts on employees is also guided by the Group People Strategy, which is the human resources strategy, for the three brand groups of Core, Progressive and Sport Luxury. The Group strategy describes the guiding principles for the transformation of all employees and their diversity as focus topics. These form the framework for the Group People Strategy.

More detailed information on regenerate+ and the new Group strategy can be found in the "General information" chapter. The Group People Strategy is expanded on in the "Sustainable Value Enhancement" chapter of the Group management report. Implementation of occupational health and safety targets is supported by the Group-wide Safety First strategy. The Volkswagen Group attaches great importance to protecting its employees and creating a safe and healthy working environment in accordance with the applicable international standards. Occupational health and safety are therefore key topics for the Volkswagen Group. The vision of this strategy is to anchor "safety first" as a guiding principle in the actions of all managers and employees. The aim is for all occupational safety processes to be known and applied reliably. All managers and employees are to be informed and trained and act in line with safety requirements. The aim is to ensure the protection and promotion of physical and mental health, taking into account psychosocial risks and their effects. Employees should not suffer accidents when working. The workplaces should therefore be designed with the help of the departments responsible for occupational safety.

The Volkswagen Group plays a role in the material impacts described above through its activities. It uses the actions described in the following paragraphs to promote material positive impacts and respond to the influence of its material negative impacts from the business model, strategy and value chain in the area of employees. These are broadly categorized here, but explained in detail further on in the sections "Actions related to working conditions," "Actions related to occupational health and safety," "Actions related to equal treatment and equal opportunities" and "Actions related to other work-related rights".

With regard to working conditions, the Volkswagen Group wants to strengthen positive impacts through the establishment and ongoing improvement of an occupational health and safety management system at production sites with more than 1,000 employees. This system is not only audited internally but also certified externally. In addition, systematic risk analyses and Group audits of occupational health and safety are conducted in the Group in order to further increase this for employees. The action regarding freedom of association described below enables employees to realize their right to freedom of association in compliance with the laws applicable in the various countries and locations. In addition, digital training for employees is being introduced and gradually expanded so that employees can maintain their long-term employability even when requirements change.

The Volkswagen Group wants to prevent negative impacts relating to working conditions, particularly with regard to business processes that have a negative effect on individual employees, for example, in the case of job cuts – by planning Group-wide plant utilization in the budget planning round. Furthermore, the opinion survey is used to identify and mitigate topics that employees view as particularly critical and to derive actions to improve working conditions. The opinion survey is generally conducted annually but was suspended in the reporting year due to revision.

With regard to equal treatment, the Volkswagen Group wants to strengthen positive impacts by defining actions to create an inclusive working environment and equal treatment of employees. The Group provides the companies with a Group-wide policy to define topics and action areas that must be implemented to promote diversity, equal opportunities, inclusion, and belonging. In addition, the Volkswagen Group uses training and provides work materials to empower managers throughout the Group to create an unbiased working environment and processes geared to equal opportunities. In order to create a direct incentive to comply with diversity targets, the Group management's remuneration is linked to the diversity index. The Company uses this index to continuously monitor how the diversity of its management is developing.

The Volkswagen Group wants to prevent negative impacts relating to equal treatment by penalizing misconduct and collecting and publishing a statistic on the disclosure of the penalization of misconduct. In addition, a new anti-discrimination rule was created to close gaps in regulation on the avoidance of discrimination in the hiring, remuneration, and promotion process. The Group companies are currently working on introducing this.

With regard to other work-related rights, the Volkswagen Group has strengthened positive impacts by extending a Group-wide process to prevent violations of fundamental human rights in the recruitment process (prohibition of child labor and forced labor).

Due to the positive impact of the promotion and enforcement of compliance with social and human-rights standards (e.g. no child labor or forced labor), any risk of forced labor or child labor in the Volkswagen Group with regard to its activities or the countries, regions, or geographical areas in which the Volkswagen Group operates is essentially mitigated.

PROCESSES: ENGAGING WITH EMPLOYEES AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

Employee participation policy

The Volkswagen Group facilitates the most comprehensive representation of employee interests possible, respects its employees' perspectives and interests, and addresses these on an ongoing basis. Both managers and HR are contacts for employees in day-to-day business. Additional contacts (e.g. diversity experts) are usually available at the company level for marginalized groups. In addition, the Volkswagen Group maintains a continuous dialog with workers' representatives (e.g. works councils, trade unions, representation on the Supervisory Board) about material actual and potential positive and negative impacts that the Company has or could have on employees. The Group focuses here on the stable dialog and feedback formats described below, which provide a space for evolving material topics and employee matters. These also include potential negative impacts that could arise from business processes independently of the business area. This enables actual and potential impacts arising to be addressed promptly. Information on any controversies, including in relation to employee matters, is promptly and transparently made available on the Group's web-based information service.

The most important pillar for including the interests of employees is representation by workers' representatives. The Volkswagen Group is committed to openly working together with workers' representatives in a spirit of trust, maintaining constructive and cooperative dialog, and striving for a fair balance of interests. Dealing professionally with workers' representatives is part of the corporate culture. The workers' representatives facilitate the indirect representation of employees' interests, views, and rights to management – continuously and at various levels. This has a long tradition in Germany in particular, but internationally there are also established forms of workers' representation, as well as a Group Global Works Council in the Volkswagen Group that has existed for decades. Agreements between workers' representatives and senior management are codified through various documents – such as key issues papers and future proofing programs. Temporary external personnel can use the Group's interest representation bodies in relation to topics that affect their employment, provided that there are no statutory or company regulations to the contrary.

The formats and channels listed below are intended to ensure that the interests of employees are heard by management at local, European, and global level both directly and through the workers' representatives.

Employee codetermination in the Supervisory Board

The Volkswagen AG Supervisory Board has equal representation, with an equal number of employer representatives and workers' representatives. As a rule, it adopts its resolutions within the scope of its responsibilities in meetings of all its members. Equal representation is enshrined in the *Aktiengesetz* (AktG - German Stock Corporation Act) and the *Mitbestimmungsgesetz* (MitbestG - German Codetermination Act). Equal representation is also designed to ensure that employee interests are institutionalized over the long term.

The Supervisory Board committees that prepare decisions are also generally based on equal representation, enabling indirect codetermination for employees and ensuring that employee interests are reflected in Supervisory Board decisions. This is designed to help promote the positive impact of the Group's business operations on employees and mitigate negative impacts on employees. The Supervisory Board holds at least two meetings in each half of the calendar year. The precise number of meetings and the main topics discussed are outlined in the Report of the Supervisory Board.

Operational responsibility for convening Supervisory Board meetings lies with the Chair of the Supervisory Board, while operational responsibility for convening committee meetings lies with the relevant committee chair.

Group European Works Council and Global Group Works Council

The Group European Works Council and Global Group Works Council are central tools for incorporating employee interests. The workers' representatives and management regularly meet at consultative meetings where the Group Board of Management informs the Group European Works Council and Global Group Works Council on current topics relevant to the workforce. All members of the Group European Works Council and the Global Group Works Council attend at least one joint session every year. In addition, delegation trips and workshops are jointly organized and hosted.

Important international framework agreements have been concluded between these committees and the Volkswagen's Group management, including the Declaration by the Volkswagen Group on Social Rights, Industrial Relations and Business and Human Rights (the "Declaration on Social Rights" for short). In keeping with the contents of the Declaration on Social Rights, bodies representing workers have been formed in accordance with local law throughout almost the entire Group.

As part of the negotiation and creation of the Declaration on Social Rights, employees' perspectives were taken into account through their representatives. The annual meeting includes reporting on compliance and the assessment of adjustment requirements. Other charters resulting from collaboration between the Group European Works Council and Global Group Works Council represent binding rules for management. The same applies regarding decisions or activities aimed at managing the actual and potential impacts on the Group's employees and non-employees.

Other agreements resulting from this collaboration include the Charter on Labor Relations, the Charter on Temporary Work, and the Charter on Vocational Training. They are designed to give employees and non-employees security with regard to their collective rights at the workplace and also set out the principles of the labor policy. The charters also show that the interests of employees and non-employees are taken into account when drawing up human-rights and HR principles and guidelines.

The Charter on Labor Relations gives workers' representatives in the Group European Works Council and Global Group Works Council precisely defined information, consultation, and codetermination rights – for example, codetermination rights on personnel development or occupational health and safety. These principles, which are set out in the charter, form the Group-wide framework for the representation of employee interests at local level.

The Charter on Temporary Work sets out the principles of temporary work, governs the framework conditions for employment and wages of temporary external personnel in the Volkswagen Group, and is intended to standardize the use of temporary work in the entire Volkswagen Group.

The Charter on Vocational Training was adopted in order to define key aspects for shaping conditions for vocational trainees that must be taken into account when implementing the Charter on Labor Relations.

Operational responsibility for the implementation of the communication format and codification of the results lies with the Chair of the Group European Works Council and Global Group Works Council, with the involvement of the member of the Volkswagen AG Board of Management member for Human Resources, represented by the Group Human Resources International organizational unit.

Opinion survey

An annual employee survey used comprehensively across the Group has provided employees with a direct and established opportunity to give their opinion since 2008. The Company used the so called opinion survey to collect data on employee satisfaction every year. Based on the results, follow-up processes were implemented in which measures were developed and executed. In this way, employees' views were taken into account when taking action to remediate negative impacts and evaluating its effectiveness. The measurement and publication of the participation rate served as an indicator of the opinion survey's effectiveness and acceptance. In 2023, the rate was 79% of employees at the participating companies.

In 2024, the opinion survey was suspended in the Group to allow it to be revised. After its revision, it should continue to be provided to all the companies as a tool. Group Human Resources will continue to have operational responsibility for the opinion survey. More information on the new opinion survey design can be found under the section "Actions related to working conditions" and in the "Business conduct information" chapter under "Actions: Corporate culture".

The Company has established additional formats that employees can use to report their interests and problems. These are direct forms of communication. The formats include the Group-wide whistleblower system and direct reporting to managers, who are required to follow the report up and take action where necessary. The reporting requirement for employees in management is set out in a Group policy. More information on the effectiveness of the whistleblower system is provided in the sections below.

PROCESSES: REMEDIATION OF NEGATIVE IMPACTS AND COMPLAINT CHANNELS

Compliance with legal requirements, internal rules and the Code of Conduct has top priority in the Volkswagen Group. This is intended to avoid and prevent negative impacts on employees and non-employees.

However, the materiality assessment identified actual negative impacts on working conditions, equal treatment and equal opportunities within the Volkswagen Group. These are isolated cases that relate to the topics of job cuts, freedom of association restricted under local law, unhealthy working conditions and unequal treatment, including a lack of development opportunities due to a lack of or inadequate objective rules to avoid discrimination, such as remuneration guidelines or recruitment and promotion processes. As no systematic impacts were identified, but merely individual cases, which are also subject to regional conditions, the impacts are managed at the local level in the companies rather than at Group level.

Specifically, this means that the companies take action when individual cases arise relating to job cuts and unhealthy working conditions. In relation to job cuts, for example, this means creating opportunities at other sites, exhausting the demographic curve to minimize actual redundancies, or adopting a socially responsible approach if job cuts cannot be avoided. With regard to unhealthy working conditions, the relevant circumstances of the reported work-related accidents are responded to locally and actions are taken.

Due to different political and legal conditions, it is not possible to implement the standards of the Organisation for Economic Co-operation and Development (OECD) and International Labour Organization (ILO) at all the Group's production sites around the world to the same extent as in the European Union. Freedom of association is realized in compliance with the laws applicable in the various countries and locations. The aim is to bridge the tension between the different national conditions and the interest in the greatest possible achievement of the right to organize. A particular challenge arises in states that have not signed the ILO Convention on Freedom of Association and Protection of the Right to Organize. In these efforts, care is taken not to violate local laws and not to put local employees at risk.

In the event of individual serious breaches of the rules, for example in connection with unequal treatment and discrimination, the employees can use the whistleblower system described below to seek redress that, in contrast to the topics described above, is handled on a Group-wide basis.

The Volkswagen Group has established defined complaint channels and remediation processes. If a grievance is identified when a complaint is made, countermeasures are taken immediately – in compliance with national regulations – and the implementation of these countermeasures is monitored in order to put a stop to the potential or actual negative impact and prevent reoccurrence.

Complaint channels

With its binding principles and regulated procedures, the Group-wide whistleblower system is intended to avert damage to the Company and enable both employees and non-employees to draw attention to potential misconduct. It serves as the central point of contact for reporting cases of rule-breaking and is a complaint procedure provided centrally by the Volkswagen Group.

The Central Investigation Office in Wolfsburg is responsible for coordinating the Group-wide whistleblower system. The employees there process whistleblower information concerning Volkswagen AG and any of its subsidiaries that do not have their own investigation office and also process reports with relevance for the Volkswagen Group. Employees from the Audit, Security and Legal Affairs departments investigate the cases. AUDI AG, Dr. Ing. h.c. F. Porsche AG and TRATON SE each have separate investigation offices for themselves and their subsidiaries. There is also a regional investigation office at Volkswagen (China) Investment Company Ltd. It processes whistleblower information concerning Volkswagen AG's and Audi AG's Chinese subsidiaries.

All the Group's employees, business partners and their workforce, customers and other third parties can report information on potential breaches of the rules at any time, including serious impacts for employees and non-employees and human-rights violations. They may do this anonymously if they so choose.

The Volkswagen Group whistleblower system's principles, reporting channels and procedures are described in detail in the "Business conduct information" chapter.

The reporting channels and further information on the existing complaint procedures are publicly accessible on the Volkswagen Group website.

The availability and accessibility of the whistleblower system's reporting channels are checked as part of the internal control system.

Employees can also contact the internal workers' representatives with their concerns. Further information is provided in the section "Processes: Engaging with employees and workers' representatives about impacts".

In addition to these complaint channels operated by the Volkswagen Group itself, external grievance mechanisms are also available, such as the OECD National Contact Point or the *Bundesamt für Wirtschaft und Ausfuhrkontrolle* (BAFA – German Federal Office for Economic Affairs and Export Control). Reports submitted to the Volkswagen Group are transferred to the whistleblower system and processed there.

Prosecution and monitoring of reported complaints

The Volkswagen Group takes every complaint seriously and handles them in accordance with defined policies and procedures. These are set out in publicly available rules of procedure and in a Group policy.

After a complaint is received through the reporting channels managed by the whistleblower system, it is documented. If the complaint concerns a situation in the Group's own business area without any employee misconduct, the whistleblower system will immediately forward the complaint to the relevant body within the Group that, based on the complaint's subject matter, is responsible for handling the complaint.

The relevant investigation office has responsibility for any potentially serious complaints against Volkswagen Group employees.

Every case in which there is the possibility to contact the complainant is discussed with the complainant. The Group informs the whistleblower of the processing and the outcome, aiming for the greatest possible transparency. After completion of the investigation, the department responsible must document the case. The Group has a catalog of actions for taking action against breaches of the rules, which was drawn up taking local legislation into account and is implemented across the Group. In addition, disciplinary actions are documented. A reporting system on this has been established in all companies with five or more employees.

Approach and procedures for implementing remedial action

If the whistleblower system is not responsible for further action, the respective departments and the functional areas are responsible for initiating remedial action.

Group HR Compliance, Group Occupational Health and Safety, and Group Security act in an advisory and monitoring capacity toward the departments and functional areas of the relevant Group companies. As soon as breaches are identified and remedial action is necessary, the department responsible autonomously initiates appropriate remedial action. The remedial action is determined on a case-by-case basis depending on the type, severity, and likelihood of occurrence of the prohibition in question.

Remedial action that results from risk analyses or is necessary for other reasons is also defined and implemented by the aforementioned departments responsible.

The Volkswagen Group checks whether the actions taken are effective at avoiding or reducing negative impacts on a regular and ad hoc basis in what is known as compliance monitoring. This also includes checking whether the Code of Conduct is being complied with and whether complaints have been dealt with.

Effectiveness of the procedure

The procedure for handling complaints in the whistleblower system is based on the effectiveness criteria in the UN Guiding Principles on Business and Human Rights and is clearly described in rules of procedure.

Information is provided in a way suitable for the context and target group. The rules of procedure give the target groups access to the information needed to participate in the complaint procedure, including information on the procedure's time frame.

Information on complaints received and the remedial action for them is publicly available in the Volkswagen Group's BAFA report. Decision-makers in the undertaking are regularly informed about serious breaches of duty by the undertaking relating to human rights (see also the "Business conduct information" chapter).

The procedure is checked for its effectiveness. Questions about or suggestions for the improvement of the whistleblower system can be addressed to the Central Investigation Office. Anyone who has been interviewed in an investigation also has the option of giving feedback to the ombudsperson as an independent body.

Employee trust in the complaint procedure

The Volkswagen Group provides web-based training on human rights to ensure that employees are familiar with the structures and procedures and trust them as a way to raise their concerns or needs and have them addressed. This training explains all the available contact options in detail.

In addition, the undertaking focuses on diverse communication activities to raise awareness and promote the use of complaint channels. The whistleblower system is part of all mandatory compliance training courses. Further information on training is provided in the "Business conduct information" chapter. Participation in mandatory training courses is tracked. The proportion of anonymous reports without contact details remains very low.

The Volkswagen Group has a policy regarding the protection of individuals, including workers' representatives, against retaliation in the form of a Group policy and the rules of procedure for the grievance mechanism. Detailed information on the protection of whistleblowers can be found in the "Protection of whistleblowers" section in the "Business conduct information" chapter.

POLICIES: EMPLOYEES AND NON-EMPLOYEES

The Volkswagen Group is a socially responsible employer that follows international frameworks in its HR activities. The Volkswagen Group's employees are spread across many countries around the world. At some sites, the Group has already been an employer for decades, whereas other sites are more recent. Employees' working and living conditions and their interests and views are, consequently, diverse. The HR challenge for the Group is to cope with the tensions of this diversity while at the same time also implementing Group-wide standards. In line with ESRS requirements, the focus here is only on content that has global relevance for the Group's employees. In addition, various brands and companies have additional regional policies, targets and actions that are geared to employees' local interests and views but are described in their sustainability reporting, for example, rather than here.

The Volkswagen Group handles its business activities' positive and negative impacts on employees with Group-wide management policies. "Group-wide" means that the management policies are to be implemented in all controlled companies of the Volkswagen Group. The Volkswagen Group's management policies on employees are primarily set out in Group policies. The following sections explain which management policies address the issues of employees in the Volkswagen Group.

For non-employees in the Group, the aim is also to ensure that they also have appropriate working and remuneration conditions. When Procurement hires temporary external personnel, compliance with the standards of the relevant employment conditions is implemented through Procurement's management policies. These are described in the "Workers in the value chain" chapter. By means of corresponding requirements for business partners, Procurement's policies and actions also mitigate and promote the impacts on non-employees identified in the "Employees and non-employees" chapter in relation to fair and transparent pay, healthy working conditions, freedom of coalition, a non-discriminatory and inclusive working environment, equal treatment and the enforcement of compliance with social and human rights standards (e.g. no child labor or forced labor). Where there are procedural deviations, the requirements of the Charter on Temporary Work and thus also the Code of Conduct for Business Partners also apply. These requirements must be met by temporary employment agencies for these to be used. The plan is to also anchor the use of the Code of Conduct for Business Partners in the relevant Group policy issued by Procurement in all deviating cases.

Compliance management system for complying with human rights due diligence obligations

As a Group with a global footprint, the Volkswagen Group recognizes the following international conventions and declarations and reaffirms its agreement with the contents and principles stated in these. These include:

- The Universal Declaration of Human Rights, codified in particular in the International Covenant on Civil and Political Rights and in the International Covenant on Economic, Social and Cultural Rights (in addition to other applicable human rights treaties that are binding under international law, for example the UN Convention on the Rights of the Child)
- The Core Labour Standards of the International Labour Organization (ILO)
- The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the ILO
- The ten principles of the United Nations Global Compact (UN Global Compact)
- The UN Guiding Principles on Business and Human Rights
- The Organisation for Economic Cooperation and Development's Guidelines for Multinational Enterprises (OECD Guidelines)
- The international covenants on civil and political rights and on economic, social and cultural rights of December 19, 1966

As a signatory of the UN Global Compact, the Volkswagen Group follows international sustainability frameworks and standards in its HR activities, such as the UN Sustainable Development Goals (SDGs). In addition, the *Lieferkettensorgfaltspflichtengesetz* (LkSG - German Supply Chain Due Diligence Act) came into force in Germany on January 1, 2023. The Volkswagen Group has integrated the topic of business and human rights into its existing compliance management system (CMS) in order to implement its due diligence obligations related to human rights. The topics of child labor, forced labor and human trafficking are addressed indirectly in the Code of Conduct and explicitly in the Declaration on Social Rights and the Code of Conduct for Business Partners.

At Volkswagen, clear responsibilities are established throughout the Group as part of the "three-line of defense model" as a regulatory framework for a holistic governance, risk and compliance management system for managing corporate risks, including human rights risks.

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

The second line of defense consists of the advisory departments, at Group level primarily Group Legal and Group Compliance, HR Compliance, Group Environment and Group Occupational Health and Safety. These advisory departments are responsible mainly for ensuring compliance processes and for advising and supporting the operational divisions in their risk management activities.

The third line of defense is the Internal Audit department as an objective auditing body.

This management policy is in line with the due diligence process in the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Compliance with these is monitored using the human-rights risk management system.

If infringements of the frameworks are identified, remedial actions must be initiated and checked for their effectiveness. Furthermore, a process has been defined to ensure that the policies on the Group website, such as the Code of Conduct, are reviewed annually, so that any updates necessary are made.

The management policy for compliance with human rights due diligence is available in the Group policies of the relevant areas for anyone who needs help with its implementation. The management policy is available to all potential stakeholders on the Group homepage in the "Group" category under "Ethics, Risk Management & Compliance" and then under "Human rights". This is where the declaration of principles on compliance with human rights due diligence in accordance with the LkSG is also published.

A process to take what action is needed and appropriate in response to particular actual or potential negative impacts has also been defined in the management policy. This sets out who is responsible for developing preventive and remedial actions and will formulate appropriate actions.

The compliance management system for Human Rights makes a significant contribution to the management of the actual and potential positive impacts identified in the double materiality assessment, which include fair and transparent pay, extensive participation rights, healthy working conditions, an inclusive working environment, equal treatment of employees, and the promotion of a culture free from discrimination, violence and harassment. This also concerns the promotion and enforcement of compliance with social and human-rights standards with regard to employees and non-employees (e.g. no child labor or forced labor). The actual negative impacts identified are also mitigated in this way. These include if business processes concerning the Group's working conditions have a negative impact or if there are isolated cases of unequal treatment in the employment relationship. This also applies with regard to a shortage of development opportunities for employees due to lack of or insufficient objective rules on avoiding discriminatory behavior.

Group policies

Other management policies addressing the Volkswagen Group's employees are described in the Group policies set out below. The Group policies apply to all the Volkswagen Group's controlled companies. The department responsible checks whether they are up to date at least once a year and updates them if necessary. The Group policies can be accessed on the intranet by those who are responsible for implementing them. For affected stakeholders, the public documents enacted with the Group policies are available on the Group website – for example, the Code of Conduct and the occupational health and safety policy.

HR Compliance Group policy and Code of Conduct

The HR Compliance Group policy sets out the organizational framework conditions, the organization of and responsibility for proper operation, the involvement of HR Compliance, and the requirements for the implementation of HR compliance in the Volkswagen Group's controlled companies. The local legal, collective-bargaining and operational regulations are taken into account here, and the workers' representatives' existing participation rights are safeguarded.

The Group policy is managed by the HR Compliance organizational unit, which is an integral part of the overall strategic and operational HR work in the Volkswagen Group. Application of the Group policy systematically promotes and enhances integrity and compliance in HR tools, actions and processes. It also contributes significantly to the attitude, conduct, and actions of employees with regard to honesty and compliance with the law and concerning full compliance with human-rights due diligence obligations and the Code of Conduct, which is firmly embedded in the Group's HR Compliance guidelines. This also applies with regard to preventing and taking action to prevent discrimination and promote diversity and inclusion.

In addition to further content, which is addressed in particular in the context of management policies under "Corporate culture" in the chapter "Business conduct information", the basic values with regard to diversity and respect for the human rights of employees are enshrined in the Code of Conduct and the Group HR Compliance policy. This describes that the Volkswagen Group promotes diversity and works to create an inclusive working environment. The aim is to ensure equal opportunities for everyone and prevent all forms of discrimination. This applies, in particular, to discrimination due to ethnic or social origin; skin color; gender; nationality; language; religion; belief; age; physical or mental limitations; gender identity; sexual orientation; political beliefs, provided these are based on democratic principles and tolerance towards those who hold different views; or other, legally protected characteristics. The Volkswagen Group respects and protects the rights of vulnerable groups such as persons with disabilities; people with a migration background; older employees; and ethnic, religious, or comparable minorities and promotes teamwork characterized by mutual respect. The Volkswagen Group respects the right to freedom of conscience, expression and religion. In cases where these rights are subject to state restrictions, it strives for societal dialog.

The Volkswagen Group does not tolerate any form of harassment. This applies, in particular, to violence and harassment that occurs during, in relation to, or as a result of work being carried out. For the Group, different life stages and ways of life form another aspect of employees' diversity that it is important to support with regard to work-life balance. By creating clear minimum standards and standards of conduct in the two documents referred to above for diversity, equal opportunities, and equal participation, anchoring them in the awareness of employees, and promoting them through qualified managers whose awareness of the issues has been raised, discrimination and harassment can be prevented, contained and combated. At the same time, matters such as diversity and inclusion are expected to be promoted.

Another substantive element of the Code of Conduct is the commitment to openly working together with workers' representatives in a spirit of trust, maintaining constructive and cooperative dialog, and striving for a fair balance of interests. Safeguarding the future of Volkswagen and its workforce takes place in a spirit of cooperative conflict management and social commitment based on and with the goal of ensuring economic and technological competitiveness. Economic efficiency and job protection are equal-ranking and shared goals. The Code of Conduct and the HR Compliance Group policy thus make a significant contribution to management of the actual and potential positive impacts identified in the double materiality assessment process. These include the provision of secure jobs, an inclusive working environment, extensive participation rights, and the equal treatment of employees, including with regard to development opportunities in the Group, the inclusion of persons with disabilities and the promotion of a culture free of discrimination, violence, and harassment. This likewise involves the promotion and enforcement of compliance with social and human-rights standards for employees. The actual negative impacts identified are also mitigated by the Group policy. These include if business processes concerning the Group's working conditions have a negative impact or if there are isolated cases of unequal treatment in the employment relationship, including with regard to a shortage of development opportunities for employees due to lack of or insufficient objective rules on avoiding discriminatory behavior, such as remuneration policies or hiring and promotion processes.

The Chief Human Resources Officer has overall responsibility for the topic of HR compliance. The Head of Group HR Policy and Governance is responsible for the operational implementation of the management policy.

Group policy on occupational health and safety

Another Group policy defines the responsibility for occupational health and safety and specifies the binding requirements for occupational health and safety for all the Group's controlled companies.

It is the task of Health Services to ensure that the protection of its employees' health at least meets the nationally applicable legal requirements. This needs to be carried out by qualified medical personnel (company physicians).

Occupational safety experts have the task of advising senior managers, line managers, workers' representatives and others responsible for occupational health and safety on occupational safety and accident prevention, checking the safety of facilities and technical equipment, in particular before these are put into operation, and checking the safety of work processes, in particular before these are introduced. In addition, they are to monitor the implementation of occupational safety and accident prevention, check its effectiveness and work towards ensuring that the conduct of all of the business's employees is in line with the requirements of occupational safety and accident prevention.

Occupational health and safety is organizationally assigned to the Chief Human Resources Officer and reports to this individual. Health care is managed at Group level by the Head of Group Occupational Health and Safety, who is also Volkswagen AG's senior physician. In organizational terms, the management of occupational safety at Group level is assigned to Group Occupational Health and Safety. The Head of Occupational Safety also reports directly to the Chief Human Resources Officer.

In the Board of Management conference on occupational health and safety, in addition to defining fundamental health policy issues and strategies, a report is also given by the Head of Group Health and the Head of Group Occupational Safety. Among other things, this is used to track the Group policy on occupational health and safety, with the respective head's report primarily covering external and internal regulatory topics. In addition to serving the purpose of information, this also makes it possible to point out possible decision-making needs and prevailing problems. The participants in the Board of Management conference on occupational health and safety include representatives of the Board of Management and the Works Council, the Head of Group Occupational

Health and Safety and the Head of Group Occupational Safety. The participation of workers' representatives enables employees' interests to be taken into account.

The Group policy on occupational health and safety also includes the Volkswagen Group occupational health and safety policy. This documents the Group's responsibility to ensure the health and safety of its employees and communicates this aim externally. The occupational health and safety policy is available to employees and non-employees on the Volkswagen Group's website.

The occupational health and safety Group policy thus makes a significant contribution to the management of the actual and potential positive impacts identified in the double materiality assessment, including the provision of jobs with healthy working conditions and a strong focus on health protection.

WORKING CONDITIONS

This section covers the sustainability topics of secure employment, adequate wages, social dialog, freedom of association and collective bargaining, training, and skills development, which are specified in ESRS 1.

Actions related to working conditions

The organizational units of the Volkswagen Group responsible for implementing actions relating to the working conditions focus area are Group HR Policy and Governance and Volkswagen AG's Volkswagen Group Academy, which use human and financial resources on an ongoing basis to have a positive effect on the material impacts for employees and to contribute toward achievement of the targets set.

Budget planning round

What is known as the budget planning round (medium-term planning), in which Group-wide plant utilization is also planned, generally takes place annually as a key instrument of investment planning. The staffing situation of the individual sites is also taken into account.

The results of the medium-term planning are subject to approval by the Supervisory Board as regards the investment programs and investments included in it. Employee representatives on the Supervisory Board are also involved in the Supervisory Board's decision on approval. Involving employee representatives is designed to help ensure that the goal of safeguarding jobs is achieved.

The budget planning round prevents business processes from having actual negative impacts on the working conditions of individual employees (e.g. job cuts) through workforce planning that stabilizes employment. The action is not tracked.

Due to the collective bargaining at Volkswagen AG that lasted until the end of 2024, it was not possible to complete this standard process in the reporting year.

Opinion survey

There is a direct opportunity in the Volkswagen Group for employees to speak up about their own and the Company's interests, which has been used extensively in recent years, in the shape of the opinion survey. As part of the opinion survey, various aspects were highlighted in relation to an improvement in working conditions, including opportunities for employee development and qualification, a healthy work environment, participation opportunities and a good work-life balance. Within the organizational units employees had the opportunity to work with their line managers to develop actions in these areas on the basis of the survey results. Global measures were also derived in the last years from this employee survey in order to improve working conditions and participation opportunities. In the reporting year, the opinion survey was suspended for the purpose of revision.

Revising the opinion survey is intended to continuously strengthen dialog with employees. Furthermore, the interests of employees should be heard and taken into account in order to give the Group a well-founded pool of data for deriving effective actions on above-mentioned topics. Another employee survey is planned for 2025. Further information can be found in the chapter "Business conduct information" under "Corporate culture".

The opinion survey is an important instrument for enabling mitigation of actual negative impacts of business processes. This is done by identifying, deriving, and taking actions relating to topics employees perceive as particularly critical.

The extent to which the tool is accepted by employees using employees' rate of participation in the opinion survey will be tracked again in the future after its reintroduction. This can be used to assess whether the derivation of actions at critical points covers a broad base of employees and can accordingly be assessed to be effective.

Creation and expansion of digital training

The Volkswagen Group invests in training, which helps to enable employees to maintain long-term employability even when requirements change. In 2024, the focus was on creating and expanding a program of digital training to be able to provide more varied learning content for a larger number of employees. The Volkswagen Group is implementing and integrating the Success Factors tool and the learning platform Degreed as a learning ecosystem for digital learning and self-directed training. This creates a common framework for the qualification of all employees in the Volkswagen Group based on and controlled by the Volkswagen Group Academy. The global rollout is taking place in defined stages. The plan is to complete the rollout to the Group companies included in Success Factors by the end of 2028. On the learning platform Degreed's "Volkswagen Group" subsection, for example, seven new companies were added in the reporting year, and user numbers increased by more than 25% from over 30,000 in 2023.

The Volkswagen Group's efforts in the area of further training and qualification are also a response to the automotive industry's far-reaching technological transformation in order to live up to rising societal expectations, international treaties, and political regulations that require targeted decarbonization of products and business processes. In this transformation process, the Company is also opening up new fields of business and business models for which the employees concerned are trained.

This action contributes to the actual and potential positive impacts on employees by providing secure jobs. This is achieved through the development and expansion of digital training courses to strengthen employee qualifications for the purpose of improving their employability.

The development and expansion of digital further training and the traditional training format offering are tracked through the strategic target of increasing average further training hours. Further information on this can be found under section "Targets related to working conditions".

Actions related to freedom of association

The Volkswagen Group is committed to global compliance with freedom of association and recognizes the right of all employees to form trade unions and workers' representation. Employees' right to negative freedom of association is also respected. The recognition of the right of all employees to form trade unions and workers' representation represents a key component of the Declaration on Social Rights.

The metrics collected in the reporting year for the first time on the coverage of employees by collective bargaining agreements of 92.0% (European Economic Area/EEA only) and on the rate of employees covered by a workers' representative of 99.1% (European Economic Area/EEA only) show that the Volkswagen Group has created an environment that enables effective representation of interests. This effective representation of interests is the basis for the negotiation of fair and transparent pay by the collective bargaining parties. The negotiation process usually takes place within the framework of collective bargaining autonomy and is therefore governed by local regulatory conditions. Further information on the metrics can be found under "Metrics related to collective bargaining coverage and social dialog".

Due to different political and legal conditions, it is not possible to implement the OECD and ILO standards at all Group's production sites around the world to the same extent as in the European Union (EU). Freedom of association is realized in compliance with the laws applicable in the various countries and locations. The aim is to bridge the tension between the different national conditions and the interest in the greatest possible achievement of the right to organize. A particular challenge arises in states that have not signed the ILO Convention on Freedom of Association and Protection of the Right to Organize. In these efforts, care is taken not to violate local laws and not to put local employees at risk.

The Volkswagen Group maintains regular communication with and makes annual inquiries to, in particular, selected risk regions and risk markets in which it operates and in which a local legal right to freedom of association does not exist or is restricted.

Through this continuous measure, the Volkswagen Group contributes to the actual and potential positive impacts on employees in terms of comprehensive participation rights. In a restrictive environment, this takes place through regular communication with and inquiries to risk regions and risk markets.

Targets related to working conditions

Targets in the Human Resources business unit were developed deductively from the Group People Strategy, which was in turn developed in accordance with the Group sustainability strategy regenerate+ and the Group strategy.

The Group People Strategy and its targets were developed by the Group HR strategy department with the involvement of additional central organizational units of the Group HR divisions of Volkswagen AG and the HR strategy departments of selected Volkswagen Group brands. Employees and non-employees were not involved in the process for defining the targets. A new Group strategy was adopted in December 2024, as part of which the Group HR strategy was also adapted. The Human Resources business unit's targets are analyzed at least once a year and discussed with the Board of Management and the brands' board of management members responsible for HR at regular intervals. They are reviewed to determine whether the targets or actions for achieving the targets need to be adjusted.

With regard to tracking the undertaking's performance against the achievement of these targets and identifying lessons or improvement opportunities arising as a result of the undertaking's performance, no process for codetermination by employees or their representatives is planned.

Target related to training and skills development

The Volkswagen Group aims to promote employees' employability. This is intended to facilitate secure employment in the long term. The Volkswagen Group therefore offers its employees extensive training opportunities.

Independently of the metrics required by the ESRS in this focus area, the Volkswagen Group has already had a strategic metric on training hours for several years.

In contrast to the definition of employees set out in the chapter introduction under “Material impacts and their interaction with strategy and business model”, the active workforce is used for the strategic KPI, but excluding employees in the withdrawal phase of the time asset bonds (time asset bond: time credit from deferred compensation). The active workforce covers all employees excluding vocational trainees and employees in the passive phase of their partial retirement. In addition, the Chinese joint ventures are not taken into account in the strategic KPI. The different calculation bases mean that the strategic KPI differs from the metric average number of training hours per employee in accordance with the ESRS, which is listed further below in the text.

The goal is to increase the average number of training hours per employee in the active workforce (here excluding employees in the withdrawal phase of their time asset bonds) in the Volkswagen Group by 35% to 30 hours per year by 2030. The baseline value is 22.3 hours and represents the average for the base years 2015 to 2019. These years were chosen as the baseline due to the Covid-19 pandemic, which temporarily curtailed training activities in 2020 and 2021.

The target for this strategic KPI for the reporting year was 26 hours. With an average of 20.8 hours per employee, the target has not been met. The decrease in the number of training hours is due to the prioritized implementation of efficiency programs in the Group, with the result that the departments did not focus on measures to increase the number of training hours. In the 2023 reporting year, 22.1 hours per employee were achieved.

This target was developed as part of the Group People Strategy and the associated Group strategy and was included in the Group sustainability strategy regenerate+ as a top KPI. Due to the momentum in this focus area and the varied training needs and regulatory requirements in the various local companies, no extended, Group-wide regulation of this focus area has been put in place beyond the strategic direction, with the exception of the Charter on Training with its scope of application. Since the target was set, no changes have been made to the target itself.

The strategic metric of the Group People Strategy covers the employees' training hours, including the digital self-guided training hours that are time-independent. The annual average was calculated on the basis of the data from January 1 to December 31 until 2023. In the course of the transition to using the requirements of the ESRS, the calculation was adjusted to the effect that the annual average is now calculated on the basis of data from December 31 of the previous year to December 31 of the reporting year. As a result, the KPI will in the future correspond to the metric in this aspect.

By 2023, the strategic HR planning implementation status was reported as a KPI of the same name, which has helped to provide secure jobs. Strategic HR planning supplements operational HR planning by adding a qualitative, long-term and strategic planning perspective. It allows to identify qualitative and quantitative surpluses and shortfalls in parts of the Company at an early stage and derives necessary qualification, vocational training and restructuring requirements designed to help support the transformation. To map progress in strategic HR planning, we measure the percentage of the active workforce included in the strategic HR planning from 2023. The targets are being adjusted as part of the Group strategy revision, and reporting of the KPI has been suspended for 2024 due to the ongoing efficiency programs.

No other measurable outcome-oriented targets within the meaning of the ESRS requirements have been set in connection with adequate wages, social dialog, freedom of association, or collective bargaining. The effectiveness of the policies and actions in relation to the impacts identified through the materiality assessment performed this year for the first time is not monitored.

METRICS: EMPLOYEES AND NON-EMPLOYEES

Metrics related to the characteristics of employees

A total of 614,082 employees were employed at the Volkswagen Group at the end of the 2024 reporting year; the number of employees is given in headcount The definition of employees covers anyone with an active employment contract who takes part in the Volkswagen Group's value creation process, including members of top management, people in the passive phase of partial retirement, and vocational trainees. The quantitative disclosures do not include people in dormant employment, such as people on parental leave. Nor do they include employees in academic training, such as interns, student workers, or students studying for a PhD, master's degree, or bachelor's degree. Both full-time and part-time employees are counted as employees. A full-time employee works the maximum number of hours per day, week, or month that are defined for the employee category in question in accordance with the national laws, collective bargaining agreements, or company regulations. Any deviation from the collectively or non-collectively agreed full-time weekly working hours is deemed to constitute part-time employment. Permanent employees do not have an end date in their employment contracts. Temporary employees means all of the respective undertaking's employees that have a temporary contract with an end date. Non-guaranteed hours employees are classified as temporary employees. They are employed without a guarantee of a minimum or fixed number of working hours. A non-guaranteed hours employee must make themselves available for work as required, but the employer is not contractually obligated to offer the employee a minimum or fixed number of working hours per day, week, or month.

In the reporting year, 37,516 employees left the Volkswagen Group. The staff turnover rate was 6.1%. It is calculated by dividing the number of people who left by the average number of employees in the reporting year. The calculation is based on the data from December of the previous year to December of the financial year regarding employees of the Volkswagen Group's reportable entities in the future in the context of the requirements of the ESRS. The reference base is the average number of employees in this period. The following groups are included in employees leaving: employees who have left the Volkswagen Group due to dismissal, retirement, death or resignation.

The following tables show the distribution of employees by gender, country of employment and contract type.

EMPLOYEES BY GENDER

As of Dec. 31, 2024

Gender	Employees
Male	489,917
Female	124,125
Diverse	7
Not disclosed	33
Total workforce	**614,082**

Workforce disclosures are also contained in the Group management report under "Sustainable Value Enhancement" chapter under "People" section. Discrepancies between the figures are due to the inclusion of the workforce of the Chinese joint ventures in the Group management report. The total number of employees includes 33 employees ("Not disclosed") who have made use of their local legal right not to disclose their gender.

EMPLOYEES BY COUNTRY

As of Dec. 31, 2024

Country/territory	Employees
Germany	293,338
Czech Republic	37,005
USA	26,117
Sweden	25,804
China	23555
Spain	23,064
Brazil	22,810
Mexico	20,117
Poland	19,622
Hungary	12,826
Slovakia	11,947
Italy	10,263
UK	9,793
India	8,957
France	8,208
Austria	7,938
Portugal	5,919
Argentina	5,674
South Africa	5,199
Turkey	4,334
Netherlands	3,620
Belgium	3,561
Denmark	3,184
Romania	1,821
Switzerland	1,793
Norway	1,584
Japan	1,376
Australia	1,308
Chile	1,011
South Korea	894
Slovenia	870
Canada	838
Ecuador	798
Croatia	746
Singapore	703
Finland	590
Colombia	558
Peru	530
Bulgaria	513
Malaysia	499
Thailand	423
United Arab Emirates	422
Serbia	397
Taiwan	350

Ukraine	338
British Virgin Islands	286
New Zealand	276
Ireland	263
Greece	200
Estonia	192
Latvia	147
Bosnia and Herzegovina	143
Lithuania	143
Morocco	133
Macedonia	123
Qatar	118
Kenya	103
United Republic of Tanzania	88
Albania	81
Ghana	76
Indonesia	67
Pakistan	61
Panama	60
Namibia	54
Luxembourg	51
Saudi Arabia	48
Botswana	44
Senegal	41
Kazakhstan	39
Montenegro	15
Uruguay	13
Total workforce	614,082

EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY GENDER

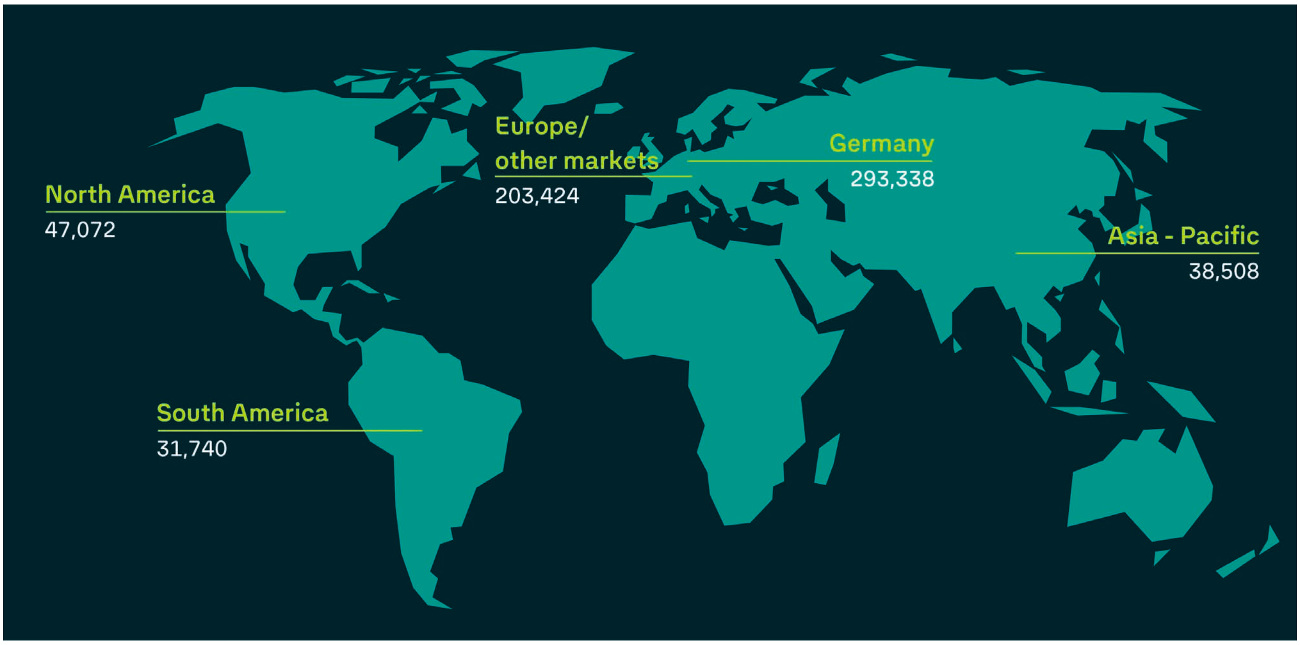
As of Dec. 31, 2024

	Male	Female	Other	Not disclosed	Total
Employees	489,917	124,125	7	0	614,082
Employees with a permanent contract	473,198	117,902	4	33	591,137
Employees with a temporary employment contract	16,719	6,223	3	0	22,945
Non-guaranteed hours employees	0	0	0	0	0

Gender is disclosed as specified by the employees themselves. The total number of employees includes 33 employees who have made use of their local legal right not to disclose their gender.

EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY MARKET

As of Dec. 31, 2024



	Germany	Europe/Other Markets*	North America	South America	Asia-Pacific
Employees	293,338	203,424	47,072	31,740	38,508
Employees with a permanent contract	285,935	193,767	45,791	30,019	35,625
Employees with a temporary employment contract	7,403	9,657	1,281	1,721	2,883

*Excluding Germany

Metrics related to non-employees

Non-employees include self-employed people and people provided by undertakings primarily engaged in employment activities (known as temporary external personnel). The total number (headcount) of non-employees working in the Group was 25,162 at the end of the reporting year.

Metrics related to collective bargaining coverage and social dialog

A total of 92.0% of the Volkswagen Group's employees are covered by collective bargaining agreements. This number only relates to employees in countries in the European Economic Area (EEA) in the first reporting year in accordance with the ESRS. A collective bargaining agreement means a written agreement between trade unions – or, in their absence, duly elected workers' representatives – and employers, which, among other things, governs working hours and wages as core components. A total of 99.1% of the Volkswagen Group's employees in the EEA are covered by workers' representatives. There are agreements with employees regarding representation by a European Works Council (EWC, EWC SE, EWC SEC).

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOG IN 2024

	Collective bargaining coverage	Social dialog
Coverage rate (in %)	Employees (EEA only)	Workplace representation (EEA only)
0 – 19	Bulgaria, Estonia, Ireland, Croatia, Latvia, Lithuania	Ireland
20 – 39	Greece, Luxembourg	-
40 – 59	Denmark	-
60 – 79	Poland, Romania, Slovenia	Greece, Luxembourg
80 – 100	Austria, Belgium, Czech Republic, Finland, France, Germany, Hungary, Italy, Netherlands, Norway, Portugal, Slovakia, Spain, Sweden	Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Italy, Latvia, Lithuania, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden

Metrics related to adequate wages

The statutory minimum wage of a country or, where this is not defined, a benchmark that is not lower than the minimum wage of a neighboring country with similar socioeconomic status is used as a benchmark for adequate wages in accordance with ESRS requirements within the EEA. As there is no uniform methodology for setting a minimum wage outside the EEA, the benchmarks from the Wage Indicator Foundation's Living Wage database, which is cited in the requirements of the ESRS as a possible data source for countries outside the EEA, are used. The benchmarks for all the countries outside the EEA where the Volkswagen Group has employees are obtained from this database. The underlying benchmarks were last updated for this report in October 2024.

The salary components used to calculate the lowest gross hourly wages in each case are specified in accordance with the requirements of the ESRS and uniformly defined throughout the Group. Only the base salary and guaranteed additional payments are included in the calculation. However, in many cases, there are other remuneration components in the Volkswagen Group that are not included in this calculation. From the Company's perspective, these other remuneration components may represent a fundamental proportion of wages but are not taken into account in accordance with the ESRS.

For the following metrics, the lowest gross hourly wages for each company are compared to the respective country's benchmark. These comparisons were used as a basis to ascertain that near enough all of the Group's employees are paid a wage above the respective benchmarks and therefore receive an adequate wage in accordance with the ESRS definition. The few exceptions here are listed in the table below, which lists the countries and the number of Volkswagen Group employees who receive a wage below the set ESRS benchmark. In addition, the table shows the proportion of these Volkswagen Group employees who receive a wage that is below the respective benchmark in relation the total number of Volkswagen Group employees in the country in question. The employees listed in the table are still remunerated in accordance with existing local statutory requirements and the provisions of collective bargaining agreements. Furthermore, other remuneration components that do not fall within the definition of income according to the ESRS mean that the employees' actual wages are higher than those depicted in this comparison. These additional remuneration components include, for example, sales commission (e.g. in Singapore), additional contributions to pensions and/or health insurance, and free catering (e.g. in Morocco). Further temporary effects also come into play, such as lower wages paid during a specific probation period (e.g. three to six months in Mexico). Similar practices are used in Albania, Brazil and Sweden, as well as Austria to a certain extent, where employees are generally moved to a higher wage group after a short induction period. The other employees in Austria mainly work on a part-time basis. The two cases in Germany relate to trainees, who fall within the scope of the *Berufsbildungsgesetz* (BBiG - German Vocational Training Act).

ADEQUATE WAGES OF EMPLOYEES IN 2024

Country	Employees in the respective country (total)	Employees in the respective country whose wages* are below the benchmark* for the country concerned	Proportion of employees in the respective country whose wages* are below the benchmark* for the country concerned (as a percentage)
Singapore	703	86	12.2
Morocco	133	6	4.5
Albania	81	2	2.5
Sweden	25,804	49	0.2
Austria	7,938	5	0.1
Mexico	20,117	10	0.1
Brazil	22810	1	0.0
Germany	293,338	2	0.0

*According to the ESRS definition

Metrics related to training

The average number of training hours per employee in accordance with the requirements of the ESRS was 18.9 hours. The calculation is based on the employee data from December of the previous year to December of the reporting year. Time-bound and non-time-bound classroom and online training with or without a trainer (self-guided) count as training. In time-bound learning, primarily the precise qualification time is recorded. If this is not technically possible, the stored target value per non-time-bond training measure is evaluated.

OCCUPATIONAL HEALTH AND SAFETY

This section addresses the sustainability topics of occupational health and safety in accordance with ESRS 1.

Actions related to occupational health and safety

A Group policy ensures that the senior managers of each company make adequate financial, human and material resources available to fulfill the tasks in the focus area of occupational health and safety and ensures sufficient qualification and training of skilled staff. Volkswagen AG's Group Occupational Health and Safety organizational unit is tasked with standard-setting, information provision, communication and monitoring.

Mandatory establishment and ongoing improvement of an occupational health and safety management system

The Group has issued a Group-wide policy requiring the companies to introduce and obtain certification for an ISO 45001 management system at all production sites with more than 1,000 employees, which must be implemented to promote occupational health and safety. The certification itself is the responsibility of the respective companies. As part of the Group audit program, internal audits are conducted on the basis of ISO 45001 requirements and Group policies. Four (three) Group audits were conducted in 2024. Completion of the required ISO 45001 certifications by 2026 is planned.

Certification of the management systems on occupational health and safety has also been underpinned by a target. Information on the action's progress and effectiveness can be found under section “Targets related to occupational health and safety”.

Conducting a systematic health & safety risk analysis

To evaluate the Group companies' current performance in occupational health and safety, in this reporting year the Volkswagen Group conducted a risk analysis based on self-assessment questionnaires at the level of the companies. The scope of the 2024 risk analysis was defined on the basis of risk-based criteria, incorporating the previous year's results. As a result, it was possible to identify improvement potential and introduce measures to reduce sustainability-related risks, for example. In addition, regular dialog took place as part of communication with the companies. The good practices identified give rise to potential for the Group companies.

The Volkswagen Group conducts systematic analyses of the status quo of occupational health and safety in the Group each year. From these analyses, it derives measures to minimize work-related risks where a need for action is identified. These cover all the Volkswagen Group's employees and are made accessible to them through targeted communication.

Through the two actions described, the Volkswagen Group promotes employees' occupational health and safety and, in this way, contributes to the actual and potential positive impacts on employees by creating healthy working conditions.

The effectiveness of the risk analysis and the actions derived from it to minimize work-related risks is tracked using spot checks of the companies – even those without identified risk indicators.

Targets related to occupational health and safety

The Safety First strategy and the Group policy on occupational health and safety require all Volkswagen Group production sites to comply with the standards of ISO 45001 occupational health and safety management systems. All production sites (including the Chinese joint ventures) with more than 1,000 employees are to be certified in accordance with ISO 45001 by 2026.

The development of the target was intentionally advanced in accordance with the ILO recommendation on the certification of occupational health and safety management systems and the sustainability reporting standards prevailing at that time.

At the same time, the development process took account of the particular local characteristics of the location and industry through the restriction of the target to production sites with more than 1,000 employees. Specific capital market requirements that were brought to the Volkswagen Group's attention through ESG ratings were also integrated into the reporting through additional reporting on the coverage of the certified management systems.

Collecting metrics is a core element for assessing the effectiveness of our actions. To monitor the target, an analysis is done each year of how many of the Group-wide production sites with more than 1,000 employees are ISO 45001 certified and how high the associated coverage of employees is. At the end of 2024, a total of 80 (72) Group production sites (including the Chinese joint ventures) were certified in accordance with ISO 45001. This corresponds to coverage of 74 (51)% of the employees at the Group production sites (including the Chinese joint ventures) with more than 1,000 employees. The metric is calculated by dividing the number of employees at certified production sites with more than 1,000 employees by the total number of employees at production sites with more than 1,000 employees.

Since the target was set, no changes have been made to the target itself or to the underlying methodology. Based on targeted and constant communication with the companies affected in the relevant steering committees, we are not currently aware of any significant obstacles to achieving the target.

In addition to the number of ISO 45001-certified production sites and their level of coverage of employees, the Volkswagen Group also uses the lost time injury frequency rate (LTIFR) for employees as a key performance indicator for reporting. This is recorded as an accident frequency index and provides information on the number of accidents at work as a proportion of the total of all hours worked. It is calculated as the number of accidents at work reported with at least one day lost multiplied by 1 million divided by total number of hours worked. In 2024, the accident frequency at the Volkswagen Group was 6.4 (3.6). Compared with the previous year, the metric's scope was expanded in the reporting year from all production sites including the Chinese joint ventures previously to employees of the Group's consolidated companies excluding the Chinese joint ventures. In addition, the Group switched from weekdays to calendar days for the calculation of days lost. Comparability with the prior-period figures is not possible due to the change in methodology.

The Volkswagen Group attaches great importance to reducing the LTIFR to below 1 for all brands and companies by 2040. This target was set as part of the Group sustainability strategy regenerate+ and is a strategic metric in its own right, and the accident frequency target was developed taking account of ESG rating requirements. The documentation obligation for work-related accidents that is necessary for obtaining the metric is set out in the occupational health and safety Group policy.

The target referred to above also addresses ILO recommendations on occupational health and safety and the Global Reporting Initiative (GRI) sustainability reporting standards used at the time of development. The targets of ISO 45001 certification and the number of work-related accidents are not measured against either a specific baseline or a specific base year, as the Volkswagen Group measures itself against the aim of having as few work-related accidents as possible each year, and none of them fatal.

The Group uses Group regulations to provide Group-wide information in the event of fatal accidents involving employees or non-employees who work at the Volkswagen Group's sites. On this basis, actions can be taken to prevent similar accidents across all sites in the future. Accidents are analyzed locally and appropriate measures are introduced to prevent further accidents.

As part of the sustainability reporting based on the requirements of the ESRS, the metric for the calculation of accident frequency in the reporting year was switched from the lost time injury frequency rate (LTIFR) to the total recordable injury rate (TRIR) so that significant work-related accidents are now included in the calculation regardless of the employee's absence. In the reporting year, the TRIR at the Volkswagen Group was 11.7.

Employees and non-employees were not involved in the process for defining the targets.

Metrics related to occupational health and safety

A total of 83% of employees are covered by the Group's health and safety management system based on legal requirements and/or recognized standards or guidelines. 46% of employees are covered by such a health and safety management system that has been audited or certified by an external party.

There were four deaths in the reporting year. Of these, three deaths concerned Volkswagen Group employees. One death concerned other workers, such as workers in the value chain at Volkswagen Group sites.

In the reporting year, employees had 10,819 recordable work-related accidents, which equates to a rate of 11.7 for the TRIR. It is calculated as the number of significant accidents at work reported multiplied by 1 million divided by total number of hours worked.

EQUAL TREATMENT AND EQUAL OPPORTUNITIES

This section addresses the sustainability topics of diversity, gender equality and equal pay for work of equal value, action against workplace harassment and inclusion of persons with disabilities in accordance with ESRS 1. The sustainability matter of training and skills development in terms of equal opportunities is included in this section. The employability aspect is addressed in the "Working conditions" section.

Actions related to equal treatment and equal opportunities

The organizational units of the Volkswagen Group responsible for implementing actions relating to the focus area of equal treatment and equal opportunities are Group Diversity and Advancement of Women, Volkswagen Group Academy and Volkswagen AG's Group HR Management. They use human and financial resources on an ongoing basis to have a positive effect on the material impacts for employees and to contribute toward achievement of the targets set.

The Volkswagen Group has a varied employee structure around the world. This results in a need for specific actions to ensure equal treatment and equal opportunities. It is therefore up to the brands and companies to create and ensure an inclusive working environment based on their respective needs.

Actions to create an inclusive working environment and equal treatment of employees

The Group uses the HR Compliance Group policy that applies throughout the Group to stipulate action areas to the companies to promote the topics of diversity, equal opportunities, including regarding work-life balance and inclusion. These action areas encompass the integration of these topics into corporate values, processes and communication and the appointment of a contact person. From a certain size of company, the role of a diversity expert needs to be created. Awareness-raising measures for employees and managers are required to be implemented in the above-mentioned action areas. The scope and depth of the actions are geared to the size of the Company.

This contributes to an actual positive impact on employees through the provision of an inclusive working environment, the equal treatment of employees, including with regard to development opportunities in the Group, and increasing awareness among employees and managers for a culture free of discrimination, violence and harassment. Overall, this is a continuous measure.

The effectiveness of this action is not tracked centrally but, due to the diversity of the actions, is generally tracked at local or company level.

New anti-discrimination rule

In addition, in 2024, the Group provided the companies with a new anti-discrimination rule developed in 2023 to close gaps in the rules on the avoidance of discrimination in the hiring, remuneration and promotion process.

In 2024, the anti-discrimination rule was communicated to 106 Group companies that have implemented no or insufficient rules on avoiding discrimination.

Group companies are not required to introduce this rule, but it is recommended by the Group.

The new anti-discrimination rule is intended to provide a remedy to the actual negative impact on employees of unequal treatment in the employment relationship. HR Compliance also revised the specific Group policy with regard to the Volkswagen Group’s potential negative impacts in relation to unequal treatment of employees. For the recruitment process, it was amended to stipulate that decisions on recruitment will only be made on the basis of the applicant’s level of qualification.

The effectiveness of this action is not tracked centrally but, due the differences in the implementation of the action, is generally tracked at local or company level.

Preparation of materials for managers

The Group trains and empowers management and managers across the Group regarding their impartiality and the preservation of equal opportunities. In addition, the Group promotes sustainable discussion of the topic of unconscious bias among all managers in order to promote the creation of an unbiased working environment and processes geared to equal opportunities. Based on their training, they should be empowered to analyze their own department-specific processes and derive and implement suitable measures to ensure equal opportunities and reduce prejudices and stereotypes in their department. In addition, supporting materials are developed centrally and made available to the brands and companies. The Group suggests making local adjustments and integrating the methods into existing training and processes while maintaining the described target.

This contributes to an actual positive impact on employees through the provision of an inclusive working environment, the equal treatment of employees, including with regard to development opportunities in the Group, and the promotion of a culture free of discrimination, violence and harassment. This is a continuous measure.

The effectiveness of this action is not tracked centrally but, due to the diversity of the actions, is generally tracked at local or company level.

Linking Group Board of Management and management remuneration to the diversity index

Among other things, the short-term variable remuneration of the Group Board of Management (annual bonus) is linked to the ESG factor, including the diversity index, so as to create a direct incentive at the Group Board of Management level to achieve the diversity targets. The diversity index's relevance to remuneration is described in more detail in the "General information" chapter.

In addition, an ESG factor was included in the short-term variable remuneration (annual bonus) for management below the Group Board of Management in 2023. As part of this ESG factor, the proportion of women in management relevant to the index is embedded in the short-term variable remuneration.

Creating an incentive to promote diversity in the undertaking contributes to an actual positive impact on employees through the equal treatment of employees, including with regard to development opportunities in the Group, and the promotion of a culture free of discrimination, violence and harassment.

The effectiveness of this action, but also the promotion of diversity itself, is tracked through the development of the diversity index, which is composed of the proportion of women in management and the internationality of top management. Both components of the diversity index are underpinned by a strategic target. More information on this can be found under the section "Targets related to equal treatment and equal opportunities".

Collecting and publishing the statistic on penalizing employee misconduct

Each year, the Volkswagen Group collects and publishes a statistic on the disclosure of the penalization of employee misconduct in the relevant reporting year. The regular reporting on the disciplinary statistic is used firstly to create transparency and secondly to enable countermeasures to be taken as soon as possible if there are any anomalies. Publishing the disciplinary statistic internally additionally contributes to transparency and increased awareness, but also encourages employees to directly address or report misconduct.

In 2024, 32 Volkswagen Group employees were dismissed due to breaches in the area of discrimination, bullying, or stalking.

The publication of the statistic on penalizing misconduct in the area of discrimination, bullying, or stalking is a measure to promote awareness of the consequences of unequal treatment and thus prevent discrimination and actual negative impacts on employees as a result of isolated incidents of unequal treatment.

The effectiveness of this action is tracked by constant monitoring of the development of case numbers by the Group's responsible department and taking action where necessary.

Targets related to equal treatment and equal opportunities

The topic of diversity and equal opportunities is enshrined in the HR Compliance Group policy. The particular importance of this action area is also underlined in the Volkswagen Group by its introduction of the diversity index as a strategic metric of the Group People Strategy, the Group strategy, and the Group sustainability strategy regenerate+, which also has direct remuneration relevance at Group Board of Management level. The Volkswagen Group is endeavoring to increase diversity in the Company (further details can be found under the heading "Linking Group Board of Management and management remuneration to the diversity index"). This includes setting targets for the percentage of women in management and for the internationality of top management. Both of these figures have been combined in the diversity index since 2017. It is compiled for the employees of the entire Volkswagen Group, but excluding employees in the withdrawal phase of the time asset bonds (time asset bond: time credit from deferred compensation), vocational trainees and employees in the passive phase of partial retirement. In addition, and as a departure from the requirements of the ESRS, the Chinese joint ventures are included in this strategic KPI. This index is used to measure and steer the implementation of the targets.

The proportion of women in management, comprised of management, senior management and top management (including members of the Group Board of Management and brand boards of management), amounted to 19.9% in 2024 and was 0.7 percentage points up on the prior year (19.2%). The intermediate target of 19% for 2024 was thus achieved. The Volkswagen Group wants to increase the proportion of women in management to 20.2% by 2025. This represents an increase of 8.1 percentage points compared with our baseline of 12.1% from 2016. The target of at least 25.0% by 2025 has been defined for the international composition of top management, the uppermost of the three management tiers. Achievement of the target would represent an increase of 8.0 percentage points compared with the baseline of 17.0%, also from 2016. This stood at 29.1 (25.6)% in the fiscal year now ended. The intermediate target of 24.1% for the reporting year was thus achieved. The figures for the proportion of women in management and the internationalization of top management are incorporated with equal weighting into the diversity index, which was set to 100 for 2016. For 2024 it was planned to increase this index to 149. This target value was exceeded with a score of 168 (154).

The diversity index was created in 2017 and was continued as a KPI in the applicable Group strategy and Group People Strategy. Recently, the associated sub-index "Proportion of women in management" was also incorporated into regenerate+ as a top KPI. The Supervisory Board has decided to define the diversity index as the performance criterion for the Social subtarget within the framework of the ESG factor for the variable remuneration (annual bonus) of the members of the Board of Management. The interests of the workforce are represented in this decision through the participation of the employee representatives. No changes were made to the methodology for collecting the metrics relevant to the target during the year.

No measurable outcome-oriented targets have been defined within the meaning of the requirements of the ESRS with regard to the employment and inclusion of persons with disabilities, the promotion of a culture free of discrimination, violence and harassment, and the raising of awareness among employees. The effectiveness of the policies and actions in relation to the impacts identified through the materiality assessment performed this year for the first time is not monitored.

Metrics on diversity

The following tables show the gender distribution of employees in number and percentage at top-management level and the distribution of employees by age group. In contrast to the percentage of women included in the diversity index, the gender distribution at this point only includes top management (including the Group and brand Boards of Management) and not senior management or management.

GENDER DISTRIBUTION AT TOP-MANAGEMENT LEVEL

As of Dec. 31, 2024

Gender	Employees	Breakdown in percent
Male	**421**	**87.7**
Female	59	12.3
Other	0	0.0

EMPLOYEES BY AGE GROUP

As of Dec. 31, 2024

Age group	Breakdown in percent
Under 30 years	16.1
30-50 years	56.9
More than 50 years	27.0

Metrics related to pay gaps and annual total gross remuneration

The Gender Pay Gap describes the difference in the average pay for women and men. In this report, the unadjusted Gender Pay Gap is disclosed. It shows the percentage difference in the average gross hourly pay level of men and women without taking structural differences into account. In the reporting year, the difference at the Volkswagen Group was 13 percent.

The unadjusted Gender Pay Gap is determined by calculating the difference between the average earnings of male employees and the average earnings of female employees. This difference is then divided by the average hourly earnings of male employees and multiplied by 100 to produce this figure as a percentage.

The average hourly earnings per gender are calculated on the basis of employees' annual total gross remuneration. This includes remuneration for work performed in the reporting year (remuneration of working hours including overtime, shift allowances) and the remuneration of lost hours/absence, i.e. vacation pay, public holidays, illness and other absences, for example. This total gross remuneration is divided by the annual working hours, including overtime registered in the time recording system, according to gender.

Unlike the unadjusted Gender Pay Gap, the adjusted Gender Pay Gap takes account of factors such as qualification, professional experience, job system or position. It therefore shows the remaining pay gap between men and women with comparable characteristics. On the basis of available economic data, this figure is usually significantly lower than the unadjusted figure.

The ratio between the annual total gross remuneration of the highest paid individual and the median annual total gross remuneration for all employees (excluding the highest-paid individual) was around 195.

An approximation method based on the median remuneration, the companies' average pay level, and the distribution of pay within the companies was used to calculate the median. For the calculation of employees' average pay levels at the companies, the same definition of annual total gross remuneration was used as for calculating the pay gap between women and men.

OTHER WORK-RELATED RIGHTS

This section addresses the sustainability topics of child labor and forced labor in accordance with ESRS 1.

Actions related to other work-related rights

The organizational units of the Volkswagen Group responsible for implementing actions relating to the focus area of other work-related rights are Group HR Compliance at Volkswagen AG and the relevant operational HR departments at company level, which use human and financial resources on an ongoing basis to have a positive effect on the material impacts for employees and to contribute toward achievement of the targets set.

Minimum standards to prevent violations of human rights in the recruitment process

To better implement social standards and respect human rights, various basic measures were introduced and actions that had already been initiated were expanded to include a focus on protecting human rights. In this way, identity and age checks are carried out for all employees who enter into a temporary or permanent training or employment contract with a Volkswagen Group company as part of Volkswagen's recruitment process for external hires. In addition, the local minimum age limit for employment is checked. Furthermore, when the contract is concluded, the voluntary declaration of intent is documented and a confirmatory signature in the form of a job offer letter is provided.

In the event of deviations from the standard recruitment process, documentation is prepared and a decision is made in accordance with the principle of multiple-party verification. Discrepancies from the minimum age limit check are not permitted so as to ensure that child labor is avoided. The action applies in the recruitment process for potential new employees across the Group and in implementation for HR department employees. The measure is implemented continuously.

Through the actions to improve the recruitment process, the Volkswagen Group contributes to the actual and potential positive impacts on employees by promoting and enforcing compliance with social and human-rights standards.

The effectiveness of these actions is tracked by reviewing compliance with the actions each year using a risk-based approach.

Targets related to other work-related rights

No measurable outcome-oriented targets within the meaning of the requirements of the ESRS are currently defined in connection with child labor and forced labor. The effectiveness of the policies and actions in relation to the impacts identified through the materiality assessment performed this year for the first time is not currently monitored. On the basis of our corporate values, the Volkswagen Group does not tolerate any child labor or forced labor.

Metrics related to other work-related rights

A total of 3,555 reports were received through the investigation offices in the reporting year.

Cases received regarding discrimination and harassment are treated as potential serious regulatory violations of the rules. 37 cases that were categorized as potential serious regulatory violations of the rules concerned discrimination and/or harassment in the reporting year. In the reporting year, 22 cases were confirmed as serious regulatory violations of the rules concerning discrimination and harassment.

In the disciplinary statistics, 250 sanctioned cases were recorded in the discrimination/bullying/stalking and sexual harassment clusters in the reporting year. In some cases, these already include the serious violations identified. Taking this duplication into account, a total of 257 cases regarding discrimination and harassment were thus identified.

A further 15 cases that the investigation offices categorized as potential serious regulatory violations of the rules concerned workforce issues other than discrimination or harassment in the reporting year. In the reporting year, two cases were confirmed as serious regulatory violations of the rules concerning these workforce issues other than discrimination or harassment. The National Contact Points for OECD Multinational Enterprise submitted no cases in relation to workforce issues other than discrimination or harassment to the investigation offices.

The total amount of fines, penalties and compensation for damages including the incidents and complaints on discrimination, including harassment, was €9 thousand. This amount is reported under other operating expense in the income statement but not disclosed individually and can also include items from previous years.

During the reporting year, potential relevance to the LkSG was identified for 15 reports, specifically related to the protected human rights in the employment relationship. In this period, there were no confirmed violations of the human rights protected by the LkSG. This disclosure can also be based on reports received by the relevant investigation office in the previous year, but for which a check of whether a violation was confirmed was only performed during the reporting year. This also means that there are no cases of severe human rights violations within the meaning of the ESRS. Since the LkSG is based on the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises, it can therefore be assumed that the indications of potential LkSG relevance correspond to potential violations of these frameworks in this respect. No fines, penalties or compensation for damages were incurred in connection with severe human rights incidents.

Workers in the value chain

We aim to meet our legal, social, and environmental responsibilities not only within the Group but also in our supply chain.

MATERIAL IMPACTS AND RISKS AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The Volkswagen Group's upstream and downstream value chain is taken into account when identifying material impacts, risks and opportunities in the materiality assessment. The complexity of the upstream and downstream value chain means that there is a certain lack of transparency regarding actual impacts on workers in the value chain. The assessment of these impacts has therefore been based on conservative assumptions. Detailed information is provided in the "General information on the procedure for and results of the double materiality assessment" chapter.

The materiality assessment showed that the workforce of direct and indirect suppliers in the upstream and downstream value chain are or may be materially affected by positive and negative impacts. This applies in particular to the workforce in the upstream value chain. Suppliers also include joint ventures that also act as suppliers.

Suppliers from the upstream value chain include producers of components for automotive production, machinery, tools and equipment, and also producers of raw materials. Recycling service providers, for example, are classified as suppliers in the downstream value chain. Suppliers that cannot be clearly attributed to the upstream value chain or the downstream value chain are also taken into account. These include, for example, IT service providers, construction companies, canteen service providers and cleaning service providers.

In the context of the responsible supply chain system (ReSC system) policy and incorporated actions, such as the raw materials due diligence management system (RMDDMS) and the human rights focus system (HRFS), and various audits of suppliers, the Volkswagen Group has developed an understanding of how workers with particular characteristics, those working in particular contexts, or those undertaking particular activities may be more greatly affected by impacts. In individual cases, this includes young workers and migrant workers, for example. These findings have been incorporated into the materiality assessment.

Impacts in the area of working conditions in the value chain

The Volkswagen Group's materiality assessment identified an actual positive impact on the working conditions of workers in the upstream and downstream value chain whereby the impact in the immediate business environment, e.g. on direct suppliers and their contractual partners, is estimated to be higher. The positive impact may already be visible in the form of better working conditions and is based on the dissemination of the Volkswagen Group's sustainability requirements, event-related or risk-based controls, and other actions.

The positive impact arises as a result of factors such as the use of the Code of Conduct for Business Partners, which focuses on working conditions and is intended to ensure that direct suppliers take relevant sustainability topics into account. As a result, the workers may benefit from improved working conditions, such as compliance with occupational safety requirements and health protection.

In addition to the Code of Conduct for Business Partners, there are projects such as Cobalt for Development that support workers, including artisanal smallholders who work in the raw material production region in the Democratic Republic of the Congo. Working conditions can be improved, for example, by running training on occupational safety and health and by providing protective work clothing. Workers, such as smallholders who work in rubber processing in Indonesia, are also particularly affected by the positive impact. Training can enable smallholders to secure an adequate living by learning efficient ways to improve agricultural quality and cultivation methods.

Furthermore, the Volkswagen Group's materiality assessment identified an actual and potential negative impact for suppliers in the upstream and downstream value chain that may take effect over a medium-term time horizon. In individual cases, direct suppliers might not have adhered to the requirements of the Code of Conduct for Business Partners. This may be expressed in the form of insufficient action on occupational safety, unsafe working conditions, or low wages.

The following examples describe two regions and sectors particularly affected by this impact. The social standard audits identified that excessive overtime was frequent and widespread, especially in the procurement market in China. Furthermore, an internal analysis identified a high risk of insufficient compliance with the Volkswagen Group's requirements on occupational health and safety in the logistics sector. Furthermore, an internal analysis identified a high risk of insufficient compliance with the Volkswagen Group's requirements on occupational health and safety in the logistics sector.

Impact in the area of equal treatment and equal opportunities for workers in the value chain

The Volkswagen Group's materiality assessment identified an actual positive impact on the equal treatment of and equal opportunities for workers in the upstream and downstream value chain. If suppliers in the upstream and downstream value chain comply with and disseminate sustainability requirements and conduct risk-based and ad hoc supplier audits to check compliance with requirements, this can help to promote equal treatment and equal opportunities. This impact may be noticeable for workers in the upstream and downstream value chain in the form of non-discriminatory pay.

Impacts in the area of other work-related rights of workers in the value chain

In the context of the materiality assessment, the Volkswagen Group has identified actual positive impacts on groups potentially affected by child and forced labor and the observance of other labor-related rights in individual cases in the upstream and downstream value chain. This strengthens the rights of rights holders, for example, to avoid child labor and forced labor. Actions that contribute to this include complying with and disseminating sustainability requirements from the Code of Conduct for Business Partners and conducting risk-based and ad hoc supplier audits on compliance with the requirements. This promotes compliance with other work-related rights, primarily by direct suppliers. Moreover, as part of a mica mining project, alternative income sources are created for parents to ensure that families can generate enough income and children can attend school instead of working.

In addition, the materiality assessment identified an actual negative impact in the upstream and downstream value chain. This arises when suppliers do not adhere to the requirements of the Code of Conduct for Business Partners in individual cases. The focus in this case is on areas such as battery supply chains, where human rights violations such as child labor or forced labor may arise.

Financial risk of employment relationships in the value chain

The materiality assessment identified the material medium-term financial risk of not taking sufficient account of human rights in the Volkswagen Group's upstream and downstream value chain. This has a particular impact on the employment relationships in the value chain. The risk results from the possibility that human rights considerations are insufficiently addressed within the value chain. One possible risk is that child labor may occur in the battery supply chain. This may lead to violations of applicable law or associated reporting procedures and may result in possible fines or compensation payments for the Volkswagen Group. Another possible consequence is the restriction of market access (import bans), which may result in volume losses. Any subsequent discovery of violations may also lead to recalls and considerable reworking costs for vehicles that have already been delivered. In addition, reputational damage is to be expected.

Interaction with the strategy and business model

The impacts identified in the materiality assessment and the financial risk have an effect on the Group's value chain. The topic of value chain workers is taken into account at an overarching level in the Group's sustainability strategy regenerate+. The focus is on creating responsible and sustainable supply chains. In the area of procurement, we launched a comprehensive review of the strategy program, whose aims include strengthening sustainability and implementing regenerate+.

The Volkswagen Group responds to negative impacts in the areas of working conditions and other work-related rights. Preventive actions within the ReSC system have an impact here, including confirmation of the Code of Conduct for Business Partners, the sustainability rating (S-Rating), training courses for suppliers, and the HRFS, as do mitigation and remedial action such as the supply chain grievance mechanism (SCGM) and supplier audits. These actions also address risk in the area of other work-related rights and apply to direct suppliers and, in some cases, to indirect suppliers – as also shown in the ReSC system chart in "Policy: Workers in the value chain".

In order also to be able to address negative impacts lower down the supply chain (indirect suppliers), the Volkswagen Group has identified 18 high-risk raw materials. A management system, the RMDDMS, was put in place for this and is used to identify sustainability risks, take appropriate action to mitigate them and create transparency in the relevant supply chains.

The measures may lead to the prevention of breaches of the Volkswagen Group's sustainability requirements with regard to working conditions and other work-related rights, such as working time, adequate wages and occupational safety. This leads to workers in the upstream and downstream value chain having their rights strengthened and being able to demand remedial action in the event of noncompliance.

These measures are allowing the Volkswagen Group to promote positive impacts in the areas of working conditions, equal treatment and equal opportunities and other work-related rights. Other components of the actions that may have a positive impact include projects and cooperation in multi-stakeholder initiatives, such as the NAP industry dialogue, Responsible Business Alliance (RBA), the living wage HRFS focus topic and the industry dialogue working groups. A detailed description and explanation of all actions in this action area is provided in "Actions: Workers in the value chain".

POLICY: WORKERS IN THE VALUE CHAIN

Respect for human rights is of paramount importance to the Volkswagen Group. We are convinced that sustainable economic activity is only possible by acting ethically and with integrity. Within the framework of our entrepreneurial activities, we are fully committed to upholding our responsibility regarding human rights.

In order to live up to these human-rights and environmental obligations, especially with regard to workers in the value chain, the Volkswagen Group developed the ReSC system management policy in Procurement. This begins before a contractual relationship is entered into, i.e. before the negotiation of specific delivery times and purchase prices. The implementation of the due diligence obligations enshrined in it extends to all direct suppliers of the Volkswagen Group in both the upstream and the downstream value chain.[3] Depending on the situation and the risk, it also encompasses indirect suppliers.

The policy has the aim of avoiding and minimizing potential and actual negative impacts on workers along the Volkswagen Group's supply chain based on a risk analysis. It is also intended to help to identify and put an end to breaches and continuously improve suppliers' sustainability performance.

At the same time, it is possible to react to actual negative impacts on the aforementioned working conditions and other work-related rights (child labor, forced labor, adequate housing, and water and sanitation) of value chain workers. At the same time, this is intended to reduce the financial risk for Volkswagen AG caused by actual negative impacts on work-related rights of value chain workers.

Furthermore, positive impacts on working conditions, other work-related rights, and equal treatment and equal opportunities (gender equality and equal pay for work of equal value, employment and inclusion of persons with disabilities, measures against violence and harassment, and diversity) of value chain workers are to be achieved.

The ReSC system includes the following elements, which build on each other:

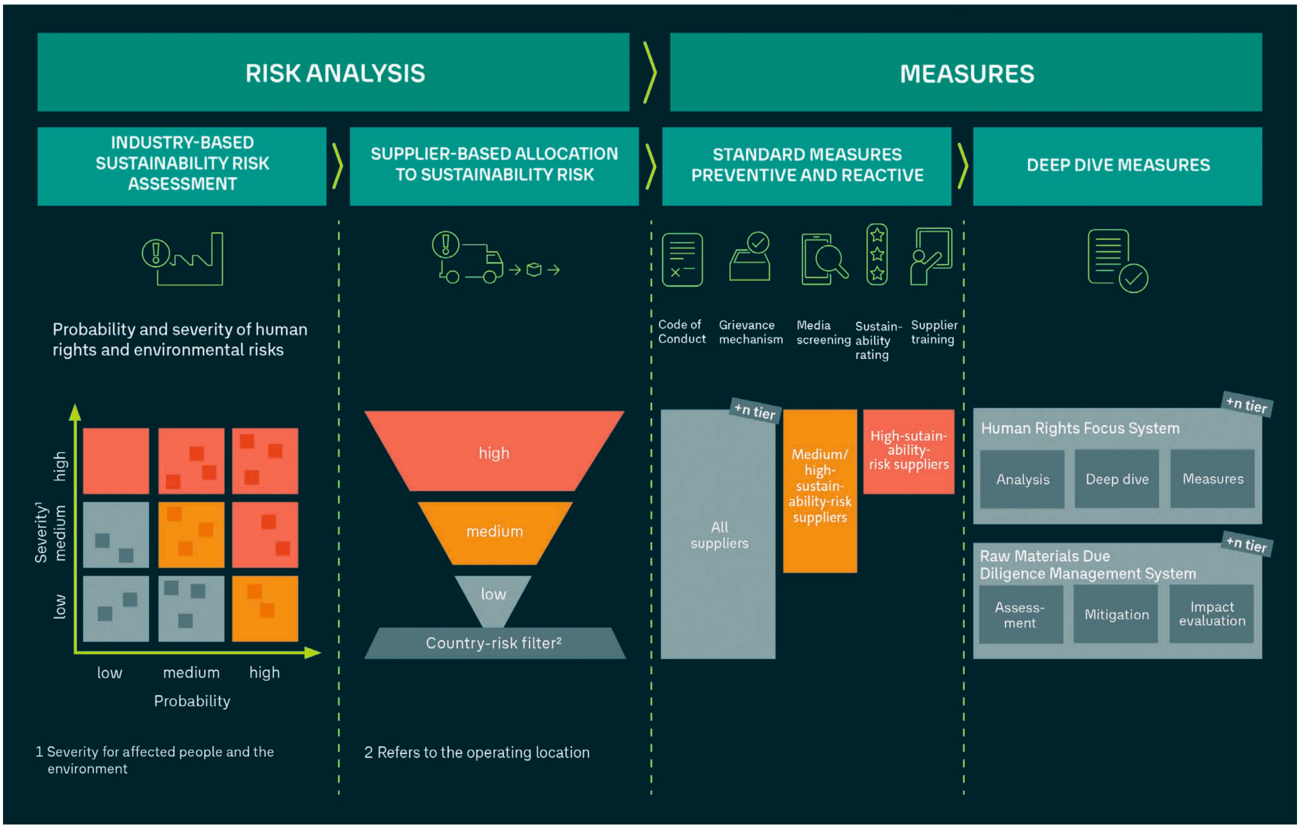
Risk analysis: A regular risk analysis is used to identify potential negative impacts on workers at supplier level. The processes for analyzing risk represent the first step of the ReSC system. Based on the risk class determined for certain business models and countries, the supplier is assigned a package of actions to prevent and mitigate the potential negative impacts identified to enable it to be eligible for the award of contracts. A detailed description of the risk analysis is provided in "Actions: Workers in the value chain".

Standard actions: These preventive and reactive actions include confirmation of the Code of Conduct for Business Partners by direct suppliers, the SCGM, media screening, the S-Rating, and training for suppliers and employees.

Deep-dive actions: These include the HRFS, the RMDDMS, and collaboration with external partners to progress the sustainability policy in the supply chain.

[3] This includes joint ventures that also act as suppliers to the Volkswagen Group. Furthermore, temporary employment agencies and self-employed people are included if they are used as part of Group procurement processes. Suppliers in the downstream value chain include recycling companies. However, authorized dealerships and customers are not included and are not covered by the ReSC system.

Responsible supply chain system (ReSC system)



The Volkswagen Group respects and promotes the regulations on protecting human rights worldwide as fundamental and universally valid requirements. The Group rejects all forms of child or forced labor, modern slavery or human trafficking. On this basis, we have set out expectations of our business partners' conduct with respect to key human rights in the Code of Conduct for Business Partners. It also includes environmental, social and compliance standards as well as the obligation to comply with current labor, health and safety laws and with the conventions of the International Labour Organization (ILO), in particular with respect to fundamental rights at work, including provisions on precarious work. To extend the requirements of the Code of Conduct for Business Partners further down the supply chain, the Volkswagen Group also requires its suppliers to pass these requirements on to their direct business partners.

The requirements of the Code of Conduct for Business Partners are based on documents including the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the Fundamental Conventions of the International Labour Organization (ILO), the UN Universal Declaration of Human Rights, the Ten Principles of the United Nations Global Compact, and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. However, the Code of Conduct is not just based on international standards, but also objectives, rules and policies of the Volkswagen Group.

Checks are carried out on an ad hoc basis to determine whether the Code of Conduct for Business Partners is compliant with the international standards and frameworks listed above. Any adjustments are made as required. The confirmation of the Code of Conduct for Business Partners by direct suppliers is integrated into the ReSC system as a standard action, which means that corresponding principles in the context of the management policy are anchored here.

We take the view that continuous dialog between the stakeholders and the Volkswagen Group on principles and implementation issues is important. For businesses, it is often challenging to obtain accurate and objective information enabling a comprehensive assessment of human-rights situations. In order to achieve further progress, we therefore seek cooperation and dialog with relevant national and international players – for example, through multi-stakeholder initiatives. In addition, we are also in continuous communication with internal stakeholders such as the Sustainability Procurement Network[4], when it comes to issues such as the further development, adjustment, or review of the methodology for supplier sustainability assessment or the ReSC system. Information obtained from industry and supply chain initiatives and internationally recognized standards are also built into the system's continuous development and taken into account in shaping the due diligence obligations. For instance, the views of stakeholders were considered in developing the ReSC system, such as by means of external studies. Examples of sector and multi-stakeholder initiatives through which the views of value chain workers are taken into account are described in "Processes: engaging with value chain workers".

Processes that facilitate remedial action for value chain workers who have been harmed by actual negative impacts are also defined in the context of the ReSC system.

The supply chain grievance mechanism (SCGM) was implemented as part of the ReSC system to systematically process reports of risks or violations. It is used to process hints of violations of the Code of Conduct for Business Partners by the Volkswagen Group's direct or indirect suppliers. Part of this may also include the definition of (remedial) actions once the facts of the case have been established and the corresponding conclusions have been made. The mechanism is available via the channels of the Volkswagen Group's whistleblower system and is open to all potentially affected stakeholders.

In addition, risk-based and ad-hoc on-site audits of suppliers are carried out as part of the ReSC system. If sustainability risks or violations are identified, an action plan is developed depending on the overall result of the audit, and the action plan's implementation is monitored. Detailed information on this is provided in "Actions related to value chain workers".

More information on the existing remediation processes and available channels for value chain workers to lodge complaints can be found in "Processes to remediate negative impacts and channels for value chain workers to raise concerns".

During the reporting year, there were violations of the human rights protected by the *Lieferkettensorgfaltspflichtengesetz* (LkSG – German Supply Chain Due Diligence Act) with regard to supplier workers in the upstream and downstream value chain. These can also be based on hintsreceived by the relevant investigation office in the previous year, but for which a violation was only identified during the reporting year. This also means that there are cases of severe human rights violations within the meaning of the ESRS. Since the LkSG is based on the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises, it can therefore be assumed that the violations against protected legal interests of the LkSG correspond to violations of these frameworks in this respect. Where human rights violations are concerned, the LkSG protects against forced labor and slavery, disregard for occupational safety and health, the withholding of an adequate wage, disregard for the freedom of association and the use of security forces in the context of human rights violations.

Responsibility for the overarching policy rests with the related board level management functions. The Group Management Board Member for Brand Group Core is ultimately responsible for Group Procurement and therefore also for the ReSC system. The Group Procurement Sustainability department at Volkswagen AG conducts the operational management of sustainability topics in the supply chains.

The ReSC system is reviewed by Group Procurement Sustainability in coordination with the members of the Sustainability Procurement Network, Group Compliance and Group Legal, and recommendations for action are developed.

Implementation of the policy is mandatory and is enshrined in a Group policy for Group controlled companies. Sampling of companies is carried out annually to determine whether the ReSC system has been implemented in local policies.

The structures and processes needed to implement the ReSC system are set out in Group policies and process documentation. These are available internally to the individuals responsible for implementing the ReSC system.

[4] Network of procurement sustainability representatives from selected companies for regular communication on topics and strategic development of the ReSC system

Relevant information such as the Code of Conduct for Business Partners is also made publicly available for value chain workers who may be affected, including in the form of external reporting formats.

PROCESSES: ENGAGING WITH VALUE CHAIN WORKERS

The Volkswagen Group uses various formats to incorporate the views of value chain workers when fulfilling its human rights due diligence obligations in order to be able to respond appropriately to material negative and positive impacts. The Head of Group Procurement Sustainability has overarching operational responsibility for implementing the formats and integrating the findings in the company's approach.[5]

Communication formats with representatives of value chain workers

Multi-stakeholder initiatives and local projects: By participating in multi-stakeholder initiatives and local projects, the Volkswagen Group gains insights into value chain workers' views. For instance, the Volkswagen Group is a member of the National Action Plan (NAP) automotive industry dialogue and the Responsible Mica Initiative (RMI), and a project partner of Cobalt for Development and the Responsible Lithium Partnership. At regular working group meetings, the Volkswagen Group works with other members and partners, including representatives of value chain workers such as NGOs or trade union associations, on topics including audit standards and catalogs of actions for improved implementation of due diligence obligations and improved working and living conditions. The results are taken into account in the ReSC system. The views of value chain workers are therefore incorporated into the risk analysis and action development stages of the Volkswagen Group's due diligence process in different ways depending on the initiative. The Cobalt for Development initiative involves regular dialog to assess effectiveness.

External events: The Volkswagen Group is a member of the UN Global Compact (UNGC). In this context, in 2024 representatives of the Group took part in the "Living Wages Roundtable Conference – Implementing Responsible Purchasing Practices along the Supply Chain", in which the representatives of value chain workers such as NGOs, trade union representatives and the Asia Floor Wage Alliance represented the views of value chain workers through talks and dialog formats. In the reporting year, the Volkswagen Group additionally took part in the *Sorgfaltspflichten im Transportbereich – Wege zur Umsetzung* (Due Diligence in the Transport Sector: Implementation Options) conference initiated by the NGO *Südwind*. In this format, solutions for improving working conditions were discussed with company representatives, trade unions and the Federal Office for Economic Affairs and Export Control (BAFA). The findings from these communication formats are incorporated into the further development of the due diligence processes, particularly at the level of developing actions.

[5] The Vice President Procurement Strategy, Capacity and Process Management of Porsche AG has overarching operational responsibility for participation in the Responsible Mica Initiative (RMI) and the integration of findings into the company's approach.

Communication formats with value chain workers

Significant examples of communication formats with value chain workers can be found below:

CASCADE project: Since 2021, Porsche AG has been responsible for the coordination and implementation of the CASCADE project to create capacity in the Jambi province in central Sumatra (Indonesia) as part of the RMDDMS, having initiated this project in collaboration with global tire manufacturer Michelin. In cooperation with local NGOs and rubber processing businesses, the project develops and implements measures to improve working conditions and promote the use of environmental and social practices. Workers' views were also incorporated through an initial risk analysis. The effectiveness of the cooperation is checked by obtaining views from the farmers affected through interviews and questionnaires. The findings from these communication formats are incorporated into the further development of the due diligence processes, particularly at the level of developing actions.

Audit formats: Using supplier audits, the views of value chain workers are directly included in the fulfillment of due diligence obligations in the form of surveys (interviews). To protect suppliers' workers, they are selected at random and assessments are treated anonymously. The surveys of suppliers' workers are used to identify violations or risks as part of the audit, and an action plan is developed based on the deviations identified in the audit. As the results of the interviews can directly impact the action plans, the surveys of suppliers' workers are seen as an effective way of incorporating the views of workers in the value chain.

Findings from the audit are also incorporated into the further development of the risk management system and the risk analysis and the development of appropriate measures. The audit formats include the RSCI audit standard of the Responsible Supply Chain Initiative e. V. (RSCI), and Volkswagen-specific standards such as VOC audits (S-Rating), the social standard audits, which are primarily used in the HRFS, and raw materials audits. Further information on this is provided in "Processes: Engaging with value chain workers".

Supply chain grievance mechanism (SCGM): Volkswagen has also established a mechanism that enables value chain workers (including vulnerable groups) to report their interests and problems at any time. The mechanism is open to all potentially affected stakeholders, such as suppliers' workers and their representatives, trade unions or civil society players, NGOs or representatives of communities in the vicinity of production sites. The SCGM is used to process reports on breaches of the Code of Conduct for Business Partners by the Volkswagen Group's direct or indirect suppliers and can be accessed via the whistleblower system's channels. If risks or breaches are identified, appropriate actions are introduced. Multi-stakeholder initiative working groups (e.g. the Drive Sustainability initiative) and interdisciplinary working groups address the effectiveness of grievance mechanisms in general. Participating in the working groups means that the supply chain grievance mechanism team's experts can identify optimization requirements for the working groups. In some cases, relevant stakeholders such as NGOs, as representatives of value chain workers, are also involved as dialog partners. More information on the existing remediation processes and available channels for value chain workers to lodge complaints can be found in "Processes: Remedy and complaint channels".

PROCESSES: REMEDY AND COMPLAINT CHANNELS

The whistleblower system serves as a central complaint procedure for the Volkswagen Group. The Central Investigation Office in Wolfsburg is responsible for coordinating the Group-wide whistleblower system. The Volkswagen Group whistleblower system's principles, reporting channels and procedures are described in detail in the "Business conduct" chapter.

Employees, business partners and their employees, customers and other third parties can, at any time, report information on potential breaches of the rules (which include violations of applicable law or even the Group's own Code of Conduct) in the company's own business area or in the upstream and downstream value chain – including serious risks and human-rights and environmental violations. They may make such reports anonymously if they so choose.

Possible reporting channels and further information on the whistleblower system – for example, the rules of procedure – are publicly accessible on the Volkswagen Group website. Information on the whistleblower system is also made available to business partners through the Code of Conduct for Business Partners, which requires business partners to provide their employees with unhindered access to the whistleblower system implemented by the Volkswagen Group and to ask their own suppliers to do the same.

In addition to this complaint channel operated by the Volkswagen Group itself, external grievance mechanisms are also available. These are described in the "Employees and non-employees" chapter.

Approaches and procedures for implementing remedial action

When a complaint is received through the reporting channels managed by the whistleblower system, the first step is to document it. If the complaint concerns a situation in the Group's own business area without any employee misconduct, the whistleblower system will immediately forward the complaint to the relevant body within the Group that, based on the complaint's subject matter, is responsible for handling the complaint.

The whistleblower system's Central Investigation Office forwards potential human-rights and environmental violations or risks or breaches of the Code of Conduct for Business Partners by direct or indirect suppliers to the SCGM for further investigation. The hintsare logged in an internal IT system and the handling of these cases is documented.

The processing of hintsin the SCGM up to their closure is uniformly described in a binding process manual and is managed by the Group. Reports are processed together with the companies and relevant regions of the Volkswagen Group. Violationsidentified are categorized by their severity in accordance with the process. Depending on the categorization of theviolation, appropriate measures are then introduced. If risks are identified at indirect suppliers, actions are also initiated, for example an audit to identify possibleviolations. This requires the assistance of the direct supplier with whom a contractual relationship exists. If there are serious violations, it is possible to temporarily block suppliers from eligibility for the award of new contracts or to terminate the business relationship with them.

The effectiveness of remedial actions is selectively reviewed on a case-by-case basis. Where, for example, actions are defined in collaboration with the supplier, they are logged and made available to everyone involved. The effectiveness of and compliance with the agreement will be reviewed in due course by making inquiries after the actions have been taken. Another option is to interview the supplier's workers after the case has been closed, possibly as part of a re-audit.

The violationsor risks identified in audits are not opened as cases in the SCGM. If audits identify sustainability risks or violations, an action plan is developed depending on the overall result of the audit or the risks or violationsthe audit identifies, and the action plan's implementation is monitored. Evidence of the implementation of the actions is needed to obtain a positive S-Rating and thus be eligible for the award of contracts. Detailed information on this is provided in "Actions: Workers in the value chain".

Effectiveness test and value chain workers' trust in the processes

The whistleblower system's effectiveness is tested. Further information on this is provided in the "Employees and non-employees" chapter. Moreover, multi-stakeholder initiative working groups (e.g. the Drive Sustainability initiative) and interdisciplinary working groups address the effectiveness of grievance mechanisms in general. In some cases, relevant stakeholders such as NGOs, as representatives of value chain workers, are also involved as dialog partners. The working groups' findings may help the SCGM team's experts to identify the SCGM's potential optimization requirements.

At the present time, there are no actions aimed at analyzing whether workers in the value chain are aware of and trust the structures and processes of the SCGM.

The publicly available rules of procedure for the Volkswagen Group's grievance mechanism stipulate that the Volkswagen Group must protect whistleblowers or complainants who cooperate in investigations to the best of their knowledge and belief from discrimination and reprisals, as far as the Group is able to. The option of making an anonymous report for the protection of the complainant is also intended to contribute to this. The processing of the hintsand any follow-up questions was also confidential and anonymous, if this is requested.

ACTIONS: WORKERS IN THE VALUE CHAIN

This section covers the sustainability matters specified in ESRS 1 that were identified as material in the materiality assessment: With regard to working conditions for value chain workers, this includes working time, adequate wages, social dialogue, freedom of association, including the existence of work councils, collective bargaining and health and safety. With regard to equal treatment and opportunities for all, the topics of gender equality and equal pay for work of equal value, employment and inclusion of persons with disabilities, measures against violence and harassment, and diversity are material aspects. Furthermore, reference is made to other work-related rights, with the topics of child labor, forced labor, adequate housing, and water and sanitation taken into account here.

Responsible supply chain system

Due to the diversity of its products, the Volkswagen Group's supply chain is extremely complex, globally distributed and subject to constant change. It includes more than 66,000 supplier sites in more than 95 countries around the world. The activities may have potential negative impacts on the environment and on people in the supply chain. At the same time, the size of the Volkswagen Group in the market also means there are opportunities to achieve environmental and social improvements in its suppliers' countries and sites.

For the Countries in which Volkswagen has direct suppliers metric, all the Volkswagen Group's direct suppliers that were reported by the Group companies to the procurement data warehouse in the reporting year are taken into account. A supplier site in each case refers to the site of a direct supplier.

In the 2024 reporting year, the Volkswagen Group took standard and deep-dive actions in the ReSC system in order to minimize and eliminate material potential and actual negative impacts on the workers of direct and indirect suppliers in the upstream and downstream value chain. In addition, actions were taken to achieve positive impacts on these workers and manage the material financial risk arising for the Volkswagen Group if actual negative impacts on other work-related rights such as child labor or forced labor occur. The standard actions are taken for all direct and, in some cases, also indirect suppliers. Deep-dive actions look at high-risk topics and raw materials to address negative and positive impacts that also occur in particular further down the supply chain. The findings from the work on deep-dive actions can also result in the adjustment of standard actions for direct suppliers.

Actions that are used to manage the actual negative impact on other work-related rights of workers can also help to minimize the identified financial risks. It may be possible to reduce the financial risk arising as a result of possible reputational damage or penalties in the event of infringements of the law through management of these impacts. External developments – for example, local legislation such as the LKSG – were taken into account when assessing the financial risk. The risk is monitored in the Volkswagen Group's internal control system.

The internal functions that are involved in implementing the ReSC system's actions comprise, in particular, Group Procurement Sustainability and procurement sustainability representatives from selected companies

(Sustainability Procurement Network). More than 140 experts worldwide are involved in the Sustainability Procurement Network.

All value chain workers who are involved in a regular communication format between the Group companies are taken into account when calculating the number of experts involved in the Sustainability Procurement Network.

Risk analysis for determining necessary and appropriate actions

The regular risk analysis as part of the ReSC system is used to identify potential negative impacts on workers at a specific supplier. The processes for analyzing risk represent the first step of the ReSC system. The analysis is made on the basis of the suppliers' business models and takes account of internal and external data on human-rights and environmental risks. Based on the assessment of these risks, each supplier is assigned a low, medium, or high sustainability risk. This indicator is used as a guide to assess the degree to which identified negative impacts on workers at the relevant supplier may occur. For suppliers with a low sustainability risk, a country risk score is also applied. If the supplier's production site has an increased country risk, it is upgraded to the medium risk category. Based on the risk classification, the supplier is assigned a package of measures to prevent and mitigate the impacts identified. Suppliers with a high risk classification, for example, go through the S-Rating process, while suppliers with a medium risk classification or higher are included in the media screening. Regardless of the supplier's risk classification, other measures such as acknowledging the Code of Conduct for Business Partners and the SCGM apply. A description of the actions is provided below.

Standard actions as the foundation of the Responsible Supply Chain System

Confirmation of the Code of Conduct for Business Partners

Before submitting a quote, direct suppliers must generally confirm that they acknowledge the sustainability requirements in the Code of Conduct for Business Partners. They must consent to this again after twelve months if they wish to submit new quotes. The Code of Conduct for Business Partners is also a component of the agreements under which contracts are awarded. In order to extend the requirements of the Code of Conduct for Business Partners further down the supply chain, we also require suppliers to pass the requirements on to their direct business partners. All material sustainability matters regarding working conditions, equal treatment and equal opportunities, and other work-related rights of value chain workers are enshrined in it. Suppliers confirming that they comply with corresponding sustainability requirements and pass them on to relevant business partners should enable continuous application of the requirements along the upstream and downstream value chain. This should reduce potential negative impacts on working conditions and also promote positive impacts on working conditions, equal treatment and equal opportunities, and other work-related rights of value chain workers.

Supply chain grievance mechanism

The supply chain grievance mechanism (SCGM) is a continuous measure used to process hinzs on violationsof the Code of Conduct for Business Partners by the Volkswagen Group's direct or indirect suppliers. As part of the SCGM, necessary, case-specific appropriate actions to eliminate identifiedviolations, depending on the severity and type of the violations, are identified. These actions are intended to establish an opportunity for value chain workers in the upstream and downstream value chain who are affected by actual negative impacts on working conditions or other work-related rights to be provided with a remedy. The effectiveness of the mechanism and remedial actions is monitored. Further information on this is provided in "Processes:Remedy and complaint channels".

In the reporting year, 213 reports of violationswere dealt with.

The metric on hints from the supply chain grievance mechanism takes all hintsrecorded in the system in the reporting year into account. The plausibility of the hintshas not yet been proven at this stage of the process.

Media screening

Group Procurement Sustainability carries out continuous and risk-based media screening of relevant suppliers[6] using a software tool. If the tool identifies indications of possible breaches of the Code of Conduct for Business Partners by suppliers in the upstream and downstream value chain, these are reviewed and, if necessary, processed in the SCGM. The media screening can identify potential breaches even if there is no direct report in the whistleblower system or no findings are made in supplier audits. This enables these cases to be processed by the SCGM and, where necessary, remedial action to be taken. In 2024, more than 39,500 direct suppliers were part of the media screening. Their share of the total procurement volume in the reporting year was 89%.

The metric on direct suppliers in the media screening indicates the total number of all direct suppliers that were part of the media screening in the reporting year. The media screening covers suppliers who are classified as high or medium risk according to the risk analysis. Detailed information on this is provided in the section "Risk analysis for determining necessary and appropriate actions". The metric is measured using an external service provider's software tool. The metric on the sales revenue percentage of direct suppliers in the media screening in total procurement volume indicates the percentage of the total purchasing volume accounted for by direct suppliers that were in the media screening in the reporting year.

Sustainability rating

The sustainability rating (S-Rating) has been an established process in the Volkswagen Group since 2019. This standardized Group tool allows the degree of compliance with the Volkswagen sustainability requirements by direct suppliers with a high sustainability risk and relevant company size to be verified. Use of the S-Rating is intended to promote the integration of responsible corporate practices at direct suppliers, reveal potential for improvement and create incentives to comply with the sustainability requirements so that they are eligible for the award of contracts. This process is designed to mitigate or prevent potential and actual negative impacts on the working conditions of workers in the supply chain.

The result of the S-Rating is divided into three rating categories: Suppliers with an A or B rating meet requirements of the Volkswagen Group to a sufficient degree, meaning they have a positive S-Rating and are eligible for the award of contracts. If a supplier does not meet the requirements for compliance with sustainability standards (C rating), it is fundamentally not eligible for the award of contracts. This means there is a direct incentive for suppliers to improve their sustainability performance.

The screening for the S-Rating, which involves both risk-based and ad-hoc audits, takes place before new contract awards via a multistage process. Suppliers who are classified as high risk according to the risk analysis that evaluates the areas of environment, social aspects and integrity are taken into account here. Detailed information on this is provided in the section on "Risk analysis for determining necessary and appropriate actions". The review of the level of compliance with the sustainability requirements, pursuant to the Code of Conduct for Business Partners, is carried out through various tools, such as a standardized self-assessment questionnaire

[6] The relevance of a supplier for media screening results from factors including the procurement volume or the risk exposure derived from the type of product or service.

(SAQ) and, risk-based, by audits. The SAQ is mandatory for all supplier sites in the scope of the S-Rating with ten or more workers. The number of direct suppliers who had completed the SAQ was 14,953 in 2023 and the proportion of new suppliers[7] with a completed SAQ was 26%. In the 2024 reporting year, 19,094 direct suppliers completed the SAQ, and the proportion of new suppliers was 20%.

Suppliers have the opportunity to improve their SAQ result by providing further information. Improvements were recorded for 9,357 direct suppliers on the basis of the SAQ in 2023, and for 8,093 direct suppliers in 2024.

In addition, suppliers' sustainability performance is assessed on a risk basis by means of audits. If suppliers pass this audit with less than 100%, they are given improvement measures. If the rating achieved is below 80%, these actions are recorded in an action plan. The implementation of the plan is agreed with the supplier and monitored. Depending on the measure, the supplier has to implement the plan within six months at the latest. If the supplier receives an audit rating of less than 60%, another audit is conducted after the action plan is implemented. The audit findings impact the S-Rating category and, as a consequence, may lead to a C rating. Suppliers with a C rating cease to be eligible for the award of contracts. A total of 89 audits were conducted worldwide in 2023 in connection with the S-Rating, and 85 audits were conducted in 2024. In the reporting year, where necessary, actions were initiated at supplier level in line with the process.

The implementation of corrective actions in connection with the S-Rating audits is intended to provide a remedy for those affected by actual negative impacts on working conditions or other work-related rights in the value chain. This creates the opportunity to simultaneously promote positive impacts on working conditions, equal treatment and equal opportunities, and other work-related rights of value chain workers by checking compliance with the audit's requirements and demanding compliance where necessary.

By the end of the reporting year, we had 14,709 S-Ratings for suppliers. Of these suppliers, 14,682 have a positive S-Rating (A and B rating).[8] 28 suppliers were rated C and are not currently eligible for the award of contracts. Suppliers who do not meet the requirements for compliance with the sustainability standards of the Volkswagen Group are also not eligible for the award of contracts.

The metric on direct suppliers with completed SAQ indicates the number of direct suppliers that had completed the SAQ and been finally assessed. Completed SAQs are taken into account if they have been submitted to the Volkswagen Group by the reporting date in the reporting year, irrespective of whether they were completed in the reporting year or one of the previous years. The metric on the proportion of new suppliers with a completed SAQ indicates the proportion of direct suppliers with a completed SAQ that were assessed by the SAQ for the first time in the reporting year.

The metric on improvements in suppliers based on the SAQ indicates the number of direct suppliers that improved their SAQ score by at least one point by filling in the questionnaire again.

The metric on the number of on-site audits carried out in connection with the S-Rating indicates the absolute number of all audits initiated through the S-Rating process carried out in the reporting year.

The metric on existing direct supplier S-Ratings indicates the absolute number of direct suppliers for which an S-Rating was available in the reporting year. The "of which direct suppliers with a positive S-Rating (A and B rating)" metric indicates the proportion of suppliers that achieved an A or B rating. The "of which direct suppliers with a C rating" metric indicates the absolute number of direct suppliers with a C rating.

[7] Direct suppliers who were assessed for the first time in the reporting year.
[8] Change in methodology: scope widened to B ratings since previous year.

Sustainability training for procurement employees

Continuously and systematically training procurement employees is a central component of the Volkswagen Group's strategy and essential for the improvement of sustainability among suppliers in the upstream value chain. For all procurement employees, the topic of sustainability is an established part of the skills profile. Defined procurement employees need to be trained in the relevant processes (e.g. S-Rating) or receive introductory training on human rights due diligence. This is intended to enable employees to implement processes with the aim of, for example, also identifying potential negative impacts on the working conditions of suppliers' workers and auditing the mitigation of these potential impacts at suppliers. In 2024, the training we provided on the topic of sustainability was used by procurement staff worldwide a total of 5,129 times.

The metric Procurement staff participation in training on the topic of sustainability indicates the absolute number of Volkswagen Group buyers who have completed the training courses on sustainability in full.

Sustainability training for suppliers

To enable continuous supplier development, we invite direct suppliers to attend sustainability training courses and workshops on specific topics at selected sites or online and also offer web-based training. A total of 9,818 suppliers were trained accordingly in the reporting year. Deep-dive human rights training for suppliers has also been available since 2021. The training includes the legally required aspects, such as training on child labor, forced labor or discrimination. Since 2023, the training has been systematically rolled out to primarily direct suppliers with a high sustainability risk. We pressed ahead with further relevant activities in 2024. In addition to the training courses, the Volkswagen Group provides an e-learning module on sustainability for current suppliers in eight languages. Training courses enable suppliers to develop relevant expertise to identify, prevent, reduce, or avoid potential negative impacts on their own workers' working conditions.

The metric on direct suppliers who have received training on the topic of sustainability indicates the absolute number of suppliers who have taken part in a training course on the topic of sustainability in the 2024 reporting year. If a supplier has participated in a web-based training course or on-site supplier training in the reporting year and has completed at least 50% of the training time, the supplier is taken into account when calculating the metric. Training courses completed by both existing and potential direct suppliers are included.

Deep-dive actions as further elements of the Responsible Supply Chain System

Human rights focus system

In the sustainable supplier management, the Volkswagen Group is also involved in protecting groups of people who may be affected by negative impacts along the upstream and downstream supply chain. In order to achieve more impact here, we introduced the human rights focus system (HRFS). We use the HRFS to identify topics that may be associated with human rights and environmental risks. These topics require more in-depth analysis and are continuously addressed. The tools and actions implemented in the HRFS are intended to minimize and stop identified negative impacts on value chain workers. In addition, the aim is to promote positive impacts on these workers. The actions are described in more detail below.

As part of the HRFS, in-depth social standard audits were conducted in 2024 to support an analysis of relevant topics in greater depth. The focus of these risk-based and ad hoc audits was primarily the workers' rights of suppliers' workers. The relevance of a supplier for the performance of a social standard audit was determined by an external service provider in 2022 by conducting a risk analysis and identifying increased human-rights risks. In order to increase the primarily direct suppliers' social sustainability, we tied new contract awards to the findings of these audits in a pilot phase. If sustainability risks or breaches are identified through on-site screening, the supplier is asked to draw up an action plan and provide evidence to the auditor that the actions have been taken. In the reporting year, this approach was implemented accordingly and the implementation of action plans was consequently initiated. The social standard audits are thus used as a tool to provide a remedy for those affected by actual negative impacts on working conditions or other work-related rights. At the same time, the aim is to promote positive impacts on working conditions, equal treatment and equal opportunities (gender equality, and equal pay for work of equal value, and measures against violence and harassment in the workplace), and other work-related rights of value chain workers by checking compliance with requirements for suppliers in this area and improving compliance where necessary.

The social standard audits increasingly identified excessive overtime as an actual negative impact, especially in the procurement market in China. In addition to eliminating risks and breaches through the audit's action plan, the Volkswagen Group has set itself the goal of examining the topic in a structured way and developing appropriate actions to mitigate the identified negative impact. In this context, the Volkswagen Group engages in the NAP automotive industry dialog. As other companies in the automotive industry have also identified comparable impacts in their value chain, this underlines the need for a joint approach. The working group on reducing overtime in China, for example, was therefore initiated in connection with the industry dialog in 2024. Based on interviews with various interest groups, such as local NGOs, and the analysis of statutory regulations, guidelines for companies are currently being drawn up to reduce overtime in supplier businesses. This cooperation and the future use of the guidelines developed are intended to reduce negative impacts on the working conditions of value chain workers. The plan is to finish the guidelines in 2025 and then take them into account for the Volkswagen Group's procurement processes.

To identify further relevant issues associated with human-rights and environmental risks and requiring a more in-depth analysis, we assess aggregate internal data from the SCGM and the audits together with external data from studies and NGOs in an analysis as a rule, the plan is to carry this out every two to three years. In 2023, we identified three focus topics using this method: forced labor, living wages and supplier management. The topics are addressed in collaboration with the Audi and MAN brands and Porsche AG.

In the next step, the root causes of the respective issues were investigated in a structured way in order to develop and implement suitable actions. An action toolbox has been developed to help to define actions. This is intended to provide the working group on the HRFS with guidance on what type of actions may be suitable and appropriate if the actions do not result directly from analysis of the topic. The basic approach for dealing with focus topics always starts with a structured investigation of the causes in order to develop and then implement measures based on the findings. The individual topics are dealt with as follows:

Forced labor: An internal working group has been tasked with creating solutions to develop suitable preventive and remedial actions on forced labor, in particular in the upstream value chain. In 2024, various multi-stakeholder initiatives were analyzed to this end in order to find suitable partners for developing and implementing preventive and remedial actions. In this context, the Volkswagen Group decided to become a member of the Responsible Business Alliance (RBA). To combat forced labor, the RBA offers a range of tools, including IT-supported mapping for comprehensive risk analyses, an initiative with a focus on worker rights and combating forced labor, and targeted training modules for suppliers. The current plan is for the initiative's tools to be implemented in the Volkswagen Group's procurement processes from 2025. The implementation of tools and actions against forced labor, which are to be made accessible by the RBA, and the implementation of improvement actions for our own procurement and due diligence processes, are intended to create the opportunity to provide future remedial action for value chain workers affected by forced labor.

Living wage: The Code of Conduct for Business Partners requires suppliers to pay their workers an adequate wage. An adequate wage is at least the minimum wage set by applicable law and is otherwise determined by the law of the place of employment. This wage should, if possible, cover the basic needs of workers and enable a decent standard of living for workers and their families. This includes adequate food, clothing, and shelter, as well as continuous improvement of living conditions. In 2024, an internal working group developed a calculation method for living wages for direct suppliers within the Group. Analysis was also conducted to identify the sector- or country-specific risks that hinder the implementation of a living wage. The findings from the analysis are to be progressively integrated into standard procurement processes through suitable actions – for example, calculating the living wage since 2024 as the minimum threshold for pay. This is intended to minimize potential negative impacts on the working conditions of direct suppliers' workers by helping to ensure the direct supplier can make appropriate wage payments.

Supplier management: In 2023, an internal analysis was carried out in an internal working group to determine which sectors are particularly at risk of not implementing the Volkswagen Group's sustainability requirements further down the supply chain effectively and comprehensively. The logistics industry was determined to be a high-risk sector. For this reason, this working group is now increasingly focusing on working conditions in the logistics sector and intends to advance this topic by means of stakeholder engagement as part of the preparation for a roundtable of the NAP automotive industry dialog.

As part of the "improving working conditions in the logistics sector" working group initiated there in 2024 to improve working conditions in the logistics sector, discussions take place several times a year to identify suitable preventive and remedial actions in the logistics sector. The aim is to develop improvement actions for our own grievance mechanisms and reviewing our own due diligence processes. Regular cooperation is planned by the start of 2025. There are also plans for a discussion on implementing the actions. This cooperation and the implementation of improvement actions for our own due diligence processes are intended to minimize potential negative impacts on the working conditions of value chain workers. Following the round table in January 2025, it will be determined which of the actions developed there will be integrated into procurement processes.

Raw materials due diligence management system

With regard to the responsible sourcing of raw materials, the Volkswagen Group implements the five steps of the OECD Due Diligence Guidance for Responsible Business Conduct and the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas on an ongoing basis. In 2020, we implemented the RMDDMS based on the OECD guidance. It serves to identify, assess and avoid actual and potential human rights risks in the upstream raw material supply chains and to develop and implement mitigation actions. In total, the management system currently covers 18 raw materials. These include the battery raw materials cobalt, lithium, nickel and graphite, the conflict minerals tin, tungsten, tantalum and gold (3TG), and aluminum, copper, leather, mica, steel, natural rubber, platinum group metals, rare earths, cotton and magnesium. By adopting this risk-based approach, the Volkswagen Group prioritizes its activities on the basis of the severity and likelihood of occurrence of the relevant sustainability risks and the ability of the Company to influence them. In doing so, we consider that sustainability risks may vary between raw materials. We also systematically use our Group structure for developing and implementing specific prevention and mitigation measures, whose effectiveness we audit. Corresponding action toolboxes are used to help select appropriate actions. Depending on the previous analysis of the cause of a negative impact, corresponding actions are chosen or, if necessary, additional actions are developed. New report structures and toolboxes have been developed, and existing tools, such as the SCGM, have been integrated in the management system. Depending on the results of the due diligence process, the measures are adapted and improved on an ongoing basis. This approach is intended to identify and mitigate or prevent potential negative impacts on value chain workers' working conditions, particularly at indirect suppliers.

In 2024, audits were an important tool in the RMDDMS for assessing risks in the upstream supply chains and identifying suitable actions. Due to the complexity and large number of suppliers, particularly in the battery supply chain, the Volkswagen Group conducts various types of risk-based and ad hoc audits to audit suppliers' sustainability performance. On-site audits are carried out on both direct and indirect suppliers, and can identify both gaps in suppliers' sustainability performance and negative impacts on workers at the sites. Direct suppliers must close the gaps and reduce the negative impacts, even when audits are performed on indirect suppliers. All audits at direct suppliers carried out on behalf of the Volkswagen Group are accompanied by an action plan. The auditor assesses the effectiveness of the actions taken in re-audits (in a desktop review or another on-site audit). The audit program is risk-based and covers the upstream value chain, from the battery supplier to mine sites. The audit criteria are based on the OECD Guidelines for Multinational Enterprises. The audit verifies whether the supplier has set up a relevant management system to identify, prevent, or mitigate negative impacts on workers. In the reporting year, this approach was put into practice and, where necessary, corresponding actions were initiated at supplier level. The remedial process in these audits is intended to provide a remedy for those affected by actual negative impacts on working conditions (working time and health protection) or other work-related rights (child labor, forced labor, access to water and sanitation). At the same time, this is intended to promote positive impacts on value chain workers when suppliers' sustainability performance is audited and, if necessary, improved.

In the raw materials audits, the Volkswagen Group also uses, for example, the audit standard developed by the Initiative for Responsible Mining Assurance (IRMA). This enables an independent audit of mines in the mining industry in terms of protecting human rights, including health protection measures, occupational safety and environmental protection. When developing the audit standards, stakeholders (e.g. NGOs or trade union spokespersons) were publicly consulted.

In connection with the RMDDMS, the Volkswagen Group is also involved in various initiatives and on-site projects – both cross-industry and with regard to specific raw materials – in order to achieve potential and actual positive impacts for value chain workers.

Cobalt for Development: In the Cobalt for Development project in the Democratic Republic of the Congo, the Volkswagen Group works with project partners to improve working and living conditions for small-scale cobalt miners and their communities. The cooperation in the pilot project, which has so far been open-ended, aims to strengthen compliance with laws and improve health and safety conditions and social well-being for people locally. The aim is to promote a positive impact on working conditions of artisanal, small-scale miners, for example by training them in occupational health and safety and providing protective work clothing.

CASCADE project: Since 2021, Porsche AG has been responsible for the coordination and implementation of the CASCADE project to create capacity in the Jambi province in central Sumatra (Indonesia) as part of the RMDDMS, having initiated this project in collaboration with the global tire manufacturer Michelin. The program, which was initially set up for four years, includes training courses for more than 1,000 local smallholders to help them improve their livelihood by improving their cultivation practice, enabling them to increase their yields and income. This is intended to promote positive impacts on these workers by enabling them to generate an income that allows them to cover their basic needs and finance an adequate living.

Responsible Mica Initiative (RMI): In 2020, on behalf of the Volkswagen Group, Porsche AG joined the Responsible Mica Initiative, a multistakeholder initiative to promote transparency and better working conditions in mica mining and processing in India and Madagascar. The initiative particularly aims to empower people in the local villages to eliminate child labor and improve their livelihood within a lawful and legal mica supply chain. To achieve this, alternative sources of income for parents were created in the 2024 reporting year so that their children do not have to work (e.g. from pottery). At the same time, the initiative funded the construction of schools and provision of teachers. In addition, communities were linked to Indian government funding projects, which can supplement the income of local families. Identifying alternative sources of income for financing livelihoods without the use of child labor is intended to promote positive impacts on the groups of persons concerned. The cooperation in the RMI is to be continued.

In the 2024 reporting year, steps were taken to adapt the RMDDMS to evolving regulatory requirements – for example, the EU Battery Regulation (EUBR) and the EU Deforestation Regulation (EUDR). In this context, internal working groups analyzed the legal requirements to develop policies to further develop the due diligence system. Internal procedures and documentation systems for actions were also adapted, and the management system's targets were specified. Existing key metrics for priority raw materials were reviewed and, where necessary, adjusted, and new metrics for additional raw materials were also developed.

Effectiveness test for actions

The effectiveness of the ReSC system's standard actions is reviewed once a year using the input-output-outcome-impact methodology.[9] As far as possible, one or more measurement indicators were defined for the standard actions for every measurement category. These are gathered and documented.

Within the ReSC system's deep-dive actions, further mechanisms are in turn implemented to test the effectiveness of actions: The aim of both the HRFS and RMDDMA is for an action to be considered effective if it can also actually improve the situation of people, protect the environment, or contribute to these goals.

Measurement of the effectiveness of the actions in question is a fundamental component of the HRFS. An action is effective if it can also actually improve the situation of people or protection of the environment or contribute to this. An action is also effective if it achieves a reduction in the risk and the Volkswagen Group's causal contribution. This depends on the action's objective. The timetable and indicators for the effectiveness test must be worked out specifically for each action. The same applies to the RMDDMS – a timetable and success indicators for each action are drawn up and tracked from the action selection stage onwards. The results of the effectiveness test can be incorporated into the risk analysis for the 18 raw materials in the following year.

In the case of actions that go beyond standard and deep-dive actions and are set specifically for a supplier as part of the supplier audit or the SCGM and implemented by the supplier, the implementation and effectiveness of the specific action is audited by the auditor or case handler in the SCGM. This is done, for example, in a desktop review or a repeat on-site audit.

[9] For each standard action within an impact chain, the resources deployed are examined, along with the quantifiable steps through which performance achieves impact, the type of impact achieved by performance and, as far as possible, whether a change in the target group can be recognized through performance.

TARGETS: MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS

The ReSC system aims to avoid or minimize potential and actual negative impacts on workers along the Volkswagen Group's supply chain. The policy's processes should also help to end breaches and continuously improve suppliers' sustainability performance. Moreover, the actions within the ReSC system directly serve to implement the Group sustainability strategy regenerate+, which aims to structure its supply chain responsibly, minimize negative impacts, and provide positive input for all business partners.

In order to measure progress on strategy implementation in connection with the management policy, we have set ourselves the relative target of, in terms of sales revenue, more than 95% of our direct suppliers[10] having a positive S-Rating (A or B rating) by 2040. As an intermediate target, we aim to achieve 85% in 2025.

A positive S-Rating is intended to show that, by meeting the minimum criteria of the S-Rating, a direct supplier fulfills the requirements for being able to reduce or avoid potential negative impacts on its own workers' working conditions and eliminate actual negative impacts on working conditions and other work-related rights. In addition, the implementation of the minimum standards is intended to promote positive impacts on working conditions, equal treatment and equal opportunities, and other work-related rights.

The methodology described in the S-Rating is used as the basis for the target, with the degree of compliance with the sustainability requirements by suppliers being calculated through a multistage process. This comprises an initial risk analysis, a standardized self-assessment questionnaire (SAQ version 5.0) and risk-based supplier audits. When determining a supplier's risk exposure, an assessment of the relevant country risk is also undertaken with the aid of a specialized service provider, so that local conditions in which impacts may occur are taken into account.

When the strategy was being developed, the objective for the proportion of suppliers with a positive S-Rating was formulated by an interdisciplinary working group. Value chain workers are not involved, either directly or indirectly through representatives, in the formulation of objectives, the pursuit of objectives, or the determination of findings or improvement opportunities. Since the target was set, no changes have been made to the target itself or to the underlying methodology.

Target achievement is continuously reviewed and monitored as part of the Group TOP 10 program. In 2023, the proportion of sales revenue contributed by direct suppliers with a positive S-Rating (A and B rating) amounted to 79% of the total procurement volume. In the 2024 reporting year, the proportion of sales revenue amounted to 83% of the total procurement volume. The progress on target achievement has to date been in line with the original plan. As part of the Group TOP 10 program's status monitoring, an analysis is made of trends and material changes concerning target achievement. No significant changes in target achievement versus the planning were identified.

[10] Relevant suppliers of the Volkswagen Group are taken into account here. The relevance of a supplier for the S rating results from factors such as the size of the company or the risk exposure derived from the type of product or service.

Corporate Citizenship

Society and the Volkswagen Group are inextricably linked, each shaping and influencing the other. As a global company, we stand for social engagement.

MATERIAL IMPACT AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Impact on society

The Volkswagen Group's materiality assessment has identified an actual and potential positive impact on affected communities through the Group's Corporate Citizenship projects. Through the promotion of education, health, social participation and sustainable infrastructure, Corporate Citizenship projects can have an actual and potential positive impact on affected communities because they aim to improve the quality of life of affected communities and create long-term development opportunities.

As a globally operating company and good corporate citizen, the Volkswagen Group aims to be a source of economic impetus for local structural development and equal opportunities. The Group has always believed in the importance of recognizing its social responsibilities.

Within the Volkswagen Group, Corporate Citizenship is assigned to the new focus area of Societal Impact. Societal Impact means the overall impact of the Group's own activities and initiatives on society, including economic, social and environmental matters. Corporate Citizenship is a key element of the Volkswagen Group's social engagement and includes philanthropic activities and the funding of environmental, educational and social projects at numerous sites. The focus areas are based on the Group's regenerate+ sustainability strategy, and projects that have a direct positive impact on the environment, employees and non-employees, or society are implemented and reported in a targeted manner. The following section includes the full range of Societal Impact topics, with Corporate Citizenship being treated as a material focus, but not the sole focus.

The philanthropic activities are carried out at the Volkswagen Group's sites. The communities include people or groups who live and work near the Volkswagen Group's operating sites and are or could be affected by the undertaking's operations. These also include communities whose living conditions are positively affected by projects or investments. For example, there are community projects at the Group's production sites. These will continue to exist in the future and can make a positive contribution to the environment and society. The duration of the potential impact is classified as medium term.

Interaction with strategy and business model

The impacts identified in the materiality assessment have an influence on the Group's business model, strategy and value chain. The topic of Societal Impact is enshrined at an overarching level in regenerate+ under the aspect of society. The focus in the 2024 reporting year was on developing an overarching Societal Impact strategy.

The Volkswagen Group is responding to the effect of its material impacts on its business model, strategy and value chain in the area of Corporate Citizenship by implementing global Corporate Citizenship activities, setting up a Sustainability Impact Fund and making Group-wide donations. These actions are intended to maintain and strengthen the positive impact.

In the area of Societal Impact, the Group also responds to the effect on the strategy through various actions. The brands and local units carry out global Corporate Citizenship projects, and donations are made to social, philanthropic, culture and education projects. The Sustainability Impact Fund will be operationalized for the first time in 2025, having so far only been initiated.

A detailed description of all actions in the area of Corporate Citizenship is provided under "Actions: Societal Impact and Corporate Citizenship".

POLICIES: SOCIETAL IMPACT AND CORPORATE CITIZENSHIP

The Volkswagen Group employs more than 670,000 people in 35 countries in Europe and 37 countries in North and South America, Asia, Australia and Africa, and operates 114 production sites around the world. In all these places, the Group assumes responsibility for employees and non-employees and their families, but also for social and economic development around the sites. The Volkswagen Group handles its business activities' positive impacts on society with interlinked strategies and Group-wide policies. These policies are set out in Group policies.

A specific policy for Societal Impact is currently still being developed. However, the following section explains which strategies and management policies already address the subtopics of corporate social responsibility at the Volkswagen Group.

Embedding Societal Impact

During the reporting year, the strategic direction of the Societal Impact focus area was initiated within the scope of regenerate+, a strategy that incorporates Corporate Citizenship activities. The initial focus in the 2024 reporting year was on developing an overarching Societal Impact strategy.

In the past, the corporate social responsibility initiatives (the fourth target area with the impact dimension "We@Volkswagen and the world around us") were presented within the Group People Strategy, which is the cornerstone for strategic expansion and its embedding in regenerate+ (society dimension, Societal Impact focus area).

The Volkswagen Group is pursuing two aims with regenerate+: to be a socially responsible employer for its employees and to assume corporate social responsibility. As an active partner in society, the Group aims to work responsibly with local and international organizations in a spirit of partnership and trust. The aim is to use resources and skills for the public good, by taking actions that promote a fair, inclusive and open society and supporting healthy and intact natural ecosystems. At the same time, all communities should have the same opportunities to participate in a forward-looking economy and benefit from sustainable mobility systems.

In addition to the strategic conclusions of the global basic understanding, a new framework consisting of three subtopics has been created. This has a potential effect on the Volkswagen Group's Societal Impact.

The framework and actions consist of the following topics:

- Global Corporate Citizenship activities
- Sustainability Impact Fund
- Group-wide donations

Through Group sustainability, a common framework is being developed that covers the Volkswagen Group's social engagement and facilitates actions to make a positive contribution to society and the environment.

A detailed description of regenerate+ is provided in the "General information" chapter under "Business model, value chain and strategy".

Policies on the management of Societal Impact

Group-wide policies are used to implement the principles and fields of focus anchored in the strategies. The policies relating to corporate social responsibility are described in the following Group policies. The Group policies apply to all the Volkswagen Group's controlled companies. The department responsible checks whether they are up to date at least once a year and amends them if necessary. The Group policies can be accessed on the intranet by those who are responsible for implementing them.

As previously mentioned, there is currently no policy for the Societal Impact focus area. This will, however, be prepared in the medium term within the framework of the core processes of sustainability management and is also to include management of the material positive impact. For the major components of the framework, however, the existing Group policies relating to sustainability topics, reporting on corporate responsibility and donations are presented below.

As part of Societal Impact, the implementation and description of Corporate Citizenship projects is set out in a Group policy. This Group policy on sustainability management in the Volkswagen Group defines various core processes designed to enable efficient management of and reporting on sustainability in the Group with the aim of continual improvement of the sustainability performance. The CEO of Volkswagen AG has overall functional responsibility for sustainability management, while Group Sustainability is responsible for implementing the policy and the management system at operational level. The reporting requirement for local engagement activities in the form of Corporate Citizenship projects by the respective brands and production sites is also defined in the sustainability reporting process. A detailed description of Group sustainability management and the associated structures, processes and responsibilities is provided in the "General information" under "Sustainability management".

The rules governing donations and sponsorship, which are part of Societal Impact, are also set out in a Group policy, which has the aim of ensuring that such activities take place within the framework of the applicable legal regulations and the undertaking's integrity standards. The Group policy therefore describes the requirements as well as the underlying processes and procedures for the initiation, review and approval of donations and sponsorship, taking into account the respective approval limits and responsibilities. The CEO of Volkswagen AG has overall functional responsibility for donations, sponsorship and agreements with brand ambassadors, while the Group Communications – Management and Events department is responsible for implementing the policy and the management system at operational level.

ACTIONS: SOCIETAL IMPACT AND CORPORATE CITIZENSHIP

For the Volkswagen Group, Societal Impact refers to the impacts that projects or investments can have on society. Strategic work on this focus area only began in the reporting year, so it is not yet possible to take actions to measure or quantify the impacts. However, the actions related to Corporate Citizenship that have a positive impact on local communities and the local environment are described below.

Global Corporate Citizenship activities

These are local initiatives tailored to the requirements of the production sites that aim to bring about positive change in society in the medium and long term. These actions and projects are implemented in various areas such as health, education, the environment, social justice and economic development, and contribute to the four dimensions of regenerate+. They encompass a wide variety of activities ranging from provision of resources to the running of programs and the implementation of technology by the Volkswagen Group or its units. These projects are managed locally under the responsibility of the competent units.

In 2024, the Volkswagen Group started to use a standardized questionnaire to collect information annually on the projects implemented by the individual brands and regions.[11] This collects information on existing projects that were being implemented during the reporting year. The Global Corporate Citizenship activities metric takes account of all the Volkswagen Group's individual brands and regions that carried out relevant projects here in the reporting year and reported them accordingly.

In the reporting year, more than 200 global projects were reported as local engagement activities at Volkswagen Group sites around the world. Around 69% of the projects have a potential positive impact on the community or region directly adjacent to the site, such as Wolfsburg, Ingolstadt/Germany, Bologna/Italy, Verona/Italy, Aurangabad/India, Chattanooga/USA, Puebla/Mexico, Guanajuato/Mexico or Polkowice/Poland. In addition, approximately 25% of the projects have a potential positive impact at national level (for example within China, France, Spain, or the Czech Republic) and around 4% even at international level.

There are over 200 global projects that contribute to one or more impact categories of regenerate+ at an overarching level and are intended to promote positive impacts on society and the environment. The focus of the outcome is on the "Strengthening local communities and resilience" and "Poverty reduction and social security" Societal Impact categories. In addition, the projects are expected to have positive impacts on the Group's own employees (for example in the areas of "Education and knowledge transfer," "Health and well-being" or "Gender equality and inclusion") and on nature (for example in the categories of "Healthy ecosystems and biodiversity" or "Climate change mitigation").

Sustainability Impact Fund

In the reporting year, the Volkswagen Group set up a Sustainability Impact Fund to achieve positive impacts on local communities and the local environment by supporting internal projects promoting environmental, social and economic sustainability at production sites. The Sustainability Impact Fund can promote not only positive environmental effects, such as the optimization of energy and water consumption, increased use of renewable energy, insulation of buildings and sustainable mobility, but also social advantages, such as local recycling programs and partnerships with NGOs. These actions strengthen social cohesion and reduce social inequalities.

The Sustainability Impact Fund will be operationalized in 2025 and is intended to support projects and actions by the Volkswagen Group that help to attain the Group's sustainability goals. A project or action must cover one of the four dimensions – nature, our people, society and business. This means that from 2025 onward, the exact outcome can be derived in more detail on the basis of the projects supported.

Group-wide donations

Donations are voluntary contributions to a scientific, charitable, cultural, political, or religious cause which are made without receiving anything in return from the recipient. Donations can have beneficial effects – for example, in tackling social problems, responding to humanitarian crises, reducing negative environmental impacts, and strengthening the resilience of communities. The Group-wide donations metric takes account of all the Volkswagen Group's companies that are subject to mandatory reporting and made donations in the reporting year. The donation amounts are reported centrally through the finance tool in accordance with the Group policy.

[11] In past years, the methodology was adapted to collect data on global projects. A standardized questionnaire was drawn up in the 2024 reporting year that recorded the direct reference to the Group sustainability strategy and the scope of the project, as well as the input used and the output achieved. Along with predefined metrics, project-specific indicators can be specified here. In addition, the responsible person also matches the project to the Sustainable Development Goals (SDGs) and provides a subjective assessment of the project's impact.

The Volkswagen Group made donations totaling €61.37 million in 2024.[12] This includes large donations as part of emergency humanitarian aid, which were decided on and provided immediately. Donations are made annually. In 2023, i.e. before the scope changed, Volkswagen AG donated a total of €27.69 million to these types of projects.

TARGETS: SOCIETAL IMPACT AND CORPORATE CITIZENSHIP

The targets in the area of Societal Impact will be developed on the basis of the Group sustainability strategy in the future. The Societal Impact Strategy, which is part of the Group sustainability strategy, has been approved by the Group Board of Management with the involvement of experts from the Group Sustainability department and other Group departments, as well as from the brands' specialist and sustainability departments.

There are currently no tax-related targets with regard to Societal Impact, including the underlying topics of global Corporate Citizenship activities and Group-wide donations. Phased targets were also developed for the Sustainability Impact Fund. The Volkswagen Group aims to make an annual allocation of up to €20 million through this fund through 2029. In 2025, cost allocations of up to €5 million are to be made to promote sustainable development in all dimensions of the regenerate+ strategy.

The setting of these strategic (intermediate) targets and their further development for measuring the impact, and hence the effectiveness of the policies and actions in relation to the material sustainability-related impacts, is planned for a medium-term time horizon.

[12] In relation to the amount donated, the scope was expanded to the Group, which means that this is now requested centrally from the consolidated companies via the financial metrics.

Customers

The protection of road users and the safety of our customers are a focus of the Volkswagen Group.

MATERIAL IMPACTS AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Impacts in the area of customers' personal security

During its materiality assessment, the Volkswagen Group identified an actual and potential positive impact in the downstream value chain in the area of customers' personal security, including in relation to the protection of health in vehicles. In the following, the term 'customers' is used as an umbrella term for consumers and (end) users within the meaning of the ESRS. The types of customer taken into consideration include vehicle drivers and occupants. A further focus is placed on the protection of vulnerable road users (such as cyclists and pedestrians) and other groups who could potentially be involved in accidents. Active and passive safety and security systems make a positive contribution to reducing the number of fatalities and serious injuries resulting from road traffic accidents. The duration of the potential positive impact is classified as long term.

Furthermore, the materiality assessment identified an actual and potential negative impact in the area of product safety in the form of individual incidents in the downstream value chain. When driving in traffic, users of vehicles from all manufacturers have the potential to be involved in accidents, which could result in the vehicle driver and occupants sustaining a negative impact on their health. The Volkswagen Group is aware of its responsibility and is constantly working on avoiding accidents and mitigating the consequences of accidents. For the evaluation of impacts, various groups of users and occupants are considered and it is examined whether special requirements apply to certain user groups and whether these need to be taken into consideration. As the relevance of software and connectivity in vehicles increases, the abstract risk of unauthorized access rises, with potential impacts on the safety of the vehicle and thus also for the associated legal interests of customers. The potential impact is classified as long term.

Interaction with strategy and business model

The impacts identified in the materiality assessment have an influence on the Group's business model, strategy and value chain. At an overarching level, the topic of vehicle safety is embedded in the safety strategy. Thus, the safety of our customers is a focus around the world. The *Arbeitskreis Sicherheitssystem* (AKS - Safety System Working Group) has been set up for this purpose, coordinates safety issues on a cross-brand basis within the Volkswagen Group and sets out requirements.

The Volkswagen Group takes the following actions in the area of customers to exert influence over the impacts on its business, strategy, business model and value chain identified during the materiality assessment: Internal safety provisions and the implementation of safety technology are intended to enhance the positive impact on customers in the area of personal security.

The safety strategy is developed by the AKS and presented to the Group Board of Management Committee for Technology for approval. The *Ausschuss Produktsicherheit* (APS - Product Safety Committee) is responsible for ensuring the safety of products placed on the market. The product safety and conformity policy to be implemented Group-wide sets out that the responsible manufacturers are required to establish their own APS, but also imposes an obligation that the APS must be called on whenever safety-related incidents occur.

An extensive overview and explanation of actions in this action area are provided under “Actions: personal safety of customers”.

POLICIES: PERSONAL SAFETY OF CUSTOMERS

In order to continuously reduce the number and severity of road traffic accidents involving its vehicles, the Volkswagen Group has set up a variety of interlinked management systems, which constitute a Group-wide governance policy for vehicle safety. The policy forms the basis for a high standard of product quality and for adherence to legal and official regulations, internal safety provisions and consumer protection requirements, among other things.

This includes the ongoing focus on high safety standards for mechanical, mechatronic and electronic systems, as well as the functional safety of vehicles. Building on this, a number of management systems are codified in Group policies, which systematically embed these safety standards, applicable norms and the state of the art into the design, development, production and testing of vehicles at the brand companies. These policies always address all three levels: legal requirements, internal safety provisions and consumer protection standards. This section introduces the safety strategy and Group policies.

Safety strategy

In an effort to embed existing systems for vehicle safety even further into the Volkswagen Group’s strategic policy, a Group-wide safety strategy is in place that has been approved by the Board of Management.

The vision behind the safety strategy is to make a contribution to global road safety. This involves reducing the number of severe injuries and fatalities in accidents involving vehicles from Volkswagen Group brands. Relevant and topical safety issues are compiled and developed for the purposes of accident prevention (active safety) and mitigation of the consequences of accidents (passive/integral safety).

The safety strategy aims to work towards a high level of protection for customers and others involved in accidents through the application of modern technology. As a result, the consolidated expertise available within the Group enables consumer protection requirements to be addressed, along with internal and external safety provisions and statutory requirements, and it can also be applied across the Group in a market-specific approach. Actual and potential negative impacts on customers’ health and safety can arise as a result of deficiencies or quality problems, for example. By complying with the safety requirements addressed, the Volkswagen Group counteracts these impacts. The aim of this is to reduce the number of fatalities and serious injuries and, as a result, achieve the actual and potential positive impact.

The safety developments in the brands set the strategic direction based on the safety strategy, which is pursued in bodies including the Group AKS Committee.

Should any need for updates to the safety strategy arise, this is reviewed by the heads of safety development at the brands and the strategy is refined as required.

Automotive cybersecurity management system Group policy

To counteract the risk of unauthorized access to vehicles and their digital offerings, the Volkswagen Group has developed requirements for an automotive cybersecurity management system (ACSMS) in its automotive cybersecurity management system Group policy. This mitigates the potential negative impact on customer’s health and safety in the form of manipulation of digital systems. Legal regulations – including regulation 155, cybersecurity and cybersecurity management system (UN-R 155) of the United Nations Economic Commission for Europe (UNECE) – define the requirements for vehicle and software development. These also have an extensive impact on our IT systems.

To be able to manage the risk of cyberattacks on vehicles and take appropriate action to mitigate these both now and in the future, the Volkswagen Group continuously optimizes the automotive cybersecurity management systems in all Group brands. Information on procedures and products is shared across the brands. The primary focus during this approach is on the protection of customers.

A further goal of the ACSMS is to increase automotive cybersecurity across the product lifecycle of a vehicle and its digital ecosystem. As the level of digitalization in the vehicle, connectivity, and shared mobility increases, the topic of cybersecurity becomes more of a concern for customers' health and safety.

The ACSMS employs policies and control measures to define how automotive cybersecurity should be established and maintained in order to prevent unauthorized access. The effectiveness of the ACSMS with corresponding certification has been confirmed in each case by the type approval authorities responsible for the Group brands. This was always preceded by an external audit to verify compliance with the UNECE regulation, UN-R 155. Annual monitoring audits are performed during the validity period.

The ACSMS Group policy applies as a minimum standard for all controlled companies in the Volkswagen Group that obtain type approvals for vehicles, that have interfaces or relevant processes with companies that apply for type approval and/or develop or operate parts of the digital ecosystem for these vehicles, or provide and execute software updates for vehicles.

The Head of Group Quality Management, Digitalization and IT is responsible for defining this ACSMS Group policy. The most senior level of management (Board of Management or managing directors) at each relevant Group company is responsible for its implementation.

Product safety and conformity Group policy

The product safety and conformity Group policy has an important function, particularly with regard to the personal safety of customers. It defines uniform Group-wide standards in order to comply with legal obligations and achieve our own ambitions in terms of taking responsibility for the products brought onto the market. For this reason, the applicable legal and official regulations and other legally binding standards must be observed, a system for the active and passive observation of the products put on the market must be maintained, and any risks liable to arise from such products must be averted to the extent that this is possible and reasonable.

The Volkswagen Group companies that manufacture vehicles or have them produced and place them on the market as the responsible manufacturers are responsible for implementing the product safety and conformity Group policy. In the Volkswagen Group those are the brand companies and full-function companies or co-entrepreneurs. They are responsible for transposing and implementing the policy into their own regulations, e.g. an organizational guideline, and standards.

Responsibility for the safety and conformity of products lies with the manufacturing brands and full-function companies or co-entrepreneurs. The board of the brand company delegates responsibility for ensuring that any requisite action to guarantee the safety and conformity of products brought onto the market is initiated in good time to a respective APS set up or to be set up at the brand company. The board or the management of a full-function company or co-entrepreneur delegates these tasks via a service contract with the brand controlling company of its brand to the APS of the corresponding brand company.

Commitment to human rights

Respect for human rights is of paramount importance to the Volkswagen Group. We are convinced that sustainable economic activity is only possible by acting ethically and with integrity. Within the framework of our entrepreneurial activities, we are fully committed to our responsibility regarding human rights. A detailed description of human rights commitments can be found in the chapter "Employees and non-employees" under "Policies: employees and non-employees". The whistleblower system and the introduction of remedial actions are used to communicate with any parties affected. A detailed description of this is provided in the "Business conduct information" chapter under "Whistleblower system".

PROCESSES: ENGAGING WITH CUSTOMERS

Consideration of the activities of consumer protection organizations

In order to familiarize itself with the interests, experiences and perspectives of its vehicles' users and also take these into account, the Volkswagen Group works at brand level with various national and international consumer protection organizations as credible proxies of vehicle users. The AKS is responsible for any overarching organization of cooperation with consumer protection authorities and industry groups with regard to safety matters. The Group works in cooperation with the Insurance Institute for Highway Safety (IIHS) and the China Insurance Safety Index, for example, as well as the respective national and regional associations within the New Car Assessment Program (NCAP).

The Volkswagen Passenger Cars brand, for instance, has regulations in place to ensure that contact partners or liaison offices with suitable contacts for consumer protection organizations are implemented. This responsibility is assigned to the person responsible for Global Safety Affairs within the main Safety System Development department at Volkswagen AG. Any resulting requirements are dealt with in liaison with all Group brands as part of the AKS to ensure that all information available within the Volkswagen Group is known to all parties. Updates or changes to the rating process are dealt with and reported on in the AKS.

As part of the ongoing adjustment of their standards, the respective NCAPs publish regular updates, which are known as road maps. Updates are communicated at industry meetings, in announcements on their websites, or via e-mail. The Group communicates and meets with consumer protection organizations with regard to specific topics and projects. The frequency of this communication depends on the respective NCAP's road map. Information and requirements from the NCAPs form part of the safety strategy and are applied during product development. These processes are described under "Processes: remedial processes and reporting channels".

The effectiveness of cooperation can be verified by the vehicle ratings awarded by consumer protection organizations, such as the star ratings assigned by NCAP.

Cooperation on remedial processes

Two additional forms of dialog with customers who are affected by a security matter and cybersecurity failings exist as part of the passive product observation process and, where required, through investigations and the implementation of action. The remedial process including dialog formats for both processes is described under "Processes: remedial processes and reporting channels".

PROCESSES: REMEDIAL PROCESSES AND REPORTING CHANNELS

Remedial process for security matters

Any indications of a safety-relevant matter that arise from passive or active product observation are analyzed by the divisions (for example Technical Development, Production). This analysis covers factors such as frequency of occurrence, the cause of the damage, the components affected and any other Group models affected.

If the case is confirmed as being safety-relevant, the APS must be consulted, in line with the regulations applicable in the Group. It then decides on any requisite and expedient measures to guarantee the safety and conformity of products brought onto the market. This can include, for example, the decision to run a recall campaign, launch a workshop service campaign, extend warranty services, or halt production.

The implementation of any action approved by the APS is initiated and coordinated by the Product Safety department. This department's primary duties include identifying the vehicles affected, preparing and coordinating any work instructions, commissioning the stocking of replacement parts, and defining the action's start date.

Operational responsibility for implementation depends on the type of action to be taken. Most cases relate to field measures, which are implemented by the dealership organizations and their partner workshops. The importers are responsible for supervising and controlling the implementation process. The measure's effectiveness is recorded through active and passive product observation. It is also monitored based on the measure's implementation rate.

Any orders and measures passed by the APS are binding for all divisions, including any companies affected by the case. The APS office is responsible for monitoring any orders and measures passed by the APS to make sure they are implemented on time. Where necessary, the APS office reports the current status to the APS.

Dialog formats

Dialog with customers takes place at various stages of the process. For instance, through passive product observation, customer complaints that are submitted to dealerships or workshops or posted on social media or online forums are taken into account in investigations, as is any contact via the customer hotline or with the brands' Customer Care departments. Throughout the entire process, responsibility for communication with customers lies with the departments in question, such as After Sales, Marketing and Communication.

Further dialog can take place as remediation is taking place on the market. Where the APS decides on action to be taken, importers have a duty under their importer contract to implement the measures through their partner businesses. During this process, affected vehicle owners are informed about what action is needed to remedy the potential safety issue (e.g. they are informed by post or in a face-to-face conversation at the workshop). The action can, for example, involve having a faulty component replaced at the workshop.

Remedial process for cybersecurity matters

Customers are able to contact authorized dealerships with any concerns related to the field of cybersecurity. The dealerships record these reports and, if necessary, forward them to the importer, who in turns passes them on to the manufacturer. Processes are put in place at the manufacturer so that the complaints are passed on to the responsible Incident Management department. If this department decides on and initiates any remedial measures, the remedial process described for field campaigns under the APS is employed. For changes to the product, the standard measures from the development processes apply, such as tests and quality assurance measures. Reviews are established to check whether cases within the support structure have been dealt with correctly. Based on these analyses, adjustments can be made to the processes and support structure.

Awareness measures and training for importers and dealerships have been put in place so that local employees know how to respond in an appropriate manner. Sample cases, which the local employees can use to follow the process more effectively, are one of the training strategies employed.

Dialog formats

Through the Security contact point set up, customers and security researchers (for example, non-governmental organizations or private individuals) are able to report suspected security vulnerabilities at https://www.volkswagen.de/de/mehr/rechtliches/kontakt-cyber-security.html. Customers can also report their concerns to their authorized dealership or the customer support hotline. Using an established support structure, such cases are forwarded to the responsible Incident Management department, where they are analyzed and assigned with appropriate actions. If specific actions need to be taken by the APS, the vehicle owner concerned is notified of the necessary steps to remedy the potential security issues, which could require a software update, for example. The goal of the cooperation is to identify and remedy cybersecurity vulnerabilities in the products at an early stage and take action to prevent the vulnerability being exploited by third parties. Operational responsibility for the car security incident process (CSI) is assigned to each brand's Quality Assurance division. Customers interact with the departments responsible, e.g. Customer Experience or After Sales.

Reporting channels

The whistleblower system can also be used to report breaches of product safety and registration regulations. Safety-relevant reports are transferred to the remedial processes described. The availability of the whistleblower system and the protection of whistleblowers are described in more detail in the "Business conduct information" chapter.

Customers are also able to contact the Volkswagen Group via e-mail or a telephone hotline if they have complaints or feedback about its vehicles and services. Each brand's website also lists contact channels that enable customers to report their concerns directly. In this context, each brand holds sole responsibility for assessing the effectiveness of its channels.

In the area of cybersecurity, the Volkswagen Group endeavors to identify security vulnerabilities and deal with these accordingly. It accepts reports from its customers and security researchers in relation to this. If customers detect any indication of a security vulnerability in their product, they are able to use the channels to communicate this directly to the respective brands. These reports are then tracked by the brands as part of their established clarification processes.

> vulnerability@volkswagen.de (Volkswagen Passenger Cars and Volkswagen Commercial Vehicles)
> vulnerability@audi.de (AUDI)
> security@skoda-auto.cz (Škoda)
> vulnerability@seat.es (SEAT)
> security@porsche.de (Porsche)

The safety-related complaints that customers submit through the brands' reporting channels are tracked and monitored by the brands. In this context, each brand holds sole responsibility for assessing the effectiveness of its channels.

A review of whether customers know and trust the customer portals and are protected against retaliation therefore does not take place at Group level.

ACTIONS: PERSONAL SAFETY OF CUSTOMERS

In addition to the policies described and the safety and security strategy, the Volkswagen Group also takes action to help keep its vehicles' safety and security technology up-to-date, particularly in relation to avoiding accidents and mitigating their effects. This action includes researching vehicle safety and security, studying safety-relevant issues – including under the structure of the AKS – and integrating relevant content into projects in the *Product Development Process* (PEP - Produktentwicklungsprozess). Through its cooperation with regional consumer protection organizations, the Volkswagen Group is committed to safety and security standards. As a result, the Volkswagen Group brings about an actual and potential positive impact on vehicle safety and security standards, which can influence the health of our customers by preventing accidents and mitigating their effects. Within the context of the ESRS, the Volkswagen Group regards any actions that contribute to compliance with safety and security requirements as actions that contribute to the prevention, mitigation and remedy of any potential and actual negative impacts caused by its products. All actions that contribute to safety and security standards that go beyond the minimum standards required by law are regarded as actions that make a positive contribution to vehicle safety and security. Through its cooperation with consumer protection organizations and its increased internal safety requirements, the Volkswagen Group is helping to raise general vehicle safety and security standards, thus contributing to better road safety. In matters of vehicle safety and security, the prevailing law provides the Volkswagen Group with its minimum baseline for action. As such, there are no internal processes that contradict compliance with these provisions.

If security weaknesses still manage to arise, there are a range of measures that apply to vehicles already brought onto the market and that can provide a remedy in the event of a security risk. Through this, the Group counteracts the potential and actual negative impact on customers' health and safety, which arises and can arise due to security vulnerabilities. In matters related to cybersecurity, the Group has the option of working with customers and security researchers, who are able to report potential security vulnerabilities. These are evaluated in the CSI process and remedied if required. As a result of the lessons learned process, the clarification of a particular matter can generate remedial action and also have impacts for the strategy, the ACSMS or product development. Incident Management interfaces with Product Development, which enables lessons learned that are relevant to the development of future products to be integrated directly. The dialog takes place on an ad hoc basis in the context of the evaluation. Through active and passive product observation, vehicles already brought onto the market are monitored for previously undetectable product risks. The APS decides on any requisite measures to guarantee the safety and conformity of products brought onto the market. APS members independently inform their respective divisions of the activities of the APS and on any lessons learned for the division in question as a result of the matter. Via the lessons learned process, any knowledge gained can flow back into upstream processes (e.g. the development of new products), thus enabling the entire process to be improved on an ongoing basis.

Within the Volkswagen Group, the AKS, the ACSMS, the APS are responsible for defining and implementing actions in the areas of vehicle safety and cybersecurity. Due to their personnel resources, these bodies have a continuous positive influence over material impacts on customers. In some cases, the brands are also responsible for implementation. Plans are in place to retain all the actions described in the future.

Actions related to the safety strategy

The following actions related to the safety strategy contribute to the management of both negative and positive impacts on the safety and security of our customers in the area of product development. In this context, the Group cooperates with parties including consumer protection organizations, suppliers, research institutes and other stakeholders relevant to vehicle safety, as well as with other internal stakeholders such as Development, Quality Assurance, Legal, etc.

Safety System Working Group

The cross-group *Arbeitskreis Sicherheitssystem* (AKS - Safety System Working Group) deals with the coordination and definition of the cross-brand safety requirements set out in the safety strategy. The committee is made up of representatives from the brands' Safety System Development departments and various additional participants depending on the agenda. The committee focuses on the following topics and duties in particular:

- Definition and coordination of safety requirements for all topics related to integral safety (including: active and passive safety and pre- and post-crash) and their allocation to topic-specific interface areas and the responsible organizational units within the brands' Development divisions
- Synchronization on issues from consumer protection organizations, for example
- Development of a stance on new requirements or development and coordination for new consumer protection requirements
- Identification and coordination of global pre-development, component development and function development
- Coordination and tracking of research on all topics related to integral safety

The committee's quarterly meetings and the content discussed in these form a central action in the implementation of the safety strategy. Since the committee works on both external and internal safety requirements and consumer protection regulations, its work affects vehicle safety and security.

Current safety-relevant issues are dealt with in individual topic-specific working groups and in a cross-sectional working group, which are also made up of representatives from the brands' Product Development divisions. Topics can either be addressed proactively by the working groups and added to the AKS's agenda, or they are commissioned by the central AKS team. Topic-related investigations can result, for example, from the reassessment of rating-relevant topics, an examination of the impact of legislative changes, tests on new safety technology, or topic-specific competitive analyses. There are a total of 19 different working groups and cross-sectional working groups, each of which deals with different areas of safety, such as child safety, pedestrian protection, e-mobility and airbags. They meet three to four times a year to work on these topics.

Meeting and implementing safety objectives

The implementation of safety objectives (internal, external and those specified by consumer protection bodies) is integrated into the *Product Development Process* (PEP - Produktentwicklungsprozess). The PEP contains processes to define how safety objectives are developed and created and, as such, to transfer the safety strategy into the product. For example, the safety measures required during the development of a new model are set out in the form of a technical product description and communicated so that they can be implemented.

In this context, the preparation of a technical product description is an important step in the PEP. It systematically records which legal, internal and consumer-protection objectives need to be met. According to the requirements that need to be met, the document defines which active and passive safety technology needs to be installed in a model.

The PEP is a recommendation from the Volkswagen Group, which has to be adapted in accordance with the legal and organizational characteristics of the respective company and implemented by integrating it into the corresponding quality management system.

Group Accident Research

Just like the main Safety System Development department, Group Accident Research is guided by the vision of a road traffic system with zero serious injuries or fatalities – bound by the limits of what is technically feasible. It works on research topics that are conducive to this vision.

Various topics are actively researched for this purpose. Noteworthy topics include safety for groups of people with different attributes (for example safety for different bodily weights, heights, ages) and compatibility in different accident configurations (for example vehicle against pedestrian, heavy Sport Utility Vehicle (SUV) against lightweight urban car) to provide context to existing research outcomes and derive conclusions.

Group Accident Research actively receives requests for research from the Development departments of the Group companies or proactively puts forward its own topics. Safety System Development often approaches Accident Research with topics that it is already aware of and has specific questions about, and Accident Research then responds to these according to scientific standards. Group Accident Research is active across the brands as a Group-wide function.

Actions related to the automotive cybersecurity management system Group policy

Car security incident process

The CSI process is intended to ensure that the cause of a vehicle safety incident is identified, assessed by an expert and rectified by implementing suitable measures. The principles of our automotive cybersecurity management system include reviewing and monitoring vehicles and their digital ecosystem for cyber threats throughout their life cycle. Adequate risk assessment of cybersecurity risks must continue to be maintained so that the Volkswagen Group can identify cybersecurity incidents and act when they occur. These principles flow into the cross-brand CSI process. The company becomes aware of potential incidents through the ongoing monitoring of internal (e.g. Technical Development) and external (internet, reports) sources. The process also serves as a driving force and coordinator between the supporting areas for analyzing vulnerabilities and taking appropriate remedial action. Risks are assessed and response plans are drawn up and tracked. If a field campaign is identified as necessary, the process is passed on to the responsible APS. Methods for identification, tracking and follow-up have been developed and decision-making and control committees have been established to support implementation of the process. The process has been fully implemented and is applied across the Group.

This action focuses on products that have already been brought onto the market and applies to all markets where Volkswagen Group products are sold. The CSI is designed to be event-oriented based on incidents and reports. In contrast, vulnerability monitoring is an ongoing process. The aim of this approach is to help ensure that, where possible, no vulnerability related to Volkswagen Group products remains undetected.

The processes leading up to remedial action are described in more detail under “Processes: remedial processes and reporting channels”.

Actions related to the product safety and conformity Group policy

Product observation

The Volkswagen Group has implemented a comprehensive product observation system, which is run by the responsible organizational units in accordance with set regulations. This action involves both active and passive product observation to guarantee the safety and conformity of products brought onto the market.

Active product observation includes the regular and automatic capture and evaluation of data and information relating to issues that may be relevant to safety and security. This is achieved by implementing suitable assessment measures, such as spot checks, analyzing vehicle-related mass data, monitoring trade press and the internet, including social media, and monitoring reports from market surveillance authorities.

Passive product observation involves the systematic logging of issues that may be relevant to safety and security arising from individual safety-relevant reports, such as indication of a risk to life, limb or health or to personal property, reports from importers and dealerships, customer complaints, complaints from authorities, and accident reports.

The goal of these actions is to identify potential safety risks in vehicles already on the market at an early stage. As soon as there is indication of a safety-relevant matter, the logged data and information is immediately subjected to a more in-depth technical analysis and, if necessary, a risk assessment. Based on the facts determined, actions are taken that serve to protect the people who come into contact with the product.

This responsibility for product observation is borne by one or more organizational units defined by the board of the respective Volkswagen Group company. The scope of product observation and the scope of the actions derived from this are based on the level of risk, with motor vehicles and their replacement parts and accessories requiring closer and more extensive monitoring than other products given their increased potential for danger.

TARGETS: PERSONAL SECURITY OF CUSTOMERS

No measurable, outcome-oriented targets within the meaning of the ESRS are defined in relation to vehicle safety.

The effectiveness of the policies and actions in relation to the positive and negative impacts identified through the double materiality assessment performed this year for the first time are currently not monitored.

Nevertheless, the sum of the policies and actions presented contribute to the Group's efforts to ensure road traffic safety for customers. With this, the Volkswagen Group pursues the vision of its safety strategy. The following actions and processes are established for determining effectiveness.

Product development

Effectiveness and the ambition level are tracked through compliance with internal and external safety regulations and through the monitoring of vehicle ratings issued by consumer protection organizations, such as the Euro NCAP star ratings. During the model development process, the technical product description sets out the objectives for safety standards. These objectives, among other things, are used as a guideline during product development.

Group Accident Research

The effectiveness of safety technology is determined, on the one hand, via a 24/7 on-call service, which the federal states of Lower Saxony and Saxony-Anhalt use to log accidents. To this end, the Group works closely with both states' Ministries for Interior and Sport and their state police forces. On the one hand, any vehicles involved in accidents are carefully assessed by Accident Research and the effectiveness of their safety technology is examined. On the other hand, accident research data is also reviewed and evaluated, such as accident statistics from various states and countries and accident databases, including the German In-Depth Accident Study (GIDAS) database. Both positive feedback – for instance, when measures achieve their intended outcome – and negative feedback in the form of suggested improvements are evaluated at regular intervals. The results are communicated to both the relevant departments as well as to the AKS and the specially established Accident Research Conference.

Car security incident process

As part of an effectiveness assessment, checks are carried out to determine whether actions have reached the relevant parties, e.g. Development, and been incorporated into vehicle production. After an incident has been dealt with, the CSI committees run through a lessons learned process if necessary so as to review the CSI process itself.

Business conduct information

Sustainable, responsible and transparent corporate governance is a top priority for the Volkswagen Group.

CORPORATE CULTURE

MATERIAL IMPACT AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Impact in the area of corporate culture

In the area of corporate culture, the Volkswagen Group identified an actual positive impact on the appropriate protection and development of its employees through the materiality assessment in the 2024 fiscal year. The Volkswagen Group has a broader understanding of corporate culture than the ESRS definition, extending it to topics such as diversity and co-determination. These topics are reported in the section on social information. The positive impact in this chapter on business conduct stems, for example, from the promotion of integrity, equal treatment, ethical conduct, responsible decision-making processes and the emphasis on fairness by the employee representatives.

Interaction with strategy and business model

The impact in the area of corporate culture identified in the materiality assessment has an effect on the Volkswagen Group's strategy and business model. The overarching topic of corporate culture is anchored in the Group strategy and the Group regenerate+ sustainability strategy. The Volkswagen Group uses various actions in the area of corporate culture to emphasize the influence of its material impact on the business model and strategy. In this respect, the focus of the chapter is on topics relating to integrity and compliance (I&C), such as the Code of Conduct and Code of Conduct training, the Group Essentials in conjunction with the role model program, the opinion survey (*Stimmungsbarometer*) and additional training and awareness-raising actions.

An in-depth description of all actions in the area of corporate culture is provided in "Actions: Corporate culture".

POLICIES: CORPORATE CULTURE

Code of Conduct and Volkswagen Group Essentials

Integrity and compliance are the basis for correct and value-oriented behavior at the Volkswagen Group. We have set out the relevant guidelines in the Code of Conduct and the Group Essentials. The Code of Conduct forms the ethical and values-based foundation for integrity and compliance in the Volkswagen Group. As a key tool, it promotes awareness of responsible conduct and decision-making, provides support in forming opinions, can be used as a way of finding the right contact persons and is binding for all Group brands and companies. The Code of Conduct is based on international conventions and declarations, particularly the International Bill of Human Rights, the Fundamental Conventions of the International Labour Organization (ILO), and the United Nations Convention against Corruption.

As part of the Code of Conduct, the Volkswagen Group Essentials define the shared underlying values across all of the Volkswagen Group's brands and companies. They form the basis of the corporate culture and define what the Volkswagen Group represents globally across all its brands and companies: We take on responsibility for the environment and society; we are honest and speak up when something is wrong; we break new ground; we live diversity; we are proud of the work we do; we not me; we keep our word. These statements are a promise to customers, shareholders, business partners and employees. The Code of Conduct and the Group Essentials can be found on the Volkswagen Group website.

In cooperation with the relevant departments, the Group Chief Integrity & Compliance Officer is responsible for the content of the Code of Conduct. The Group Chief Integrity & Compliance Officer heads the Group-wide Integrity & Compliance organization, which is part of the Integrity and Legal Affairs function of the Board of Management. The brands and companies are responsible for local implementation throughout the workforce.

The Group Integrity & Compliance organization helps the Group and brand companies to comply with the rules when conducting their business activities and to comply with the relevant legislation and internal regulations. The focus of its work includes anti-corruption and the prevention of embezzlement, fraud and money laundering. The point of departure is the internal compliance risk assessment (ICRA).

Internal compliance risk assessment and minimum standards for integrity and compliance training and communication

As part of the operational implementation of integrity and compliance, potential risks in the Group (excluding the Porsche AG Group which conducts its own compliance risk analysis) are identified through actions including the internal compliance risk assessment, and relevant areas of focus are defined. The controlled companies of the Volkswagen Group are allocated risk profiles – categorized as low, medium or high – and packages of measures that also include training and communication requirements. On this basis, actions such as increasing awareness and providing training must be implemented for the Group's employees to promote integrity in day-to-day business, ensure responsible actions and prevent misconduct. Through this risk-based approach, employees, members of management and relevant stakeholder groups receive regular training on integrity and compliance topics, processes and conduct requirements specific to their area of activity. Auditors also assess the effectiveness of the I&C actions as part of a monitoring and improvement process. Moreover, the integrity and compliance management system (ICMS) is optimized on a continuous basis.

The Porsche AG Group conducts an independent internal compliance risk assessment in its main departments to identify risk potential, determine key focus areas, and develop preventive actions.

In addition to the ICRA packages of measures, the minimum standards provide a more detailed framework for designing and implementing I&C training and are provided centrally by Group Integrity & Compliance. They are intended to provide the brands and companies with guidance on the training topics, the target groups and the minimum content. These Group-wide minimum standards ensure a consistent level of homogeneity in Group-wide I&C training. The respective brands and companies are responsible for developing an effective training program and organizing and implementing training courses, such as Code of Conduct training, taking account of the minimum standards.

The Code of Conduct training is aimed at all employees in the controlled companies, including management. The training must be repeated every three years for employees in non-production areas (full-time and part-time employees and managers). The system records attendance. Some employees, such as interns, student workers and doctoral candidates, are exempt.

At the end of the 2024 fiscal year, 261,707 employees had a valid qualification on the Code of Conduct. This is equivalent to 97% of the active workforce eligible for training. Scania AB's figures are not included in reporting for 2024, as it is currently updating its monitoring system. A total of 19,324 employees of Porsche AG (95.1% of the relevant Porsche AG employees) completed the "Code of Conduct" digital training module in fiscal year 2024. The training module introduces the actual Code of Conduct and provides information on the whistleblower system and contact details for the Compliance Helpdesk. The training also covers the content of the Group Policies on avoiding conflicts of interest and corruption, and on human rights.

Employees in production-related areas receive the relevant training every four years. The training is based on the principles of the Code of Conduct brochure and includes topics such as environmental compliance, product compliance and the prohibition of corruption. The content is updated regularly. The Group-wide implementation of the mandatory training measures on the Code of Conduct is reported to the Group Board of Management on an ad hoc basis and at least once a year.

ACTIONS: CORPORATE CULTURE

Code of Conduct training

The Code of Conduct training educates Volkswagen Group employees on the topics of integrity and compliance, with a focus on the prohibition and, specifically, the prevention of corruption. An in-depth description of the Code of Conduct training is provided in "Policies: Corporate culture".

Employees from senior management upwards are certified on the Code of Conduct every two years, with the aim of recognizing their function as role models, raising their employees' awareness accordingly and making it easier for them to find relevant information in the Code of Conduct. As part of the certification, participants are made aware of their reporting obligation under the employment contract in the event of serious compliance breaches and their obligation to disclose any conflicts of interest.

Code of Conduct brochure

The Code of Conduct brochure is used to communicate the Code of Conduct to all employees and external stakeholders. It aims to ensure a clear understanding of the Code of Conduct throughout the Volkswagen Group.

All employees receive the brochure when appointed. It can also be accessed online at any time, both internally and externally. The document is published across the Group, regularly updated, and supported by relevant communication campaigns. In the reporting year, an updated Code of Conduct 3.0 was publicized throughout the Group. This was followed in October 2024 by the Code of Conduct 3.1, updated with respect to the reporting channels for the whistleblower system.

Role model program

Encouraging and empowering managers to contribute to a successful transformation and act as role models is an important part of the Volkswagen Group's philosophy. Managers who lead by example motivate their staff, encourage resilience in the face of change, boost their teams' effectiveness and create trust. These are key factors for successful collaboration. The role model program helps managers to reinforce these factors.

A toolbox of easy-to-follow team activities gives managers suggestions and instructions that can be implemented easily and without any additional budget and are easy to integrate into day-to-day work. In all activities, it is about making management dynamic and engaging, decreasing distances between hierarchy levels, promoting innovation, and reinforcing mutual trust and communication. The methods and instructions contained in the toolbox are assigned to the seven Group Essentials. In addition to the centrally suggested methods and instructions, the managers have the option to develop their own methods and tools and to implement them as actions in the program using wild cards.

The binding framework, with its minimum requirements for managers, supports the implementation of this program to improve the corporate culture. The role model program is run annually across the Group. It is targeted at all employees with management or team leadership functions in the Group.

Opinion survey

The Group-wide opinion survey (*Stimmungsbarometer*) offered employees the opportunity to express their opinion, assessment, and criticism. It measured sentiment in the Group on an annual basis and also internal employer attractiveness in the Volkswagen Group. Employees' opinions on the topics of integrity and cooperation are of particular interest. Managers are informed of the results of the opinion survey, highlighting areas for improvement within their departments. They are then asked to take action to make further improvements. The Group team responsible for the opinion survey supports managers in defined processes using various tools, including the methods toolbox. The progress of actions is regularly discussed in the teams and also reviewed in a top-down approach, from the highest to the lowest management level, with the aim of ensuring sustainable implementation of the measures derived by the organizational units.

In 2023, 129 companies across 48 countries in which the Group operates participated in the opinion survey. This is equivalent to a participation rate of 86% of the entire workforce including the Chinese joint ventures. Of the 588,072 employees in the participating companies, 464,749 (79%) participated. The employee satisfaction index calculated from 22 questions is the main parameter of the opinion survey. It is calculated from the total of all the related answers in the survey and, in 2023, stood at 82.5 index points in the Volkswagen Group and at 75.8 in Volkswagen AG out of a possible total of 100 index points.

In 2024, the opinion survey was temporarily suspended across the Group for revision purposes. For this reason, no employee satisfaction index score was calculated for 2024. However, the activities initiated based on the results of the 2023 opinion survey continued to have an effect in 2024 and will also continue to do so in subsequent years. The revision of the Group employee survey includes a new IT system, a new questionnaire concept and improved follow-up processes for evaluating the results. The objective of the revision is to reinforce continuous dialog and further boost employee loyalty and motivation. After its revision, it will continue to be provided to all the companies as a tool.

The result of the employee satisfaction index influences the level of the annual bonus as part of the variable remuneration for the Board of Management. For fiscal year 2024, the Supervisory Board used the option provided for fiscal years 2024 and 2025 to apply only the diversity index for the social subtarget and to suspend the employee satisfaction index as an ESG criterion, as the measurement method for the employee satisfaction index is currently being revised.

TARGETS: CORPORATE CULTURE

No measurable, outcome-oriented targets within the meaning of the ESRS are currently defined in relation to corporate culture. The effectiveness of the policies and actions in relation to the positive impact identified through the materiality assessment performed this year for the first time is currently not monitored. The Code of conduct and the related training are an important expression of the corporate culture. An update of the Code of Conduct was publicized throughout the Group on January 1, 2024. Relevant additional content and an overarching, Group-wide narrative convey a clear, values-oriented attitude and ensure ease of integration of future developments.

PROTECTION OF WHISTLEBLOWERS

MATERIAL IMPACT AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Impact in the area of whistleblower protection

The materiality assessment identified whistleblower protection as material in fiscal year 2024 due to its actual and potential positive impact. The Volkswagen Group achieves a positive impact through a corporate culture built on trust and integrity, reinforcing the willingness of employees and other stakeholders along the entire value chain to report unethical behavior and misconduct. The existing impact is set to be further expanded in the medium term, enabling the Volkswagen Group to positively influence whistleblower protection going forward and encourage all stakeholders to continue to report misconduct.

Interaction with strategy and business model

Protection of whistleblowers falls under the umbrella of integrity and compliance and is therefore also part of the Group strategy. Both employees and third parties can submit anonymous reports via the whistleblower system, which is why whistleblower protection is applicable throughout the entire value chain.

The impacts identified in the materiality assessment have an effect on the Group's business model and value chain. The Volkswagen Group uses various actions in the area of whistleblower protection to emphasize the influence of its material impacts on the business model and value chain. These are intended to help to maintain and reinforce the positive impact, particularly through training on the whistleblower system and the consequences of misconduct.

An in-depth description of all actions in the area of corruption and bribery is provided in "Actions: Corruption and bribery".

POLICIES: PROTECTION OF WHISTLEBLOWERS

Compliance with legal requirements, internal rules, the Code of Conduct and the Code of Conduct for Business Partners has top priority in the Volkswagen Group. The Volkswagen Group's success is based on integrity and compliance. To achieve this aim, it is important to identify any potential misconduct by the Group's own workforce or its business partners' staff and take step to prevent it. The Volkswagen Group's Central Investigation Offices therefore operates an independent, impartial and confidential whistleblower system, among other things, in order to review any potential employee misconduct. The whistleblower system is addressed in various Volkswagen Group policies, particularly in the Code of Conduct and Code of Conduct for Business Partners, which are freely accessible on the Volkswagen Group website.

Whistleblower system

The Volkswagen Group's whistleblower system is a key component of business ethics and is based on the principles of protection, fairness and trust. The whistleblower system is the central point of contact for reporting cases of rule-breaking by employees of the Group or by suppliers. This includes in particular white collar crimes, acts of corruption, tax offenses, environmental offenses, human rights violations, infringements of antitrust and competition legislation, money laundering and terrorism financing, breaches of product safety and licensing regulations, and serious breaches of data privacy. The reporting channels of the whistleblower system are also a means of providing information relevant to the *Lieferkettensorgfaltspflichtengesetz* (LkSG – German Supply Chain Due Diligence Act) on the Group's own operations or those of the supply chain. The whistleblower system is for the entire Volkswagen Group and was enacted by the Group Board of Management. The whistleblower system's objectives are to protect the company, the whistleblower, and everyone who helps to uncover, investigate and stop misconduct and compliance breaches. Breaches of the prohibition of discrimination are treated as serious breaches of the rules.

Departments that act as key contact points (KCPs) play a central role in the whistleblowing process for reporting, investigating and sanctioning employee misconduct. These departments are frequently the first point of contact for reports of possible breaches of laws, regulations, or the Code of Conduct. The departments' contacts include local compliance officers, internal auditors, representatives of the Human Resources department, and decision-making and escalation committees for product safety and technical conformity regulations.

As set out in the Group policy on the whistleblower system, active elements of the whistleblower system include the Legal department, Internal Audit, the Security department, HR, and the Compliance department.

The reporting channels are available around the clock and accept reports in all languages, including on supplier-related risks and breaches of human rights and environmental standards. They include an online reporting channel, which accepts reports in different languages, an app, an international 24-hour telephone hotline and an external attorney who acts as an ombudsman. The reporting channels are communicated to employees in all mandatory compliance training and through other communication formats. The whistleblower system is intended to avert damage to the company, the entire workforce and other stakeholders through binding principles and regulated procedures. The Central Investigation Office in Wolfsburg is responsible for coordinating the Group-wide whistleblower system.

The employees there process whistleblower information concerning Volkswagen AG and any of its subsidiaries that do not have their own investigation office and also process reports with relevance for the Volkswagen Group. Employees from the Audit, Security and Legal Affairs departments investigate the cases. AUDI AG, Dr. Ing. h.c. F. Porsche AG (Porsche AG) and TRATON SE each have separate investigation offices for themselves and their subsidiaries. There is also a regional investigation office at Volkswagen (China) Investment Company Ltd. It processes whistleblower information concerning Volkswagen AG's and Audi AG's Chinese subsidiaries.

In individual cases, the relevant investigation office also commissions investigations by independent and external third parties, such as law firms or auditors. This may occur especially when the information concerns members of the Board of Management or if cases are exceptionally complex – particularly with imminent legal consequences for the Volkswagen Group (e.g. in the event of particularly serious corruption or possible breaches of antitrust and anti-competitive law).

Events in the departments complement the range of services provided by Group Integrity & Compliance. One separate external format is ComplianceXChange, in which experts share information with other DAX or European companies on various focal points, such as whistleblower systems and the prevention of money laundering.

An IT system, internal controls and multiple-party verification assist employees in handling suspicious activity reports. Whistleblower system metrics are reported to the Board of Management and the Supervisory Board at regular intervals.

The Volkswagen Group's Group Integrity & Compliance organization is responsible for the topic of whistleblower protection. It belongs to the Integrity and Legal Affairs function of the Board of Management.

ACTIONS: PROTECTION OF WHISTLEBLOWERS

The whistleblower system's primary objective is to enable suspected misconduct, particularly serious compliance breaches, to be reported and investigated in a fair, transparent and efficient way. At the same time, the protection of the whistleblowers, employees, people supporting the whistleblowers or the investigation, and those affected must be ensured.

The Group policy on the protection of whistleblowers applies to all controlled companies and employees of the Volkswagen Group and must be implemented in all controlled Group companies. It conclusively and comprehensively regulates the activities both of the investigation offices and of the investigating units in the investigation of potential compliance breaches that are received through the whistleblower system's channels. It contains standards and general codes of practice for implementing, creating and executing whistleblower systems and internal investigations in the Volkswagen Group, and sets out the competencies, responsibilities, and cooperation requirements to be established within the Volkswagen Group. The investigating units can define additional regulations, provided that this policy and its provisions do not conflict with the Group policy.

Training on the whistleblower system

To ensure that all employees are informed about the whistleblower system, the company provides training on its use. The Code of conduct compliance training, which is mandatory for all employees, includes an explanation of the whistleblower system and the protection mechanisms for whistleblowers. This training also clarifies the legal consequences of discriminating against whistleblowers. Employees who might frequently come into contact with serious breaches of rules due to their work receive in-depth training. This includes, for example, employees in the Audit, Security, Human Resources, and Legal Affairs departments or those in Group Integrity & Compliance.

Consequences of misconduct

Proven misconduct may, depending on its severity, be sanctioned by a warning, a reprimand, or dismissal. Following serious breaches of rules that are sanctioned, structured root cause analyses are conducted in order to prevent similar incidents in the future.

The Volkswagen Group assures all whistleblowers and people who support the whistleblowers or the investigations of their protection from any reprisals they could experience due to their reports. This protection is set out in the Group policy "Volkswagen Group whistleblower system" and described in the Code of Conduct. Breaches of this ban on discrimination are treated as serious compliance breaches. The Volkswagen Group also takes account of international laws on whistleblower protection, such as the EU directive on whistleblower protection, its national implementation acts, and the *Lieferkettensorgfaltspflichtengesetz* (LkSG – German Supply Chain Due Diligence Act), through the provisions in this Group policy.

TARGETS: PROTECTION OF WHISTLEBLOWERS

No measurable, outcome-oriented targets within the meaning of the ESRS are currently defined in relation to the protection of whistleblowers. The effectiveness of the policies and actions in relation to the positive impact identified through the materiality assessment performed this year for the first time is currently not monitored.

Within the Volkswagen Group, regular communication takes place on the topics of integrity and compliance in order to increase employee awareness of appropriate conduct and the Group's rules and values. This particularly entails communications concerning the whistleblower system, such as internal and external communication of the whistleblower reporting channels.

The Volkswagen Group has defined minimum standards based on various legal and professional requirements and best practices that apply depending on the location of the company – inside or outside the EU. Each company is required to check whether there are country-specific or other local legal requirements and to adapt the corresponding information if necessary.

The Central Investigation Office prepares detailed statistical analyses on the Volkswagen Group's global whistleblower system at least once a quarter to ensure the risk assessment and ongoing optimization of the compliance management system.

The Group Board of Management and the Audit Committee of the Supervisory Board receive an updated statistical report on the whistleblower system once a quarter at their meetings. This report includes data on new whistleblower reports, their categorization, and the development of open cases in the Central Investigation Office, the brand-specific investigation offices of AUDI AG and TRATON Group, and the regional investigation office in China. Figures on the Porsche AG Group's whistleblower system are reported to the Porsche AG Board of Management at regular intervals.

CORRUPTION AND BRIBERY

MATERIAL IMPACT AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Impact in the area of avoidance of corruption and bribery

The Volkswagen Group identified an actual and potential positive impact through the materiality assessment in the area of avoidance of corruption and bribery in the 2024 fiscal year. The Volkswagen Group already has a positive impact by promoting a culture of integrity and strengthening the trust of stakeholders along the entire value chain through its engagement and an effective compliance management system in the battle against corruption and bribery. This fight will be continued so that the impact can potentially also have an effect in the medium term.

Interaction with strategy and business model

Our impacts identified in the materiality assessment have an effect on the Group's strategy, business model and value chain. Integrity and compliance are cornerstones of the Group strategy to achieve sustained success as an enterprise. The Code of Conduct forms the ethical and values-based foundation for integrity and compliance in the Volkswagen Group.

The Volkswagen Group uses the instruments of the compliance management system in the battle against corruption to emphasize the influence of its material impacts on the business model, strategy and value chain. Here, particular focus is placed on ethical business practices as well as on anti-corruption and anti-bribery – also along the value chain – with a view to maintaining and reinforcing positive impacts.

Actions to fight corruption and bribery are part of the Group strategy and may in turn have an effect on the value chain.

An in-depth description of all actions in the area of corruption and bribery is provided in "Actions: Corruption and bribery".

POLICIES: CORRUPTION AND BRIBERY

The Volkswagen Group is fully committed to acting lawfully and responsibly and pursues a strict zero-tolerance policy against corruption. This principle is firmly anchored in the corporate values. This is also reflected in the publicly accessible anti-corruption guideline, the Code of Conduct for Employees and the Code of Conduct for Business Partners, and thus forms the yardstick for the Volkswagen Group's actions. Further Group policies set out how to deal with conflicts of interest, donations and sponsorship or benefits in the form of gifts or invitations.

The Volkswagen Group follows up on reports of potential violations of its principles to ensure compliant and lawful conduct within the Volkswagen Group. Managers and HR are responsible for investigating the compliance breaches reported. In serious cases, the investigation offices are also consulted. Employees who are involved in unfair business practices are sanctioned.

The Volkswagen Group's Group Integrity & Compliance department is responsible for the topics of corruption, bribery and prevention of money laundering. It belongs to the Integrity and Legal Affairs function of the Board of Management.

ACTIONS: CORRUPTION AND BRIBERY

Written guidelines

The Code of Conduct is available to all Volkswagen Group employees and third parties on the Group website. In addition, the Integrity & Compliance communication team organizes information and communication activities such as awareness campaigns, film and dialog formats, newsletters and interactive games, with the aim of raising awareness of integrity and compliance topics.

The basis of the activities on the topic of corruption prevention is the Group-wide policy on benefits and gifts, which sets out clear rules for dealing with gifts, invitations, and other benefits. It also helps to avoid conflicts of interest and even the appearance of undue influence. The aim of these activities is to ensure that the Volkswagen Group's business practices are as transparent as possible and comply with the applicable regulations.

Advice

The integrity & compliance information point has established itself as a central advisory office. The team can be contacted in person, by email or using the Volkswagen 360° app. It answers questions on integrity and compliance, particularly on the Code of Conduct and the topic of anti-corruption, and is in close communication with other advisory bodies in the Group.

Training and certification

In order to avoid corruption risks, communication and training measures on the topic of anti-corruption are implemented regularly on the basis of risk. These measures not only cover the prohibition of corruption and how to deal with officeholders and mandate holders in this regard, but also cover topics related to the prevention of money laundering. A detailed description of the Volkswagen Group's compliance training is provided in "Training programs".

Employees from senior management upwards are certified on the Code of Conduct every two years. By signing the certificate, they confirm their knowledge of the Code of conduct, and of their obligation to report potential conflicts of interest and serious breaches of regulations.

Business partner due diligence

As part of business partner due diligence (BPDD), the integrity of sales partners, with a focus on anti-corruption, is reviewed using a risk-based approach. The due diligence is carried out prior to entering into a business relationship and continued for the entire business relationship. Early identification of potential risks enables preventive and reactive mitigating actions to be taken to ensure the reliability and stability of business relationships. Automated daily integrity monitoring of business partners is another key component of this. Sales partners are also subjected to more in-depth risk-based checks, such as audits. Business partners receive support in various formats, such as compliance dialogs, so that they meet the necessary standards. Group Integrity & Compliance supports the sales entities with operational responsibility in conducting the business partner due diligence process. It includes regular media screenings, risk assessments, sanction list checks and the identification of warning signs regarding business partners. The Volkswagen Group checks whether business partners have a compliance management system (CMS) or have implemented any compliance actions. The aim is to identify risks for breaches of the law and disregard of ethical standards at an early stage, avoid high-risk business partners and define actions to minimize risk and implement these with business partners. In individual cases, business partners are contacted directly to resolve potential violations. If this is not possible, the Group refrains from entering the business relationship or terminates it as the law allows. The business partner in question may be blacklisted from doing business with the Volkswagen Group, its brands and its companies.

In addition to automated, continuous integrity monitoring of the business partner in the BPDD tool, the implementation of any mitigation actions agreed with the business partner prior to the conclusion of the contract is also monitored. Furthermore, the business partners are regularly assessed to determine whether further actions such as, in particular, compliance dialog, on-site visits, or external audits are required to ensure a compliant and lawful business relationship. If necessary, these actions are taken in collaboration with the responsible compliance officers as part of a risk-based approach.

Handling violations

In the case of breaches by employees, a systematic investigation is carried out and – if required – sanctions are imposed on the employees in question. Suspected cases can be reported confidentially and also anonymously through the Group-wide whistleblower system at any time. These cases are thoroughly investigated by the responsible investigation offices, which operate independently of management.

The Volkswagen Group conducts investigations with the utmost confidentiality after a thorough review and in the event of firm indications of rule-breaking. There is a presumption of innocence. Those involved are interviewed as soon as possible, and their names are cleared if they have been wrongly accused. Proven misconduct may, depending on its severity, be sanctioned by a warning, a reprimand, or dismissal. Following serious breaches of rules that are sanctioned, structured root cause analyses are conducted in order to prevent similar incidents in the future.

The Group Board of Management and the Audit Committee of the Supervisory Board receive an updated statistical report on the whistleblower system once a quarter at their meetings. This report contains the aggregated figures for the investigation offices and an overview of the serious breaches of rules sanctioned in the respective quarter.

Training programs

The Volkswagen Group offers its employees and suppliers the following training programs on the topic of corruption and bribery:

For employees in the Volkswagen Group

Anti-corruption

The Volkswagen Group has a strict zero-tolerance policy toward any form of active or passive corruption. Companies with high exposure to risk pursuant to the ICRA are obliged to conduct anti-corruption training for their staff. This training includes special modules on dealing with officeholders and mandate holders and on handling benefits.

Within the Volkswagen Group, the functions at increased risk of corruption and bribery as a result of their tasks and responsibilities are defined at company level. In the Group, these functions at increased risk as a result of their tasks and responsibilities comprise the companies to which the ICRA assigns a high risk profile. These companies are deemed to be functions-at-risk in the context of the ESRS. The level of implementation of the training on anti-corruption and the prevention of money laundering in the functions-at-risk defined for the Volkswagen Group is 100%. Within the Porsche AG Group, the functions at increased risk of corruption and bribery as a result of their tasks and responsibilities are defined at company level. As regards anti-corruption, these are the companies that regularly employ indirect workers, among other things. A training program on anti-corruption has rolled out to 97.3% in the risk functions defined for anti-corruption for the Porsche AG Group.

As a rule, members of the Board of Management are part of the target group for the mandatory integrity & compliance training. In addition, after being appointed they receive one-off, in-depth, and personal training on the topics of the Code of Conduct, anti-corruption, and the prevention of money laundering. Carrying out this one-off training is the responsibility of the competent integrity & compliance officer.

A deep-dive training session on corruption prevention was organized for members of the Supervisory Board in the 2024 fiscal year.

Prevention of money laundering

Companies with high risk exposure pursuant to the ICRA have to provide money laundering prevention training with a focus on dealing with money laundering risks. The training format is the responsibility of the respective companies.

For suppliers

Training on the Code of Conduct for Business Partners on the topics of anti-corruption and prevention of money laundering is also made available to business partners from sales and procurement. The Code of Conduct for Business Partners has been a component of agreements with suppliers and service providers since 2020.

TARGETS: CORRUPTION AND BRIBERY

No measurable, outcome-oriented targets within the meaning of the ESRS are defined in relation to corruption and bribery. The effectiveness of the policies and actions in relation to the positive impacts identified through the materiality assessment performed this year for the first time is currently not monitored. An internal compliance risk assessment of the companies in the Volkswagen Group's own business area (excluding the Porsche AG Group which conducts its own compliance risk analysis) is conducted with the aim of achieving risk-based management of prevention measures. The ICRA serves to systematically identify, assess, and minimize compliance risks – including corruption risks. Risk-based packages of measures for targeted prevention are rolled out to the companies after an analysis of the risks taking account of various factors such as geographic risks, sector specifics, and past incidents. In the case of Group companies with a high level of risk exposure, external audits are conducted on the implementation and effectiveness of the prevention measures.

METRICS: CORRUPTION AND BRIBERY

In 2024, the investigation offices received a total of 3,555 reports, most of which were either not anonymous, or anonymous with the option to contact the whistleblower. The total number and type of identified cases of corruption are also determined by the Volkswagen Group's investigation offices. The types of cases include corruption, bribery, fraud, extortion, collusion and money laundering. Convictions of Group employees for violations of anti-corruption and anti-bribery laws committed in the course of their work for the Group are taken into account if and to the extent that the Group is aware of the convictions. Fines are reported if they are directly related to the conviction. In fiscal year 2024 the Group became aware that one former Group employee had been convicted of violating anti-corruption and anti-bribery laws. The conviction was based on a breach of the rules that came to light in 2022; the former employee left the company in 2021. The Group is not aware of any fines in connection with a conviction in fiscal year 2024.

CORRUPTION AND BRIBERY

		CONTROLLED COMPANIES
Cases of corruption or bribery ascertained in 2024 (including fraud, extortion, collusion and money laundering)	Number	5
Convictions for violation of anti-corruption and anti-bribery laws in 2024	Number	1

LOBBYING ACTIVITIES

MATERIAL IMPACT AND RISK AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Impact in the area of lobbying activities

The Volkswagen Group is an active participant in various networks of experts and decision-makers who have a significant influence on economic conditions and the sociopolitical agenda.

The Volkswagen Group's political engagement was identified as material via an actual positive impact in the materiality assessment conducted in fiscal year 2024. The Volkswagen Group has a positive impact on the focus on sustainable mobility through lobbying activities, particularly in the upstream and downstream value chain, but also in its own operations.

Financial risk in the area of lobbying activities

In connection with the Volkswagen Group's lobbying, the material risk of reduced influence on political decision-making processes was identified. A decline in the social significance of the automotive industry or legal restrictions on lobbying activities in the coming years could lead to a reduction in the Volkswagen Group's influence on political decision-making processes.

As a result, the Volkswagen Group may be negatively impacted by political decisions without the opportunity to actively influence them (in good time). This may result in negative regulatory consequences that impact the Group's long-term business operations and profitability due to factors such as cost increases to comply with new legal requirements.

Interaction with strategy and business model

The positive impact and the risk identified in the materiality assessment have an influence on the Group's business model, strategy and value chain. The Volkswagen Group uses various actions in the area of lobbying to emphasize the influence of the material positive impact and respond to the effect of its material risk on its business model, strategy and value chain. For instance, in addition to the one-voice policy, we carry out lobbying as well as risk assessment and strategic forecasts.

Strategic business decisions can affect the opportunities for lobbying. The Volkswagen Group represents its interests worldwide; these are listened to in the context of political decisions and have an influence on the business model and the value chain.

What is more, the Volkswagen Group's business model and the value chain are inherently influenced by structural change and geopolitical developments.

An in-depth description of all actions in the area of lobbying activities is provided in "Actions: Lobbying activities".

POLICIES: LOBBYING ACTIVITIES

As part of society, the Volkswagen Group can strategically integrate the positions of the Group into decision-making processes through lobbying – for example, on legislative proposals. Lobbying is organized centrally and in line with the principles of openness, transparency, and responsibility. Neutrality in dealing with political parties and stakeholder groups is standard practice for the Volkswagen Group. Any unfair influence on policy and legislation conflicts with the Volkswagen Group's Code of Conduct and is not permitted.

Lobbying is defined in various documents, including the internal Public Affairs Group Policy and the publicly available "Principles and Guidelines (including Annex) for Public Affairs". This policy is aimed at the brands and companies of the Volkswagen Group and their political officers. The Group policy's requirements must be implemented in each company's own regulations. The Group External Relations department, particularly the Head of Public Affairs, has process responsibility for a one-voice policy within the framework of the Public Affairs Group Policy. The Head of Public Affairs regularly informs the Board of Management on the status and messages of the Group's lobbying. In their function as the chair of a cross-brand public affairs steering committee, the Head of Public Affairs can escalate topics to the Board of Management if required, with the aim of establishing the Group's position.

The aim of the one-voice policy is to define a standardized, coordinated, and binding position for political issues relevant to the Group. This is communicated to the respective audiences worldwide with consistent messages from the Group, brands, and companies. As a result, the Group's interests are represented with the same, internally agreed content, objectives, and statements. The Group policy is intended to ensure transparent lobbying in the political decision-making process. The policy communicates the fulfillment of statutory requirements and the inclusion of other external stakeholder expectations to all controlled companies, with the aim of avoiding financial and legal risks, erosion of confidence, and reputation risks. In addition, any exclusion from public orders due to strict regulations and/or noncompliance with political obligations is to be minimized or prevented.

With regard to dealing with officeholders and mandate holders, strict regulations apply nationally and internationally to prevent corruption. The internal policies on benefits take these fully into account.

As an active participant in the social environment, the Volkswagen Group makes donations and provides sponsorship for social purposes. Donations are voluntary contributions for which nothing is received in return, whereas sponsorship money is provided in return for a contractually agreed service. To avoid conflicts of interest and ensure uniformity of behavior within the Group, donations and sponsorship measures are only permitted within the framework of the relevant legal system and in accordance with the current internal requirements. The Volkswagen Group only provides these measures within the framework of an authorization process.

In addition, it supports scientific, charitable or cultural causes with donations in cash and in kind. Furthermore, donations are only made to accredited non-profit organizations or organizations specifically endorsed to receive donations.

The Volkswagen Group strives to create sustainable, environmentally friendly, and resource-conserving products and production facilities. The Group is therefore committed to ambitious, yet economically feasible environmental and climate targets. This requires workable guidelines in various topic areas.

The Volkswagen Group currently focuses on the following issues:

> Promoting e-mobility
The Volkswagen Group believes that promoting e-mobility is vital if climate-related targets are to be achieved, and that this requires a well-maintained charging infrastructure in particular. Its expansion must be accelerated and pursued with commitment.
The Volkswagen Group believes that funding instruments in the early phases of the ramp-up are a critical element in the success of e-mobility in increasing the market acceptance of electric vehicles.
In addition, alternative and lower-carbon fuels should be further developed and used to decarbonize the transport sector and specifically the vehicle fleet.

> Regulation of batteries
Given its strategic orientation, battery-specific regulations are extremely important for the Volkswagen Group. These govern factors including the systems and methodologies for determining a battery's carbon footprint, which should be flexible and fair.

> Regulated trade
As a multinational enterprise, the Volkswagen Group relies on open regulated international trade. In the Group's view, measures that restrict trade, such as the introduction of countervailing duties/protective tariffs are generally inappropriate for strengthening the long-term competitiveness of the automotive industry. Instead, the transformation of the automotive industry needs to be underpinned through a suitable regulatory environment and the creation of competitive structures. The conclusion of both previously negotiated and new trade agreements and partnerships may help to minimize trade barriers and the distortion of competition. The Volkswagen Group supports this.

> Cybersecurity, data and digitalization
Cybersecurity, digitalization and AI are major topics in the automotive industry at present. The Volkswagen Group champions responsible handling of all types of data and advocates for access to vehicle data as the bedrock for new value creation based on existing laws.

- Automated driving
  Automated driving will become an integral part of the development of future mobility. To advance its development activities in this area, the Volkswagen Group believes it is essential to create uniform regulations and remove restrictions.
- Climate policy and emissions
  The Volkswagen Group's goal is to develop sustainable, environmentally friendly and resource-efficient products and production facilities, which is why it is committed to ambitious yet economically viable environmental and climate targets. The Group believes that this requires, among other things, practicable guidelines in various topic areas such as recycling rates and end-of-life regulations.
- Competitiveness of the automotive industry
  The Volkswagen Group is committed to strengthening the economy and reducing red tape in the EU's automotive sector. The aim is to not only accelerate innovations but also scale them up for industrial production. The industry needs access to cheaper energy. It is important to diversify the sources of raw materials and enter into partnerships with third countries. Furthermore, regulations or red tape must not put European companies at a disadvantage.

Volkswagen AG (R001681), Dr. Ing. h.c. F. Porsche AG (R001768), TRATON SE (R001565), VW Financial Services AG (R001704), PowerCo (R006923), AUDI AG (R001702), MAN Truck & Bus SE (R001638), Cariad (R006271), MOIA (R000349), MAN Energy Solutions SE (R001653), and Volkswagen Group Charging GmbH (R001890) are registered in the Lobbying Register of the German Bundestag.

Volkswagen Aktiengesellschaft (REG number: 6504541970-40), Scania AB (publ) (REG number: 3305029916-47), MAN Energy Solutions SE (REG number: 101247832736-33) and MAN Truck & Bus SE (REG number: 06093891220-52) are registered in the EU Transparency Register.

ACTIONS: LOBBYING ACTIVITIES

In the reporting year, the Volkswagen Group introduced various measures that will continue to be implemented in the future. These serve the purpose of managing and ensuring consistency in the Group's lobbying.

Lobbying

In order to support the Volkswagen Group's strategy, the Public Affairs department influences the political framework. Active lobbying is reinforced primarily by regular association work and contact with policymakers via the headquarters or external offices. The department's aim is to ensure standardized global management and consistency in the Group's external lobbying.

Risk assessment and strategic forecast

In its risk assessment, the Volkswagen Group has identified and assessed relevant political developments and regulatory measures. Recommendations for action for Group management were derived with the involvement of a network of policymakers, external networks, and through association work, topic responsibilities, and priority markets.

One-voice policy

An in-depth description of the one-voice policy is provided in "Policies: Lobbying activities".

The Volkswagen Group's one-voice policy is organized through Group and brand guidelines, the Group Public Affairs steering committee, lobby guidelines, and information and voting cascades (group calls, regular conference calls). This approach takes regulatory requirements into account, such as the Lobbying Register of the German Bundestag or EU regulations such as the CSRD or the EU Foreign Subsidies Regulation. In addition, requirements due to ESG ratings or from other processes are included.

With regard to the Group policy, all controlled companies are required to implement it within a set period of time. If a company is unable to implement the policy, it must report this.

TARGETS: LOBBYING ACTIVITIES

No measurable, outcome-oriented targets within the meaning of the ESRS are defined in relation to lobbying activities. The effectiveness of the policies and actions in relation to the positive impact and the risk identified through the materiality assessment performed this year for the first time is currently not monitored.

The objectives in the Public Affairs department are shaped by internal management tasks and supporting activities for the Group. The management and consistency of lobbying in the Group are decisive in ensuring uniform and strategic communication toward policymakers and non-governmental organizations (NGOs). The Group must, of course, ensure that all legal requirements are met. In addition, operational support is offered to all areas of the Group in official processes in special cases, ensuring targeted and efficient handling.

METRICS: LOBBYING ACTIVITIES

The Group's total political contributions comprise the financial contributions made directly and indirectly by the Group and the monetary value of the in-kind contributions. Direct contributions are those made directly to political parties, their elected representatives or persons seeking political office. Indirect contributions are those made to parties such as lobbyists or associations that are linked to or support certain political parties or causes. The total amount of political contributions is not broken down by region as none were granted, except in the USA. Due to the specific definitions in the ESRS, the figures in this report differ from those entered in lobby registers. As such, this report does not include all the figures from entries in lobby registers.

The value of financial and in-kind political contributions made directly and indirectly by the fully consolidated companies amounted to €92 thousand in 2024.

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS AND PAYMENT PRACTICES

MATERIAL IMPACT AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Impact in the area of management of relationships with suppliers including payment practices

The Volkswagen Group's business partners play a role in shaping the Group's success. The spirit of partnership creates long-lasting business relationships characterized by mutual benefit.

The Volkswagen Group has identified an actual and potential positive impact through the double materiality assessment in connection with the management of relationships with suppliers. The Volkswagen Group's fair business conduct has a positive impact on the partnership- and trust-based business relationships with suppliers along the value chain. This trust is to be maintained in the long term.

Interaction with strategy and business model

The Volkswagen Group endeavors to be able to show by 2040 that, in terms of sales revenue, over 95% of direct suppliers have a positive sustainability rating (S-Rating). The framework for this is provided by the Group´s regenerate+ sustainability strategy, which aims to design the Volkswagen Group's supply chain responsibly, minimize risks and provide positive input for all partners.

The impacts identified in the materiality assessment have an influence on the Group's business model, strategy and value chain.

The Volkswagen Group uses various actions in the area of management of supplier relationships to respond to the influence of its material impacts on the business model, strategy and value chain. These enable the positive impact to be maintained and reinforced, particularly through the Code of Conduct for Business Partners, specifications and the S-Rating.

All actions in the area of supplier relationship management are described in detail in "Policies, actions and targets: Management of relationships with suppliers and payment practices".

POLICIES, ACTIONS AND TARGETS: MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS AND PAYMENT PRACTICES

As one of the world's largest automotive manufacturers, the Volkswagen Group has a great responsibility toward its partners, stakeholders and society. The Volkswagen Group not only recognizes its responsibility, it also considers it important to have a positive impact. The holistic approach of the Group's regenerate+ sustainability strategy provides the basis for advancing sustainability in conjunction with partners and stakeholders.

Responsible supply chain system

A key approach in the Volkswagen Group's procurement strategy is the responsible supply chain system (ReSC system). It begins before a contractual relationship is entered into, i.e. before the negotiation of specific delivery times and purchase prices. This policy aims to avoid and minimize human-rights, social, or environmental risks and to counteract them with preventive and reactive mitigating measures. The ReSC system and its components are described in detail in the "Workers in the value chain" chapter.

The ReSC system is based on the following standard measures:

Risk analysis in accordance with the responsible supply chain system

The ReSC system's first step is regular risk analysis. This is performed before contract award on the basis of direct suppliers' business models and takes account of internal and external data on human-rights and environmental risks. Based on the risk classification, the supplier is assigned a package of measures to prevent and mitigate the negative impacts identified.

Business Partner Due Diligence Process

Activities for checking the integrity of business partners are described in detail in "Actions: Corruption and bribery".

In the first third of the 2024 fiscal year, procurement was also still within the scope of the BPDD. The process was adjusted as of April 2024 and replaced by continuous media screening for procurement.

Ordering products and services is the responsibility of the relevant procurement organization of the brands and companies and must be mapped and coordinated in the Group committees and systems in accordance with applicable regulations.

Code of Conduct for Business Partners

The Code of Conduct for Business Partners is a key action to promote fair business conduct at the Volkswagen Group. The Group creates transparency and reliability by setting clear expectations for the conduct of business partners with respect to human-rights, environmental, social, and compliance standards. This reinforces trust in business partnerships and ensures their long-term stability.

The Code of Conduct for Business Partners is binding for suppliers, sales partners and all other B2B business partners who maintain a business relationship with the Volkswagen Group. Sustainability topics identified as material can then also be taken into account in the supply chain.

Specifications

In addition to the Code of Conduct for Business Partners, there are additional product-specific requirements for suppliers. These are set out in the specifications and stipulate the way in which certain products must be manufactured. The requirements of the specifications include, for example, achieving maximum transparency in the supply chains for cobalt, nickel, lithium and natural graphite used in battery cells.

For new vehicle projects, the Volkswagen Group intends to make CO_2 emissions a technical feature for relevant components in the future. This means that suppliers are given binding CO_2 targets, compliance with which must be proved on request. Only suppliers who manufacture products in accordance with the requirements of the specifications are considered eligible for the award of contracts.

The specifications are regarded as an ongoing measure.

Sustainability Rating

The S-Rating has been an established process in the Volkswagen Group since 2019. It is a Group-wide tool used to assess the sustainability performance of suppliers with a high sustainability risk in the fields of the environment, social aspects, and integrity, and to mitigate risks.

The Volkswagen Group endeavors to be able to show by 2040 that, in terms of sales revenue, over 95% of direct suppliers have a positive S-Rating. The framework for this is provided by regenerate+. The aim of the strategy is to design the Volkswagen Group's supply chain responsibly, minimize risks and provide positive input for all partners. This includes being able to report that more than 95% of suppliers have a certified environmental management system, such as ISO 14001 or EMAS.

The Volkswagen Group has set an intermediate target that direct suppliers with a positive S-Rating must represent 85% of the total procurement volume by 2025. Target achievement is continuously reviewed and monitored as part of the Group TOP 10 program.

METRICS: PAYMENT PRACTICES

The standard procurement conditions of Volkswagen AG and the other Group companies govern the terms of payment vis-à-vis suppliers. These are publicly available at https://www.vwgroupsupply.com/one-kbp-pub/en/kbp_public/information/procurement_conditions_new/procurement_conditions_new.html. For Volkswagen AG suppliers, payment shall be made within 30 days. The conditions for the brands and companies in the markets and regions with relevance for the Volkswagen Group have different payment terms, in each case in compliance with national legal requirements. The periods here range from 30 to 120 days. The standard payment terms are generally applied; however, individual deviations as part of a negotiated supplier agreement are possible. There is no standard deviation for a particular group of suppliers. The Volkswagen Group settles its liabilities within the payment periods described.

On average, the Volkswagen Group takes 53 days to pay invoices. This information was calculated for the Volkswagen Group using the following definition of days payable outstanding (DPO), which is also used for internal control purposes:

$$\frac{\boldsymbol{Liabilities^{13}\ as\ of\ Dec.\ 31}}{\boldsymbol{Sales\ revenue\ in\ fiscal\ year}} \times \mathbf{365}$$

As of December 31, 2024, a small number of court-ordered summary proceedings for late payment were pending against the large, publicly traded German companies of the Volkswagen Group, against which no objection has yet been filed. Pending legal proceedings due to late payment are handled by the Legal department and the amounts involved at year-end were not significant.

[13] Liabilities include individual non-current and current other liabilities beside trade payables.

Annex to the sustainability Report

DISCLOSURES ON DUE DILIGENCE

DUE DILIGENCE INDEX IN THE SUSTAINABILITY REPORT

Core elements of due diligence	Section
Embedding due diligence in governance, strategy and business model	> "Sustainability management" > "Sustainability-related aspects in the remuneration system for the members of the Board of Management of Volkswagen AG" > Other elements of the respective topical standards
Engaging with affected stakeholders in all key steps of the due diligence	> "Interests and views of stakeholders" > "Sustainability management" > "Procedure for and results of the double materiality assessment" > Other elements of the respective topical standards
Identifying and assessing negative impacts	> "Procedure for and results of the double materiality assessment" > Other elements of the respective topical standards where material negative impacts have been identified.
Taking actions to address those negative impacts	> Description of the actions in the topical standards where material negative impacts have been identified.
Tracking the effectiveness of these efforts and communicating	> Description in the topical standards as to whether and how the effectiveness of these efforts is tracked and how this is communicated

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Disclosure requirement	Datapoint	Description	SFDR reference (1)	Pillar 3 reference (2)	Benchmark Regulation reference (3)	EU Climate Law reference (4)	Location
ESRS 2 GOV-1	21 (d)	Board's gender diversity	Indicator number 13 Table 1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (5), Annex II		General information: Information on the Board of Management and Supervisory Board
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent			Commission Delegated Regulation (EU) 2020/1816, Annex II		General information: Information on the Board of Management and Supervisory Board
ESRS 2 GOV-4	30	Statement on due diligence	Indicator number 10 Table 3 of Annex 1				Annex to the Sustainability Report: Disclosures on due diligence
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	Indicators number 4 Table #1 of Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (6), Table 1: Qualitative information on environmental risk, and Table 2: Qualitative information on social risk	Commission Delegated Regulation (EU) 2020/1816, Annex II		General information: Business model, value chain and strategy
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	Indicator number 9 Table 2 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	Indicator number 14 Table 1 of Annex 1		Delegated Regulation (EU) 2020/1818 (7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			Delegated Regulation (EU) 2020/1818, Article 12(1); Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				Regulation (EU) 021/1119, Article 2(1)	Climate change: Strategy: Climate change and transition plan
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned benchmarks		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and	Delegated Regulation (EU) 2020/1818, Article12(1) (d) to (g), and Article 12(2)		Climate change: Strategy: Climate change and transition plan

				residual maturity			
ESRS E1-4	34	GHG emission reduction targets	Indicator number 4 Table 2 of Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Climate change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Climate change: Targets: Climate change
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Indicator number 5 Table 1 of Annex 1 and Indicator no. 5 Table 2 of Annex 1				Climate change: Metrics: Climate change
ESRS E1-5	37	Energy consumption and mix	Indicator number 5 Table 1 of Annex 1				Climate change: Metrics: Climate change
ESRS E1-5	40–43	Energy intensity associated with activities in high climate impact sectors	Indicator number 6 Table 1 of Annex 1				Climate change: Metrics: Climate change
ESRS E1-6	44	Gross Scopes 1, 2, 3 and total GHG emissions	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Climate change: Metrics: Climate change
ESRS E1-6	53–55	Gross GHG emissions intensity	Indicator number 3 Table #1 of Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Climate change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Climate change: Metrics: Climate change

ESRS E1-7	**56**	**GHG removals and carbon credits**				**Regulation (EU) 2021/1119, Article 2(1)**	**Climate change: Metrics: Climate change**
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			Delegated Regulation (EU) 2020/1818, Annex II; Delegated Regulation (EU) 2020/1816, Annex II		Phased-in Disclosure Requirements; not relevant for reporting year 2024
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; location of significant assets at material physical risk		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (46) and (47), Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk			Phased-in Disclosure Requirements; not relevant for reporting year 2024
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (34), Template 2: Banking book – Climate change transition risk: Loans collateralized by immovable property – Energy efficiency of the collateral			Phased-in Disclosure Requirements; not relevant for reporting year 2024
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			Commission Delegated Regulation (EU) 2020/1818, Annex II		Phased-in Disclosure Requirements; not relevant for reporting year 2024
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	Indicator number 8 Table 1 of Annex 1, Indicator number 2 Table 2 of Annex 1, Indicator number 1 Table 2 of Annex 1, Indicator number 3 Table 2 of Annex 1				Pollution: Metrics: Pollution

ESRS E3-1	**9**	**Water and marine resources**	**Indicator number 7 Table 2 of Annex 1**	**Water: Policy: Water**
ESRS E3-1	13	Dedicated policy	Indicator number 8 Table 2 of Annex 1	Water: Policy: Water
ESRS E3-1	14	Sustainable oceans and seas	Indicator number 12 Table 2 of Annex 1	Not material
ESRS E3-4	28 (c)	Total water recycled and reused	Indicator number 6.2 Table 2 of Annex 1	Water: Metrics: Water
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	Indicator number 6.1 Table 2 of Annex 1	Water: Metrics: Water
ESRS 2- SBM-3 - E4	16 (a) i		Indicator number 7 Table 1 of Annex 1	Biodiversity and ecosystems: Impacts and dependencies in or near biodiversity-sensitive areas
ESRS 2- SBM-3 - E4	16 (b)		Indicator number 10 Table 2 of Annex 1	Biodiversity and ecosystems: Impacts and dependencies in or near biodiversity-sensitive areas
ESRS 2- SBM-3 - E4	16 (c)		Indicator number 14 Table 2 of Annex 1	Biodiversity and ecosystems: Impacts and dependencies in or near biodiversity-sensitive areas
ESRS E4-2	24 (b)	Sustainable land / agriculture practices or policies	Indicator number 11 Table 2 of Annex 1	Biodiversity and ecosystems: Policy Biodiversity and ecosystems
ESRS E4-2	24 (c)	Sustainable oceans / seas practices or policies	Indicator number 12 Table 2 of Annex 1	Not material
ESRS E4-2	24 (d)	Policies to address deforestation	Indicator number 15 Table 2 of Annex 1	Biodiversity and ecosystems: Policy: Biodiversity and ecosystems
ESRS E5-5	37 (d)	Non-recycled waste	Indicator number 13 Table 2 of Annex 1	Resource use and circular economy: Metrics: Resource use and circular economy
ESRS E5-5	39	Hazardous waste and radioactive waste	Indicator number 9 Table 1 of Annex 1	Resource use and circular economy: Metrics: Resource use and circular economy
ESRS 2- SBM3 - S1	14 (f)	Risk of incidents of forced labor	Indicator number 13 Table 3 of Annex I	Employees and non-employees: Material impacts and their interaction with strategy and business model
ESRS 2- SBM3 - S1	14 (g)	Risk of incidents of child labor	Indicator number 12 Table 3 of Annex I	Employees and non-employees: Material impacts and their interaction with strategy and business model
ESRS S1-1	20	Human rights policy commitments	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I	Employees and non-employees: Policies: Employees and non-employees

ESRS S1-1	**21**	**Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8**		**Commission Delegated Regulation (EU) 2020/1816, Annex II**	**Employees and non-employees: Policies: Employees and non-employees**
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	Indicator number 11 Table 3 of Annex I		Employees and non-employees: Policies: Employees and non-employees
ESRS S1-1	23	Workplace accident prevention policy or management system	Indicator number 1 Table 3 of Annex I		Employees and non-employees: Policies: Employees and non-employees
ESRS S1-3	32 (c)	Grievance/complains handling mechanisms	Indicator number 5 Table 3 of Annex I		Employees and non-employees: Processes: Remediation of negative impacts and complaint channels
ESRS S1-14	88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	Indicator number 2 Table 3 of Annex I	Commission Delegated Regulation (EU) 2020/1816, Annex II	Employees and non-employees: Occupational health and safety
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	Indicator number 3 Table 3 of Annex I		Phased-in Disclosure Requirements; not relevant for reporting year 2024
ESRS S1-16	97 (a)	Unadjusted gender pay gap	Indicator number 12 Table 1 of Annex I	Commission Delegated Regulation (EU) 2020/1816, Annex II	Employees and non-employees: Equal treatment and equal opportunities
ESRS S1-16	97 (b)	Excessive CEO pay ratio	Indicator number 8 Table 3 of Annex I		Employees and non-employees: Equal treatment and equal opportunities
ESRS S1-17	103 (a)	Incidents of discrimination	Indicator number 7 Table 3 of Annex I		Employees and non-employees: Other work-related rights
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	Employees and non-employees: Other work-related rights
ESRS 2- SBM3 - S2	11 (b)	Significant risk of child labor or forced labor in the value chain	Indicator numbers 12 and 13 Table 3 of Annex I		Workers in the value chain: Material impacts and risks and their interaction with strategy and business model
ESRS S2-1	17	Human rights policy commitments	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1		Workers in the value chain: Policy: Workers in the value chain

ESRS S2-1	**18**	**Policies related to value chain workers**	**Indicator numbers 11 and 4 Table 3 of Annex 1**				**Workers in the value chain: Policy: Workers in the value chain**
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Indicator number 10 Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Art 12 (1)		Workers in the value chain: Policy: Workers in the value chain
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Commission Delegated Regulation (EU) 2020/1816, Annex II		Workers in the value chain: Policy: Workers in the value chain
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	Indicator number 14 Table 3 of Annex 1				Workers in the value chain: Policy: Workers in the value chain
ESRS S3-1	16	Human rights policy commitments	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	Indicator number 10 Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S3-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	Indicator number 14 Table 3 of Annex 1				Not material
ESRS S4-1	16	Policies related to consumers and end-users	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Customers: Policies: Personal safety of customers
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Indicator number 10 Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not relevant

ESRS S4-4	**35**	**Human rights issues and incidents**	**Indicator number 14 Table 3 of Annex 1**				**Not relevant**
ESRS G1-1	10 (b)	United Nations Convention against Corruption	Indicator number 15 Table 3 of Annex 1				Not relevant
ESRS G1-1	10 (d)	Protection of whistleblowers	Indicator number 6 Table 3 of Annex 1				Business conduct information: Protection of whistleblowers
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	Indicator number 17 Table 3 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Business conduct information: Corruption and bribery
ESRS G1-4	24 (b)	Standards of anti-corruption and anti-bribery	Indicator number 16 Table 3 of Annex 1				Business conduct information: Corruption and bribery

1 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).

2 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).

3 Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

4 Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

5 Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

6 Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324, 19.12.2022, p.1.).

7 Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

ANNEX: SITES NEAR OR IN BIODIVERSITY-SENSITIVE AREAS

		Core brand group					
	No.	1	2	3	4	5	6
General information	Site	Volkswagen Anchieta plant	Volkswagen Bratislava plant	Volkswagen Chattanooga plant	Volkswagen Curitiba plant	Volkswagen Emden plant	Volkswagen GM Dresden plant
	Category	Production	Production	Production	Production	Production	Production
	Country	Brazil	Slovakia	USA	Brazil	Germany	Germany
Activity	ISIC Group (ENCORE)	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles
	Plant area [ha]	165.3	243.7	443.5	128.8	412.9	13.2
Screening of potential impacts and dependencies of activities (ENCORE)	Potential impacts of activity (ENCORE) [M: medium, H: high, VH: very high]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]
	Potential dependency of activity on ecosystem services (ENCORE) [M: medium, H: high]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]
Ecological status of the area	Biodiversity Intactness Index (BII) [%]	27	33.4	45.6	46.1	40.8	36.2
	Mean species abundance (GLOBIO) [%]	26.3	26.3	21.5	27.3	26.3	26.3
Biodiversity-sensitive areas	Number of protected areas (radius 4,500 m)	4	7	1	1	6	3
	Names of the protected areas	- Parque Estadual Águas Da Billings - Parque Natural Municipal Do Pedroso - Parque Natural municipal Estorit - Virgílio Simionato - Área De Protecao Ambiental Haras Sao Bernardo	- Zahorske Pomoravie - Devinske aluvium Moravy - Morava - March-Thaya-Auen - Stokeravska vapenka - Devinska Kobyla - Devinske Jazero	- Enterprise South Park	- Área De Proteção Ambiental Do Iguaçú	- Lower Ems and Outer Ems - Lake Waddenzee - Emsmarsch marshland from Leer to Emden - Krummhörn - Lower Saxon Wadden Sea and adjacent coastal sea - Lower Saxon Wadden Sea National Park	- Elbe Valley between Schöna and Mühlberg - Prießnitzgrund - Valleys of Vereinigter and Wilder Weißeritz

	No.	7	8	9	10	11
		Core brand group				
General information	Site	**Volkswagen Osnabrück plant**	**Volkswagen Palmela plant**	**Volkswagen Wolfsburg plant**	**Volkswagen Zwickau plant**	**Volkswagen Commercial Vehicles Hanover plant**
	Category	Production	Production	Production	Production	Production
	Country	Germany	Great Britain and Northern Ireland	Germany	Germany	Germany
Activity	ISIC Group (ENCORE)	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles, Energy generation from fossil fuels	Manufacture of motor vehicles	Manufacture of motor vehicles
	Plant area [ha]	48.1	140.5	1624.3	190.6	138.1
Screening of potential impacts and dependencies of activities (ENCORE)	Potential impacts of activity (ENCORE) [M: medium, H: high, VH: very high]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH]; - Area of land use [H] - Greenhouse gas emissions [H] - Emissions of non-GHG air pollutants [H] - Generation and release of solid waste [H] - Volume of water consumption [M] - Extraction of other biotic resources [M] - Emissions of nutrient-containing soil and water pollutants [M] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]
	Potential dependency of activity on ecosystem services (ENCORE) [M: medium, H: high]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Water supply [H]; - Regulation of water flow [H] - Global climate regulation [M] - Soil and sediment retention [M] - Degradation of solid waste [M] - Water treatment [M]; - Flood protection [M] - Soil and sediment retention [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]
Ecological status of the area	Biodiversity Intactness Index (BII) [%]	35.5	32.2	27.6	44.9	35.50
	Mean species abundance (GLOBIO) [%]	26.3	26.3	26.3	26.3	26.3
Biodiversity-sensitive areas	Number of protected areas (radius 4,500 m)	1	1	4	3	1
	Names of the protected areas	- Great Crested Newt Biotope Palsterkamp	- Arrábida / Espichel	- Aller (with Barnbruch), lower Leine, lower Oker - Deciduous forests between Braunschweig and Wolfsburg - Drömling - Barnbruch	- Mittleres Zwickauer Muldental - River valleys in the Upper Pleißeland - Am Rümpfwald Glauchau	- Aller (with Barnbruch), lower Leine, lower Oker

		Core brand group				
	No.	12	13	14	15	16
General information	**Site**	**Volkswagen Commercial Vehicles Poznan plant**	**SEAT Barcelona plant**	**SEAT El Prat plant**	**SEAT Martorell plant**	**Škoda Mladá Boleslav plant**
	Category	Production	Production	Production	Production	Production
	Country	Poland	Spain	Spain	Spain	Czech Republic
Activity	**ISIC Group (ENCORE)**	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of parts and accessories for motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles, Energy generation from fossil fuels
	Plant area [ha]	46.8	39.4	18.5	287.2	663
Screening of potential impacts and dependencies of activities (ENCORE)	**Potential impacts of activity (ENCORE) [M: medium, H: high, VH: very high]**	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) (VH) - Emissions of toxic soil and water pollutants (M)	- Disruption (e.g. noise, light) [VH] - Area of land use [H] - Greenhouse gas emissions [H] - Emissions of non-GHG air pollutants [H] - Generation and release of solid waste [H] - Volume of water consumption [M] - Extraction of other biotic resources [M] - Emissions of nutrient-containing soil and water pollutants [M] - Emissions of toxic soil and water pollutants [M]
	Potential dependency of activity on ecosystem services (ENCORE) [M: medium, H: high]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Water supply [H] - Regulation of water flow [H] - Global climate regulation [M] - Soil and sediment retention [M] - Degradation of solid waste [M] - Water treatment [M] - Flood protection [M] - Soil and sediment retention [M] - Storm mitigation [M]
Ecological status of the area	**Biodiversity Intactness Index (BII) [%]**	37.8	28.4	30.2	36	34.8
	Mean species abundance (GLOBIO) [%]	26.3	26.3	26.3	26.3	26.3
Biodiversity-sensitive areas	**Number of protected areas (radius 4,500 m)**	2	2	2	2	3
	Names of the protected areas	- Dolina Cybiny - Fortyfikacje w Poznaniu	- Delta del Llobregat - Espacio marino del Baix Llobregat-Garraf	- Delta del Llobregat - Espacio marino del Baix Llobregat-Garraf	- Montserrat-Roques Blanques-riu Llobregat - Serres del Litoral central	- Radouc - Chlum u Neprevázky - Bezdecin

		Core brand group	Volkswagen Group Technology				
	No.	17	18	19	20	21	22
General information	Site	Škoda Vrchlabi plant	Volkswagen Braunschweig plant	Volkswagen Chemnitz plant	Volkswagen Kassel plant	Volkswagen Martin plant	Volkswagen São Carlos plant
	Category	Production	Production	Production	Production	Production	Production
	Country	Czech Republic	Germany	Germany	Germany	Slovakia	Brazil
Activity	ISIC Group (ENCORE)	Manufacture of parts and accessories for motor vehicles	Manufacture of parts and accessories for motor vehicles	Manufacture of parts and accessories for motor vehicles	Manufacture of parts and accessories for motor vehicles	Manufacture of parts and accessories for motor vehicles	Manufacture of parts and accessories for motor vehicles
	Plant area [ha]	35.1	116.9	25.9	322.2	28.1	73
Screening of potential impacts and dependencies of activities (ENCORE)	Potential impacts of activity (ENCORE) [M: medium, H: high, VH: very high]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M]
	Potential dependency of activity on ecosystem services (ENCORE) [M: medium, H: high]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]
Ecological status of the area	Biodiversity Intactness Index (BII) [%]	43	38.5	37	29.6	45.1	40.1
	Mean species abundance (GLOBIO) [%]	26.3	26.3	26.3	26.3	26.3	29.1
Biodiversity-sensitive areas	Number of protected areas (radius 4,500 m)	1	3	2	4	2	1
	Names of the protected areas	- Krkonose	- Aller (with Barnbruch), lower Leine, lower Oker - Riddagshäuser Teiche ponds - Deciduous forests between Braunschweig and Wolfsburg	- Zwönitztal - Separate bat roosts in the Chemnitz and Freiberg area	- Fulda floodplain around Kassel - Baunsberg - Dönche - Habichtswald Forest and Seilerberg near Ehlen	- Mala Fatra - Uholniky	- Apa Corumbataí, Botucatu E Tejupá Perimetro Corumbataí

		Progressive brand group				
	No.	23	24	25	26	27
General information	Site	Audi Brussels plant	Audi Györ plant	Audi Ingolstadt plant	Audi Neckarsulm plant	Audi Münchsmünster site
	Category	Production	Production	Production	Production	Sign. Op. site
	Country	Belgium	Hungary	Germany	Germany	Germany
Activity	ISIC Group (ENCORE)	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of parts and accessories for motor vehicles
	Plant area [ha]	56.2	516.1	286	142.2	54.1
Screening of potential impacts and dependencies of activities (ENCORE)	Potential impacts of activity (ENCORE) [M: medium, H: high, VH: very high]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M]
	Potential dependency of activity on ecosystem services (ENCORE) [M: medium, H: high]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]
Ecological status of the area	Biodiversity Intactness Index (BII) [%]	31.5	30	29.7	33.7	
	Mean species abundance (GLOBIO) [%]	26.3	26.3	26.3	26.3	
Biodiversity-sensitive areas	Number of protected areas (radius 4,500 m)	3	2	4	2	1
	Names of the protected areas	- Zones Boisées et ouvertes au Sud de la Région bruxelloise – complexe Verrewinkel – Kinsendael - Hallerbos en naije boscomplexen met brongebieden en heiden - La Forêt de Soignes avec lisières et domaines boisés et la Vallée de la Woluwe – complexe Forêt de Soignes – Vallée de la Woluwe	- Gönyüi-homokvidék - Szigetköz	- Danube floodplains between Ingolstadt and Weltenburg - Danube floodplains with Gerolfinger Oak Forest - Ingolstadt training grounds – Hepberg	- Lower Jagst and Lower Kocher rivers - Jagst with tributary valleys	- Danube floodplains between Ingolstadt and Weltenburg

		Progressive brand group					Sport Luxury brand group
	No.	28	29	30	31	32	33
General information	Site	Audi Neuburg site	Audi Neustadt site	Lamborghini S'Agata Bolognese plant	Bentley Crewe plant	Ducati Bologna plant	Porsche Leipzig plant
	Category	Sign. Op. site	Sign. Op. site	Production	Production	Production	Production
	Country	Germany	Germany	Italy	United Kingdom of Great Britain and Northern Ireland	Italy	Germany
Activity	ISIC Group (ENCORE)	Manufacture of motor vehicles / proving grounds	Manufacture of parts and accessories for motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles
	Plant area [ha]	46.60	259.6	50	55.1	11.6	429.3
Screening of potential impacts and dependencies of activities (ENCORE)	Potential impacts of activity (ENCORE) [M: medium, H: high, VH: very high]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) (VH) - Emissions of toxic soil and water pollutants (M)	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]
	Potential dependency of activity on ecosystem services (ENCORE) [M: medium, H: high]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]
Ecological status of the area	Biodiversity Intactness Index (BII) [%]	48	55	32.3	36.9	25.1	33.1
	Mean species abundance (GLOBIO) [%]	20	21	26.3	20.8	26.3	26.3
Biodiversity-sensitive areas	Number of protected areas (radius 4,500 m)	3	2	2	1	2	3
	Names of the protected areas	- Danube fens, Zucheringer Wörth and Brucker Forest - Danube floodplains with Gerolfinger Oak Forest - Danube floodplains between Lechmündung and Ingolstadt	- Danube floodplains between Ingolstadt and Weltenburg - NATO training grounds Siegenburg	- Manzolino - Torrazzuolo	- Sandbach Flashes	- Golena San Vitale e Golena del Lippo - Boschi di San Luca e Destra Reno	- Brösen Glesien and Tannenwald pine forest - Leipzig alluvial forest - Leipzig alluvial system

		Sport Luxury brand group		MAN Energy Solutions			
	No.	34	35	36	37	38	39
General information	Site	Porsche Stuttgart plant	Porsche development center in Weissach	MAN Energy Solutions Augsburg plant	MAN Energy Solutions Berlin plant	MAN Energy Solutions Deggendorf plant	MAN Energy Solutions Frederikshavn plant
	Category	Production	Sign. Op. site	Production	Production	Production	Production
	Country	Germany	Germany	Germany	Germany	Germany	Denmark
Activity	ISIC Group (ENCORE)	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of special-purpose machinery	Manufacture of special-purpose machinery	Manufacture of special-purpose machinery	Manufacture of special-purpose machinery
	Plant area [ha]	71.8	100.2	30.6	3.1	5.8	12.4
Screening of potential impacts and dependencies of activities (ENCORE)	Potential impacts of activity (ENCORE) [M: medium, H: high, VH: very high]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M] - Volume of water consumption [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M] - Volume of water consumption [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M] - Volume of water consumption [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M] - Volume of water consumption [M]
	Potential dependency of activity on ecosystem services (ENCORE) [M: medium, H: high]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Water supply [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Water supply [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Water supply [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Water supply [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]
Ecological status of the area	Biodiversity Intactness Index (BII) [%]	35.5		36.9	38.7	50.2	40.7
	Mean species abundance (GLOBIO) [%]	26.3		26.3	26.3	26.3	26.3
Biodiversity-sensitive areas	Number of protected areas (radius 4,500 m)	2	1	3	4	3	3
	Names of the protected areas	- Glemswald Forest and Stuttgarter Bucht - Island of Birds Max Eyth Lake	- Strohgäu and Lower Enz Valley	- Lech floodplains north of Augsburg - Lech floodplains between Königsbrunn and Augsburg - Höh- Hörgelau- and Schwarzgraben, Lechbrenne north of Augsburg	- Tegel waterworks - Tegeler Fließtal Valley - Baumberge - Spandau Forest	- Danube floodplains between Straubing and Vilshofen - Isar estuary - Extensive meadows east of Deggendorf	- Hirsholmene - Hirsholmene, havet vest herfo og Ellinge A's udlob - Bangsbo Ada log omliggende overdrevsomrader

		MAN Energy Solutions	
	No.	40	41
General information	Site	MAN Energy Solutions Copenhagen plant	MAN Energy Solutions Saint-Nazaire plant
	Category	Production	Production
	Country	Denmark	France
Activity	ISIC Group (ENCORE)	Manufacture of special-purpose machinery	Manufacture of special-purpose machinery
	Plant area [ha]	5.5	5.1
Screening of potential impacts and dependencies of activities (ENCORE)	Potential impacts of activity (ENCORE) [M: medium, H: high, VH: very high]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M] - Volume of water consumption [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M] - Volume of water consumption [M]
	Potential dependency of activity on ecosystem services (ENCORE) [M: medium, H: high]	- Water supply [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Water supply [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]
Ecological status of the area	Biodiversity Intactness Index (BII) [%]	34.1	29.1
	Mean species abundance (GLOBIO) [%]	26.3	26.3
Biodiversity-sensitive areas	Number of protected areas (radius 4,500 m)	1	5
	Names of the protected areas	- Vestamager og havet syd for	- Estuaire de la Loire Nord - Estuaire de la Loire – Baie de Bourgneuf - Estuaire de la Loire - Grande Brière, marais de Donges et du Brivet - Grande Brière et marais de Donges

		TRATON Group					
	No.	42	43	44	45	46	47
General information	**Site**	**Scania Angers plant**	**Scania Luleå plant**	**Scania Meppel plant**	**Scania São Paulo plant**	**Scania Slupsk plant**	**Scania Södertälje plant**
	Category	Production	Production	Production	Production	Production	Production
	Country	France	Sweden	Netherlands	Brazil	Poland	Sweden
Activity	**ISIC Group (ENCORE)**	Manufacture of motor vehicles	Manufacture of parts and accessories for motor vehicles	Manufacture of parts and accessories for motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles
	Plant area [ha]	37.3	15.8	11.1	43.2	14.2	421.3
Screening of potential impacts and dependencies of activities (ENCORE)	**Potential impacts of activity (ENCORE) [M: medium, H: high, VH: very high]**	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]
	Potential dependency of activity on ecosystem services (ENCORE) [M: medium, H: high]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]
Ecological status of the area	**Biodiversity Intactness Index (BII) [%]**	38.2	45.8	48.3	29	46.5	29.9
	Mean species abundance (GLOBIO) [%]	26.3	11.2	26.3	26.3	26.3	26.3
Biodiversity-sensitive areas	**Number of protected areas (radius 4,500 m)**	1	1	1	1	1	3
	Names of the protected areas	- Basses vallées angevines, aval de la rivière Mayenne et prairies de la Baumette	- Gammelstadsviken	- De Wieden	- Área De Proteção Ambiental Haras São Bernardo	- Dolina Slupi	- Kvedesta - Brant syd Lanaren - Stangberget

		TRATON Group					
	No.	48	49	50	51	52	53
General information	Site	**Scania Zwolle plant**	**MAN T&B Krakow plant**	**MAN T&B Munich plant**	**MAN T&B Nuremberg plant**	**MAN Pinetown plant**	**MAN Salzgitter plant**
	Category	Production	Production	Production	Production	Production	Production
	Country	Netherlands	Poland	Germany	Germany	South Africa	Germany
Activity	ISIC Group (ENCORE)	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles
	Plant area [ha]	37	116.1	94	35.5	5.4	71.5
Screening of potential impacts and dependencies of activities (ENCORE)	Potential impacts of activity (ENCORE) [M: medium, H: high, VH: very high]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) (VH) - Emissions of toxic soil and water pollutants (M)	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]
	Potential dependency of activity on ecosystem services (ENCORE) [M: medium, H: high]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]
Ecological status of the area	Biodiversity Intactness Index (BII) [%]	38.1	37.8	35	33.9	26.4	40.7
	Mean species abundance (GLOBIO) [%]	26.3	26.3	26.3	26.3	26.3	26.3
Biodiversity-sensitive areas	Number of protected areas (radius 4,500 m)	3	1	3	4	3	1
	Names of the protected areas	- Rijntakken - Uiterwaarden Zwarte Water en Vecht - Veluwe	- Puszcza Niepolomicka	- Allacher Forest and Angerlohe - Dykes and remnants of fenland in Dachauer Moos - Nymphenburg Park with avenue and Kapuzinerhölzl forest	- Nuremberg Reichswald forest - Rednitz Valley in Nuremberg - Nuremberg Zoo with Schmausenbuck - Sandy heaths in the Middle Franconian basin	- Marion Wood Nature Reserve - New Germany Nature Reserve - Krantzkloof Nature Reserve	- Heerter See lake

	No.	54	55	56	57	58
		TRATON Group				
General information	Site	MAN Starachowice plant	International Motors Huntsville plant	International Motors Springfield plant	International Motors Tulsa plant	Volkswagen Truck & Bus Resende plant
	Category	Production	Production	Production	Production	Production
	Country	Poland	USA	USA	USA	Brazil
Activity	ISIC Group (ENCORE)	Manufacture of motor vehicles	Manufacture of parts and accessories for motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles	Manufacture of motor vehicles
	Plant area [ha]	29.9	34.4	180.6	51	108.4
Screening of potential impacts and dependencies of activities (ENCORE)	Potential impacts of activity (ENCORE) [M: medium, H: high, VH: very high]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [M] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]	- Disruption (e.g. noise, light) [VH] - Emissions of toxic soil and water pollutants [M]
	Potential dependency of activity on ecosystem services (ENCORE) [M: medium, H: high]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]	- Soil and sediment retention [M] - Water treatment [M] - Regulation of water flow [M] - Flood protection [M] - Storm mitigation [M]
Ecological status of the area	Biodiversity Intactness Index (BII) [%]	45.2	33.1	40.1	24.8	45
	Mean species abundance (GLOBIO) [%]	26.3	27.2	26.3	26.3	26.3
Biodiversity-sensitive areas	Number of protected areas (radius 4,500 m)	2	1	1	1	1
	Names of the protected areas	- Ostoja Sieradowicka - Uroczska Lasów Strachowickich	- Beaver Dam Nature Trail	- Cedar Bog Nature Preserve	- Oxley Nature Center	- Refúgio De Vida Silvestre Estadual Da Lagoa Da Turfeira

2024 non-financial indicators of Volkswagen AG

In the sustainability report, the combined presentation was chosen for the non-financial statement to be submitted in the reporting year in accordance with section 289b through 289e HGB. As regards the information provided above in the sustainability report, all disclosures, regulations, processes described and metrics consistently apply to the Volkswagen Group, including Volkswagen AG. No additional aspects under the *CSR-Richtlinie-Umsetzungsgesetz* (German CSR Directive Implementation Act) were identified that apply exclusively to Volkswagen AG. As the parent of the Volkswagen Group, Volkswagen AG is fundamentally subject to the same expected developments and risks and opportunities. The table below shows the material non-financial indicators of Volkswagen AG.

MATERIAL NON-FINANCIAL INDICATORS OF VOLKSWAGEN AG

	2024
People	
Total workforce (as of December 31)	112,091
Proportion of women in the workforce in %	18.9
Proportion of women at top-management level in %	10.3
Average number of training hours per employee per year	10.3
Total recordable injury rate (TRIR)	12.5
Lost time injury frequency rate (LTIFR)	7.4
Environment	
Total energy consumption in million MWh	1.75
Scope 1 GHG emissions in million t CO_2e	1.37
Scope 2 GHG emissions (market-based) in million t CO_2e	0.09
Total water consumption in million m^3	0.70
Total waste in million t	0.57

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Consolidated Financial Statements

Consolidated Financial Statements

Notes

Income Statement

of the Volkswagen Group for the period January 1 to December 31, 2024

€ million	Note	2024	2023[1]
Sales revenue	1	**324,656**	**322,284**
Cost of sales	2	–265,184	–261,299
Gross result		**59,472**	**60,985**
Distribution expenses	3	–22,320	–21,345
Administrative expenses	4	–12,754	–12,729
Other operating income	5	14,974	15,152
Other operating expenses	6	–20,312	–19,534
Operating result		**19,060**	**22,528**
Share of the result of equity-accounted investments	7	375	2,291
Interest income	8	2,419	2,658
Interest expenses	8	–3,446	–3,640
Other financial result	9	–1,602	–739
Financial result		**–2,255**	**570**
Earnings before tax		**16,806**	**23,099**
Income tax income/expense	10	–4,411	–5,237
Current		–5,858	–6,791
Deferred		1,447	1,554
Earnings after tax		**12,394**	**17,861**
of which attributable to			
Non-controlling interests		1,043	1,329
Volkswagen AG hybrid capital investors		630	586
Volkswagen AG shareholders		10,721	15,947
Basic/diluted earnings per ordinary share in €	11	**21.36**	**31.79**
Basic/diluted earnings per preferred share in €	11	**21.42**	**31.85**

1 Prior-year figures adjusted (see disclosures on IAS 8 in the “Prior-year corrections in accordance with IAS 8” section).

Statement of Comprehensive Income

Changes in comprehensive income for the period January 1 to December 31, 2024

€ million	Total	Income attributable to Volkswagen AG shareholders	Income attributable to Volkswagen AG hybrid capital investors	Income attributable to non-controlling interests
Earnings after tax	**12,394**	**10,721**	**630**	**1,043**
Pension plan remeasurements recognized in other comprehensive income				
Pension plan remeasurements recognized in other comprehensive income, before tax	2,158	2,086	–	72
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	–514	–497	–	–17
Pension plan remeasurements recognized in other comprehensive income, net of tax	1,644	1,589	–	55
Fair value valuation of equity instruments that will not be reclassified to profit or loss				
Fair value valuation of equity instruments that will not be reclassified to profit or loss, before tax	–20	–18	–	–3
Deferred taxes relating to fair value valuation of equity instruments that will not be reclassified to profit or loss	29	28	–	1
Fair Value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	8	11	–	–2
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	–60	–60	–	0
Items that will not be reclassified to profit or loss	**1,592**	**1,540**	**–**	**52**
Exchange differences on translating foreign operations				
Gains/losses on currency translation recognized in other comprehensive income	893	988	–	–96
Transferred to profit or loss	286	286	–	–
Exchange differences on translating foreign operations, before tax	1,179	1,275	–	–96
Deferred taxes relating to exchange differences on translating foreign operations	1	1	–	0
Exchange differences on translating foreign operations, net of tax	1,180	1,275	–	–96
Hedging				
Fair value changes recognized in other comprehensive income (OCI I)	–622	–453	–	–169
Transferred to profit or loss or inventories (OCI I)	–1,072	–957	–	–114
Cash flow hedges (OCI I), before tax	–1,694	–1,410	–	–284
Deferred taxes relating to cash flow hedges (OCI I)	490	404	–	85
Cash flow hedges (OCI I), net of tax	–1,204	–1,006	–	–198
Fair value changes recognized in other comprehensive income (OCI II)	–471	–420	–	–51
Transferred to profit or loss or inventories (OCI II)	1,121	990	–	131
Cash flow hedges (OCI II), before tax	650	569	–	81
Deferred taxes relating to cash flow hedges (OCI II)	–185	–161	–	–24
Cash flow hedges (OCI II), net of tax	465	409	–	56
Fair value valuation of debt instruments that may be reclassified to profit or loss				
Fair value changes recognized in other comprehensive income	80	80	–	–
Transferred to profit or loss	–7	–7	–	–
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	73	73	–	–
Deferred taxes relating to fair value valuation of debt instruments recognized in other comprehensive income	–22	–22	–	–
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax	51	51	–	–
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	–113	–114	–	2
Items that may be reclassified to profit or loss	**379**	**614**	**–**	**–236**
Other comprehensive income, before tax	2,173	2,401	–	–228
Deferred taxes relating to other comprehensive income	–202	–246	–	45
Other comprehensive income, net of tax	**1,971**	**2,154**	**–**	**–183**
Total comprehensive income	**14,365**	**12,875**	**630**	**860**

Changes in comprehensive income for the period January 1 to December 31, 2023[1]

€ million	Total	Income attributable to Volkswagen AG shareholders	Income attributable to Volkswagen AG hybrid capital investors	Income attributable to non-controlling interests
Earnings after tax	**17,861**	**15,947**	**586**	**1,329**
Pension plan remeasurements recognized in other comprehensive income				
Pension plan remeasurements recognized in other comprehensive income, before tax	-1,871	-1,763	–	-107
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	642	610	–	32
Pension plan remeasurements recognized in other comprehensive income, net of tax	-1,229	-1,153	–	-76
Fair value valuation of equity instruments that will not be reclassified to profit or loss				
Fair value valuation of equity instruments that will not be reclassified to profit or loss, before tax	-96	-97	–	1
Deferred taxes relating to fair value valuation of equity instruments that will not be reclassified to profit or loss	22	23	–	0
Fair Value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	-73	-74	–	1
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	-7	-7	–	0
Items that will not be reclassified to profit or loss	**-1,309**	**-1,234**	**–**	**-74**
Exchange differences on translating foreign operations				
Gains/losses on currency translation recognized in other comprehensive income	-1,653	-1,556	–	-97
Transferred to profit or loss	395	395	–	–
Exchange differences on translating foreign operations, before tax	-1,258	-1,160	–	-97
Deferred taxes relating to exchange differences on translating foreign operations	-3	-3	–	–
Exchange differences on translating foreign operations, net of tax	-1,260	-1,163	–	-97
Hedging				
Fair value changes recognized in other comprehensive income (OCI I)	747	428	–	320
Transferred to profit or loss or inventories (OCI I)	-748	-674	–	-75
Cash flow hedges (OCI I), before tax	-1	-246	–	245
Deferred taxes relating to cash flow hedges (OCI I)	20	95	–	-75
Cash flow hedges (OCI I), net of tax	19	-151	–	170
Fair value changes recognized in other comprehensive income (OCI II)	-404	-359	–	-45
Transferred to profit or loss or inventories (OCI II)	1,055	915	–	140
Cash flow hedges (OCI II), before tax	651	556	–	95
Deferred taxes relating to cash flow hedges (OCI II)	-184	-155	–	-29
Cash flow hedges (OCI II), net of tax	467	401	–	66
Fair value valuation of debt instruments that may be reclassified to profit or loss				
Fair value changes recognized in other comprehensive income	176	176	–	–
Transferred to profit or loss	-6	-6	–	–
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	170	170	–	–
Deferred taxes relating to fair value valuation of debt instruments recognized in other comprehensive income	-44	-44	–	–
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax	126	126	–	–
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	-382	-381	–	-1
Items that may be reclassified to profit or loss	**-1,030**	**-1,168**	**–**	**138**
Other comprehensive income, before tax	-2,792	-2,929	–	136
Deferred taxes relating to other comprehensive income	454	526	–	-73
Other comprehensive income, net of tax	**-2,339**	**-2,402**	**–**	**64**
Total comprehensive income	**15,523**	**13,544**	**586**	**1,393**

1 Prior-year figures adjusted (see disclosures on IAS 8 in the "Prior-year corrections in accordance with IAS 8" section).

Balance Sheet

of the Volkswagen Group as of December 31, 2024

€ million	Note	Dec. 31, 2024	Dec. 31, 2023[1]
Assets			
Non-current assets			
Intangible assets	12	93,333	89,109
Property, plant and equipment	13, 33	71,452	66,880
Lease assets	14, 33	73,193	64,094
Investment property	14	622	632
Equity-accounted investments	15	10,269	12,239
Other equity investments	15	5,731	4,431
Financial services receivables	16	101,087	94,474
Other financial assets	17	12,129	11,757
Other receivables	18	2,868	2,702
Tax receivables	19	409	437
Deferred tax assets	19	16,581	14,251
		387,674	**361,005**
Current assets			
Inventories	20	56,720	53,601
Trade receivables	21	21,130	21,849
Financial services receivables	16	68,855	66,381
Other financial assets	17	18,649	16,953
Other receivables	18	10,217	8,799
Tax receivables	19	2,038	1,649
Marketable securities and time deposits	22	27,326	26,772
Cash and cash equivalents	23	40,296	43,449
Assets held for sale		–	190
		245,231	**239,644**
Total assets		**632,905**	**600,649**

1 Prior-year figures adjusted (see disclosures on IAS 8 in the "Prior-year corrections in accordance with IAS 8" section).

€ million	Note	Dec. 31, 2024	Dec. 31, 2023[1]
Equity and liabilities			
Equity	24		
Subscribed capital		1,283	1,283
Capital reserve		14,551	14,551
Retained earnings		155,130	147,104
Other reserves		–2,560	–3,125
Equity attributable to Volkswagen AG hybrid capital investors		13,890	15,155
Equity attributable to Volkswagen AG shareholders and hybrid capital investors		182,294	174,968
Non-controlling interests		14,437	14,218
		196,731	**189,186**
Non-current liabilities			
Financial liabilities	25	137,061	122,323
Other financial liabilities	26	6,548	6,968
Other liabilities	27	10,584	9,885
Deferred tax liabilities	28	10,900	9,781
Provisions for pensions	29	27,602	29,672
Provisions for taxes	28	4,084	4,287
Other provisions	30	22,355	22,511
		219,134	**205,427**
Current liabilities			
Financial liabilities	25	117,020	110,476
Trade payables	31	29,772	30,901
Tax payables	28	724	556
Other financial liabilities	26	14,364	14,022
Other liabilities	27	24,752	24,345
Provisions for taxes	28	1,698	1,663
Other provisions	30	28,709	24,042
Liabilities associated with assets held for sale		–	31
		217,039	**206,036**
Total equity and liabilities		**632,905**	**600,649**

1 Prior-year figures adjusted (see disclosures on IAS 8 in the “Prior-year corrections in accordance with IAS 8” section).

Statement of Changes in Equity

of the Volkswagen Group for the period January 1 to December 31, 2024[1]

				OTHER RESERVES								
					HEDGING							
€ million	Subscribed capital	Capital reserve	Retained earnings	Currency translation reserve	Cash flow hedges (OCI I)	Deferred costs of hedging (OCI II)	Equity and debt instruments	Equity-accounted investments	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to Volkswagen AG shareholders and hybrid capital investors	Non-controlling interests	Total equity
Balance at Jan. 1, 2023	**1,283**	**14,551**	**137,272**	**–2,256**	**1,623**	**–1,077**	**–1,005**	**864**	**14,121**	**165,376**	**12,952**	**178,328**
Prior-year corrections in accordance with IAS 8	–	–	–659	–	–	–	–	–	–	–659	–	–659
Adjusted balance at Jan. 1, 2023	**1,283**	**14,551**	**136,613**	**–2,256**	**1,623**	**–1,077**	**–1,005**	**864**	**14,121**	**164,717**	**12,952**	**177,669**
Earnings after tax	–	–	15,947	–	–	–	–	–	586	16,533	1,329	17,861
Other comprehensive income, net of tax	–	–	–1,153	–1,163	–151	401	52	–388	–	–2,402	64	–2,339
Total comprehensive income	**–**	**–**	**14,794**	**–1,163**	**–151**	**401**	**52**	**–388**	**586**	**14,130**	**1,393**	**15,523**
Disposal of equity instruments	–	–	13	–	–	–	–13	–	–	–	–	–
Capital increases/Capital decreases	–	–	–	–	–	–	–	–	1,004	1,004	3	1,008
Dividends payment	–	–	–4,374	–	–	–	–	–	–556	–4,930	–54	–4,984
Capital transactions involving a change in ownership interest	–	–	–42	–11	–	–	–	–	–	–54	–27	–80
Other changes	–	–	100	–	–	–	–	–	–	100	–50	51
Balance at Dec. 31, 2023	**1,283**	**14,551**	**147,104**	**–3,431**	**1,472**	**–676**	**–966**	**476**	**15,155**	**174,968**	**14,218**	**189,186**
Balance at Jan. 1, 2024	**1,283**	**14,551**	**147,830**	**–3,431**	**1,472**	**–676**	**–966**	**476**	**15,155**	**175,694**	**14,218**	**189,912**
Prior-year corrections in accordance with IAS 8	–	–	–726	–	–	–	–	–	–	–726	–	–726
Adjusted balance at Jan. 1, 2024	**1,283**	**14,551**	**147,104**	**–3,431**	**1,472**	**–676**	**–966**	**476**	**15,155**	**174,968**	**14,218**	**189,186**
Earnings after tax	–	–	10,721	–	–	–	–	–	630	11,351	1,043	12,394
Other comprehensive income, net of tax	–	–	1,589	1,275	–1,006	409	61	–174	–	2,154	–183	1,971
Total comprehensive income	**–**	**–**	**12,310**	**1,275**	**–1,006**	**409**	**61**	**–174**	**630**	**13,505**	**860**	**14,365**
Disposal of equity instruments	–	–	1	–	–	–	–1	–	–	–	–	–
Capital increases/Capital decreases	–	–	–	–	–	–	–	–	–1,244	–1,244	106	–1,138
Dividends payment	–	–	–4,524	–	–	–	–	–	–651	–5,175	–604	–5,779
Capital transactions involving a change in ownership interest	–	–	–4	0	–	–	–	–	–	–4	4	–
Other changes	–	–	243	–	–	–	–	1	–	244	–147	97
Balance at Dec. 31, 2024	**1,283**	**14,551**	**155,130**	**–2,156**	**466**	**–267**	**–906**	**303**	**13,890**	**182,294**	**14,437**	**196,731**

1 Prior-year figures adjusted (see disclosures on IAS 8 in the "Prior-year corrections in accordance with IAS 8" section).

Explanatory notes on equity are presented in the note relating to equity.

Cash flow statement

of the Volkswagen Group for the period January 1 to December 31, 2024

€ million	2024	2023[2]
Cash and cash equivalents at beginning of period	**43,522**	**29,738**
Earnings before tax	16,806	23,099
Income taxes paid	-6,187	-7,716
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant and equipment, and investment property[1]	12,858	11,727
Amortization of and impairment losses on capitalized development costs[1]	7,209	5,184
Impairment losses on equity investments[1]	710	717
Depreciation of and impairment losses on lease assets[1]	11,279	10,655
Gain/loss on disposal of non-current assets and equity investments	110	208
Share of the result of equity-accounted investments	2,362	271
Other non-cash expense/income	903	3,953
Change in inventories	-2,695	-2,071
Change in receivables (excluding financial services)	-2,083	-4,361
Change in liabilities (excluding financial liabilities)	52	5,272
Change in provisions	4,247	715
Change in lease assets	-19,358	-14,964
Change in financial services receivables	-9,061	-13,332
Cash flows from operating activities	**17,151**	**19,356**
Investments in intangible assets (excluding development costs), property, plant and equipment, and investment property	-17,202	-14,653
Additions to capitalized development costs	-10,244	-11,142
Acquisition of subsidiaries	-284	-675
Acquisition of other equity investments	-2,152	-2,041
Disposal of subsidiaries	-148	-63
Disposal of other equity investments	231	41
Proceeds from disposal of intangible assets, property, plant and equipment, and investment property	947	501
Change in investments in securities and time deposits	-203	11,273
Change in loans	-2,517	-3,054
Cash flows from investing activities	**-31,573**	**-19,812**
Capital contributions/capital redemptions	-1,144	1,003
Dividends paid	-5,779	-11,732
Capital transactions with non-controlling interest shareholders	–	-8
Proceeds from issuance of bonds	38,420	37,740
Repayments of bonds	-32,617	-32,582
Proceeds from issuance of unlisted notes	13,122	15,790
Repayments of unlisted notes	-8,341	-8,981
Changes in other financial liabilities	8,813	15,967
Repayments of lease liabilities	-1,334	-1,190
Cash flows from financing activities	**11,140**	**16,008**
Effect of exchange rate changes on cash and cash equivalents	55	-1,764
Change of loss allowance within cash and cash equivalents	1	-2
Net change in cash and cash equivalents	**-3,226**	**13,785**
Cash and cash equivalents at end of period	**40,296**	**43,522**
Cash and cash equivalents at end of period	40,296	43,522
Securities and time deposits and loans	44,662	41,858
Gross liquidity	**84,959**	**85,380**
Total third-party borrowings	-254,081	-232,813
Net liquidity	**-169,122**	**-147,433**

1 Net of impairment reversals.
2 Prior-year figures adjusted (see disclosures on IAS 8 in the "Prior-year corrections in accordance with IAS 8" section).

Explanatory notes on the cash flow statement are presented in the section relating to the cash flow statement.

Notes

to the Consolidated Financial Statements of the Volkswagen Group as of December 31, 2024

Basis of presentation

Volkswagen AG is domiciled in Wolfsburg, Germany, and entered in the commercial register at the Braunschweig Local Court under No. HRB 100484. The fiscal year corresponds to the calendar year.

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2024 in compliance with the IFRS Accounting Standards (IFRSs), as adopted by the European Union. All IFRSs adopted by the EU whose application is mandatory have been complied with.

The accounting policies applied in the previous year were generally retained. The only changes required resulted from new or amended standards.

Moreover, all the provisions of German commercial law that Volkswagen is additionally required to apply, as well as the German Corporate Governance Code, have been complied with in the preparation of the consolidated financial statements.

The consolidated financial statements were prepared in euros. Unless otherwise stated, all amounts are given in millions of euros (€ million).

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

The income statement was prepared using the internationally accepted cost of sales method.

Preparation of the consolidated financial statements in accordance with the aforementioned standards requires management to make estimates that affect the reported amounts of certain items in the consolidated balance sheet and in the consolidated income statement, as well as the related disclosure of contingent assets and liabilities. The consolidated financial statements provide a true and fair view of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group.

The Board of Management completed preparation of the consolidated financial statements on February 25, 2025. On that date, the period ended in which adjusting events after the reporting period are recognized.

Effects of new and amended IFRSs

Volkswagen AG has applied all accounting pronouncements adopted by the EU and effective for periods beginning in fiscal year 2024.

Since January 1, 2024, amendments to IAS 1 clarifying the classification of liabilities as current or non-current have had to be applied. This affects in particular liabilities whose due date is linked to certain covenants. A decisive criterion for classification is whether there is a contractual right as of the reporting date to defer settlement by at least 12 months.

Amendments to IAS 7/IFRS 7 have also been applicable since January 1, 2024; these require additional disclosures in the notes on supplier finance arrangements – in particular reverse factoring arrangements. The intention is to make the effect of these arrangements on liabilities, cash flows and liquidity risks more transparent. In 2024, the first year of application, no disclosures had to be made or adjusted in relation to prior years. No such disclosures had to be included in the interim financial reports either, meaning that they were made to the extent required for the first time as of December 31, 2024. Further information on reverse factoring can be found in the "Accounting policies", "Trade payables" and "Financial risk management and financial instruments" sections.

In addition to this, amendments were made to IFRS 16 and have also been applicable since January 1, 2024. In essence, the purpose of these amendments is to require variable lease payments under a sale and leaseback transaction that are not based on an index or interest rate to be recognized as a lease liability.

The amendments referred to above do not materially affect the Volkswagen Group's net assets, financial position and results of operations.

New and amended IFRSs not applied

In its 2024 consolidated financial statements, Volkswagen AG did not apply the following accounting pronouncements that have been adopted by the IASB until December 31, 2024, but were not yet required to be applied for the fiscal year.

Standard/Interpretation		Published by the IASB	Application mandatory[1]	Adopted by the EU	Expected impact
IFRS 9 / IFRS 7	Classification and Measurement of Financial Instruments	May 30, 2024	Jan. 1, 2026	No	No material impact
IFRS 9 / IFRS 7	Contracts Referencing Nature-dependent Electricity	Dec. 18, 2024	Jan. 1, 2026	No	No material impact
IFRS 18	Presentation and Disclosure in Financial Statements	Apr. 9, 2024	Jan. 1, 2027	No	Impact currently being analyzed.
IFRS 19	Subsidiaries without Public Accountability: Disclosures	May 9, 2024	Jan. 1, 2027	No	No impact
IAS 21	Currency translation if currency is inconvertible	Aug. 15, 2023	Jan. 1, 2025	Yes	No material impact
	Annual Improvements to IFRS Accounting Standards - Volume 11[2]	Jul. 28, 2024	Jan. 1, 2026	No	No material impact

1 Effective date from Volkswagen AG's perspective.
2 Minor amendments to a number of IFRSs (IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7).

Prior-year corrections in accordance with IAS 8

It was found during the reporting year that obligations related to the granting of fringe benefits had not been included in full when calculating the provision for time assets. The error was corrected in accordance with IAS 8 by adjusting the affected items accordingly in the consolidated financial statements for the prior years.

The retrospective correction resulted in a change in equity as of December 31, 2023/January 1, 2024 and January 1, 2023, respectively. This is attributable to the increase in other provisions and the recognition of deferred tax assets. The recognition of the additional fringe benefits did not have a material impact on the income statement, the statement of comprehensive income, or the cash flow statement. The prior-year figures have been adjusted accordingly.

The tables below summarize the effects on the balance sheet.

	EFFECTS OF PRIOR-YEAR CORRECTIONS AS OF JANUARY 1, 2023		
€ million	Previously reported	Adjustment	Adjusted
Non-current assets	**339,853**	**283**	**340,136**
Deferred tax assets	12,929	283	13,212
Equity	**178,328**	**-659**	**177,669**
Retained earnings	137,272	-659	136,613
Non-current liabilities	**202,961**	**796**	**203,757**
Other provisions	21,283	796	22,079
Current liabilities	**182,723**	**146**	**182,869**
Other provisions	24,596	146	24,742

	EFFECTS OF PRIOR-YEAR CORRECTIONS AS OF DECEMBER 31, 2023		
€ million	Previously reported	Adjustment	Adjusted
Non-current assets	**360,694**	**311**	**361,005**
Deferred tax assets	13,940	311	14,251
Equity	**189,912**	**-726**	**189,186**
Retained earnings	147,830	-726	147,104
Non-current liabilities	**204,552**	**875**	**205,427**
Other provisions	21,636	875	22,511
Current liabilities	**205,874**	**162**	**206,036**
Other provisions	23,881	162	24,042

Key events

DIESEL ISSUE

On September 18, 2015, the US Environmental Protection Agency (EPA) publicly announced in a "Notice of Violation" that irregularities in relation to nitrogen oxide (NOx) emissions had been discovered in emissions tests on certain Volkswagen Group vehicles with 2.0 l diesel engines in the USA. In this context, Volkswagen AG announced that noticeable discrepancies between the figures recorded in testing and those measured in actual road use had been identified in type EA 189 diesel engines and that this engine type had been installed in roughly eleven million vehicles worldwide. On November 2, 2015, the EPA issued a "Notice of Violation" alleging that irregularities had also been discovered in the software installed in US vehicles with type V6 3.0 l diesel engines.

The so-called diesel issue is rooted in a modification of parts of the software of the relevant engine control units – which, according to Volkswagen AG's legal position, is only unlawful under US law – for the type EA 189 diesel engines that Volkswagen AG was developing at that time. This software function was developed and implemented from 2006 on without knowledge at the level of the Board of Management. Members of the Board of Management did not learn of the development and implementation of this software function until the summer of 2015.

There are furthermore no findings that, following the publication in May 2014 of the study by the International Council on Clean Transportation, an unlawful "defeat device" under US law was disclosed to the persons responsible for preparing the 2014 annual and consolidated financial statements as the cause of the high NOx emissions in certain US vehicles with 2.0 l type EA 189 diesel engines. Rather, at the time the 2014 annual and consolidated financial statements were being prepared, the persons responsible for preparing these financial statements remained under the impression that the issue could be resolved with comparatively little expense. In the course of the summer of 2015, however, it became progressively apparent to individual members of Volkswagen AG's Board of Management that the cause of the discrepancies in the USA was a modification of parts of the software of the engine control unit that was later identified as an unlawful "defeat device" as defined by US law. This culminated in Volkswagen's disclosure of a "defeat device" to the EPA and the California Air Resources Board (CARB), a department of the Environmental Protection Agency of the State of California, on September 3, 2015. According to the assessment at the time by the responsible persons dealing with the matter, the magnitude of the costs expected to result for the Volkswagen Group (recall costs, retrofitting costs, and financial penalties) was not fundamentally dissimilar to that in previous cases involving other vehicle manufacturers. It therefore appeared to be manageable overall considering the business activities of the Volkswagen Group. This assessment by Volkswagen AG was based, among other things, on the advice of a law firm engaged in the USA for regulatory approval issues, according to which similar cases had in the past been amicably resolved with the US authorities. The EPA's publication of the "Notice of Violation" on September 18, 2015, which the Board of Management had not expected, especially at that time, then presented the situation in an entirely different light.

In fiscal year 2024, there were no material special items in connection with the diesel issue.

Further information on the litigation in connection with the diesel issue can be found in the "Litigation" section.

ANTITRUST INVESTIGATIONS

In 2011, the European Commission conducted searches at European truck manufacturers for suspected unlawful exchange of information during the period from 1997 to 2011; in November 2014, the Commission issued a statement of objections to MAN, Scania, and the other truck manufacturers concerned. In its settlement decision of July 2016, the European Commission assessed fines against five European truck manufacturers. MAN's fine was waived in full as the company had informed the European Commission about the irregularities as a key witness. In September 2017, the European Commission fined Scania €0.88 billion. In a judgment rendered in February 2022, the European General Court (Court of First Instance) rejected in its entirety the appeal filed by Scania in this connection. Scania's April 2022 appeal against this judgment was rejected in full by the ECJ, the court of last resort, in February 2024.

Furthermore, antitrust lawsuits seeking damages have been received from customers. As is the case in any antitrust proceedings, this may result in further lawsuits for damages. No provisions have been recognized for a large number of these legal disputes as they are not expected to result in final damage awards at the highest appeals level. For those actions in which, after reassessing the risks, the final outcome at the highest appeals level appears more likely than not to result in the payment of damages by MAN or Scania, provisions have been recognized in an amount of €162 million.

In March 2022, the European Commission and the Competition and Markets Authority (CMA), the English antitrust authorities, searched the premises of various automotive manufacturers and automotive industry organizations and/or served them with formal requests for information. In the Volkswagen Group, the investigation affects Volkswagen Group UK, which was searched by the CMA, and Volkswagen AG, which has received a Group-wide information request from the European Commission. The investigation relates to European, Japanese, and Korean manufacturers as well as national organizations operating in such countries and the European organization European Automobile Manufacturers' Association (ACEA), which are suspected of having agreed from 2001/2002 to the initiation of the proceedings to avoid paying for the services of recycling companies that dispose of end-of-life vehicles (ELV) (specifically passenger cars and light utility vehicles). Also alleged is an agreement to refrain from competitive use of ELV issues, that is, not to publicize relevant recycling data (recyclates, recyclability, recovery) for competitive purposes. The violation under investigation is alleged to have taken place in particular in the ACEA Working Group Recycling and related sub-groups thereof. Volkswagen AG is responding to the European Commission's information requests. In June 2024, the Chinese competition authorities also served Volkswagen AG with a request for information in this matter. The Korean competition authority KFTC also carried out a search of Volkswagen Group Korea in the same context. Volkswagen Group UK is cooperating with the CMA. In this matter, CMA furthermore issued requests for information to Volkswagen AG. In July 2022, Volkswagen AG filed an action for judical review challenging the CMA's requests for information in particular because Volkswagen AG believes that they exceed the CMA's jurisdiction. In February 2023, the court granted the claim. The CMA appealed this judgment in April 2023, and in January 2024 the appellate court ruled in the CMA's favor. Volkswagen AG has appealed this decision to the Supreme Court. Concurrent therewith, Volkswagen AG continues to examine the possibilities for reasonable cooperation with the CMA.

In addition, a few national and international authorities initiated antitrust investigations. Volkswagen is cooperating closely with the responsible authorities in these investigations. An assessment of the underlying situation is not possible at this early stage.

RESTRUCTURING MEASURES IN THE VOLKSWAGEN GROUP

In fiscal year 2024, the Volkswagen Group recognized restructuring expenses of €3.0 billion, mostly in other operating expenses, which are primarily attributable to Volkswagen AG and the Audi Group.

To bring about a long-term reduction in personnel costs in the administrative areas of Volkswagen AG, the Board of Management resolved in April 2024 to support the downsizing activities by offering selective severance agreements. Expenses of €0.9 billion were recognized for this.

Against the backdrop of trends in demand for the Audi Q8 e-tron model family, which is manufactured in Brussels, the Board of Management of Audi Brussels S.A./N.V., Brussels/Belgium (Audi Brussels), conducted an information and consultation process with the competent social partners under Belgian law for the restructuring of the site from July to December 2024. The process plans to discontinue the operations as of February 28, 2025. A social plan was approved in January 2025. Expenses totaling €1.6 billion were recognized in fiscal year 2024 in connection with this restructuring. They include, among other items, anticipated amortization and depreciation charges on inventories and non-current assets, expenses from a change in the production process, legal and consulting costs, as well as employee-related expenses for the social plan.

Furthermore, restructuring programs were also introduced in other Group companies.

EFFECTS OF THE COLLECTIVE BARGAINING AGREEMENT

On the basis of the collective bargaining agreement entered into between Volkswagen AG and the employee representatives in December 2024, it was necessary to adjust the calculation of various personnel-related provisions. This resulted in income of around €1 billion, which is largely presented in cost of sales. In addition, various assumptions about expected developments had to be adjusted when measuring pension obligations. This resulted in an actuarial gain of €0.2 billion, which was recognized in equity.

MATERIAL TRANSACTIONS OF THE CURRENT FISCAL YEAR

COOPERATION WITH RIVIAN

Volkswagen Group (Volkswagen) and US electric vehicle manufacturer Rivian Automotive, Inc., Irvine /USA (Rivian), announced their intention to establish a joint venture in June 2024. After reaching technical milestones and obtaining the necessary official approvals, Rivian and VW Group Technology, LLC, Palo Alto /USA (Rivian and Volkswagen Group Technologies) commenced activities on November 13, 2024. The two partners hold equal shares in the joint venture, which functions as an independent company. It is included in the consolidated financial statements as a joint venture using the equity method.

The aim of the partnership is to develop next generation software-defined vehicle (SDV) architectures to be used in future vehicles of both companies. The joint venture builds on Rivian's software and electronic architecture to facilitate the joint development of best-in-class architectures and software for the SDVs of both partners.

Volkswagen is planning to invest up to USD 5.8 billion in Rivian and the Rivian and Volkswagen Group Technologies joint venture by no later than January 2028. An initial investment in Rivian was made in June 2024, taking the form of an unsecured convertible note of USD 1 billion, which was converted into 95,377,269 ordinary shares of Rivian on December 3, 2024. Volkswagen thus holds around 8.6% of the outstanding class A shares of Rivian, representing a share of around 8% of the voting rights. The investment in Rivian is measured at fair value through other comprehensive income in the consolidated financial statements. When Rivian and Volkswagen Group Technologies commenced operations, Volkswagen invested a further USD 1.3 billion, in particular for the acquisition of the licenses in Rivian's existing architecture technology and for the 50% share of the joint venture. When certain financial and technical milestones are reached in 2025, 2026 and 2027, Volkswagen expects to make further investments of up to USD 3.5 billion in the form of equity and debt, of which up to USD 2.5 billion will be for ordinary shares of Rivian; these investments are expected to be made in two tranches of USD 1 billion each in 2025 and 2026 and a third tranche of USD 0.5 billion in 2027 or, at the latest, at the beginning of January 2028. The price of the shares is to be determined ahead of each purchase date on the basis of a defined average market price for the ordinary shares of Rivian plus a premium. In 2026, an additional amount of USD 1 billion can be drawn as a loan by Rivian and Volkswagen Group Technologies and passed on to Rivian.

In fiscal year 2024, the conditional commitment to purchase additional ordinary shares of Rivian resulted in an expense from the measurement of a derivative of €409 million. This was set against a gain of €126 million on the measurement of the convertible note due to the positive performance of the Rivian share price. These non-cash amounts were recognized in the other financial result.

ARGO AI

The process of winding down Argo AI, LLC, Pittsburgh/USA (Argo AI) initiated in the third quarter of 2022 was completed in the third quarter of 2024. The inclusion of the investment in the consolidated financial statements using the equity method was ended as of September 30, 2024. This resulted in a gain of €265 million, which is reported in the share of the result of equity-accounted investments. The gain is the result of realizing currency translation effects, which had previously been recognized directly in equity. They were reclassified from other reserves attributable to equity-accounted investments to the share of the result of equity-accounted investments.

NORTHVOLT AB

The Swedish company Northvolt AB, Stockholm/Sweden (Northvolt), in which the Volkswagen Group holds an equity investment, filed for bankruptcy protection under US law in November 2024. This had been preceded by reports regarding financial difficulties at the company. When the bankruptcy protection proceedings opened, the remaining net carrying amounts of the equity investment and the loan receivables from Northvolt were written down in full. Exempted are loan receivables from funds granted to Northvolt only after the opening of bankruptcy protection proceedings and backed by separate collateral. The write-down resulted in a non-cash expense totaling €661 million in fiscal year 2024; it is presented in the other financial result.

MATERIAL TRANSACTIONS OF THE PREVIOUS FISCAL YEAR

SCOUT MOTORS INC.

Under the Volkswagen Group's North America strategy, Scout Motors Inc., Tysons/USA, a wholly owned subsidiary in the Volkswagen Group, was established in fiscal year 2022. A new vehicle brand is to be created under the name of Scout to manufacture electrified all-terrain vehicles and pickups in the USA from 2027. In order to finance the creation of the Scout brand, as well as vehicle development and production planning, an amount of USD 493 million was contributed to the company in fiscal year 2023. The company has been included in the Volkswagen consolidated financial statements since January 1, 2023.

QUANTUMSCAPE CORPORATION

Due to the share price performance, the Volkswagen Group conducted an impairment test on the shares in QuantumScape Corporation, San José/USA (QuantumScape). The carrying amount was adjusted on the basis of the impairment test. This adjustment led to a non-cash expense of €0.4 billion in fiscal year 2023 which was presented in the other financial result.

XPENG INC.

On December 6, 2023, Volkswagen acquired 4.99% of the ordinary shares of the electric vehicle company XPeng Inc., Cayman Islands (XPeng), at a purchase price totaling USD 706 million. The realization of a forward transaction dating from July 26, 2023 resulted in a non-cash gain of €74.2 million in fiscal year 2023, which was recognized in the other financial result under gains and losses from fair value changes of hedging instruments/derivatives not included in hedge accounting. Along with the agreement to acquire the shares, a technological framework agreement was signed with Guangdong Xiaopeng Motors Technology Co. Ltd., Guangzhou/China, a subsidiary of XPeng, for the joint development of electric vehicles in China, among other things.

The investment in XPeng is measured at fair value through other comprehensive income.

AUDI FAW NEV CO.

On September 27, 2023, the shareholders AUDI AG, Ingolstadt, Volkswagen (China) Investment Co., Ltd., Beijing/China and China FAW Corporation Limited, Changchun/China resolved amendments to the Articles of Association of Audi FAW NEV Co., Ltd., Changchun/China (Audi FAW NEV Co.), effective from October 1, 2023. With equity interests unchanged, the amendments led to a loss of control over the company by the Volkswagen Group and resulted in its deconsolidation. The company has been jointly controlled within the meaning of IFRS 11 since October 1, 2023. Following on from this, the investment in Audi FAW NEV Co. is included in the consolidated financial statements as a joint venture using the equity method. As a result of the change to the way the investment is accounted for, the cash and cash equivalents declined by a low three-digit-million euro amount in fiscal year 2023. Other than that, there were no material effects on the Volkswagen Group's net assets, financial position and results of operations.

HORIZON ROBOTICS INC.

On December 7, 2023, Volkswagen acquired preferred shares of Horizon Robotics Inc., Cayman Islands (Horizon Robotics), a leading provider of energy-efficient computing platforms for autonomous driving in China, from Horizon Robotics at a purchase price of USD 200 million and issued a convertible loan to Horizon Robotics in an amount of USD 800 million. Both investments were initially classified as debt instruments in the financial statements and measured at fair value through profit or loss. The measurement resulted in non-cash gains of €0.7 million in fiscal year 2023, which were recognized in the other financial result under gains and losses from marketable securities and loans. Since the IPO of Horizon Robotics in October 2024, the shares in the equity investment have been classified as an equity instrument and measured at fair value through other comprehensive income.

To promote the development of highly automated and autonomous driving in China, Volkswagen has also agreed the establishment of a joint venture with Horizon Robotics. On December 14, 2023, Volkswagen invested an amount of CNY 2 billion to this end in exchange for an ownership interest of 60% in the new company, CARIZON (Beijing) Technology Company Limited, Beijing/China (CARIZON). In addition, Volkswagen has committed to contribute capital in the future of up to CNY 8.4 billion to the joint venture.

Effects of climate change

Against the backdrop of climate change and the resulting tightening of emissions regulations, the transformation of the automotive industry towards e-mobility and further digitalization continues to move forwards. The Volkswagen Group has firmly embedded the transformation toward e-mobility in its Group strategy.

In the preparation of the consolidated financial statements, the Board of Management took into account the potential effects of climate change and future regulatory requirements, and especially the corresponding transformation towards e-mobility. Potential effects, especially on non-current assets, provisions for emissions levies and future cash flows were, as far as possible, incorporated into the significant estimates and assumptions included in the consolidated financial statements.

As part of its electrification campaign, the Volkswagen Group aims to offer its customers worldwide an increasing choice of battery-electric models by 2030, ranging from volume modules to premium vehicles. The effects of the transformation towards e-mobility and the planned increase in the share of all-electric vehicles planned in this context are taken into account in the medium-term planning and therefore in the calculation of future cash flows used to determine recoverable amounts in impairment tests of goodwill and intangible assets with indefinite useful lives, especially when planning future vehicle models, development costs and production facilities. An amount in the low triple-digit-billion euro range has been earmarked for this purpose in the medium-term planning. In addition, Volkswagen regularly assesses whether these developments give rise to the need for ad hoc impairment tests or for adjustments to the useful lives of other non-current non-financial assets. No material effects on the useful lives of capitalized development costs or property, plant and equipment were identified, given the periods under consideration for the regulatory requirements and due to the parallel production of battery-electric vehicles and vehicles with combustion engines in the coming years. With reference to increasingly stringent emissions regulations, it is ensured that the various international regulations are taken into account and that any obligations are recognized appropriately. In this context, an amount in the mid-three-digit-million euro range was added to provisions in the fiscal year. The increase in development costs in the areas of e-mobility and digitalization have, however, led to a corresponding increase in internally generated intangible assets. For more information, please refer to the "Accounting policies" section.

For a detailed presentation of how sustainability is taken into account within the Group strategy, in the management of the Group and in Group planning, please refer to the sections entitled "Goals and Strategies" and "Sustainable Value Enhancement", as well as the "Environmental Information" section in the "Sustainability report" chapter of the group management report.

Basis of consolidation

In addition to Volkswagen AG, the consolidated financial statements comprise all significant German and non-German subsidiaries, including structured entities that are controlled directly or indirectly by Volkswagen AG. The structured entities are used primarily to enter into asset-backed securities transactions to refinance the financial services business and to invest surplus liquidity in special securities funds.

Subsidiaries whose business is dormant or insignificant, both individually and in the aggregate, for the fair presentation of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group are not consolidated. They are carried in the consolidated financial statements at cost net of any impairment losses and reversals of impairment losses required to be recognized.

Significant companies where Volkswagen AG is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or that are directly or indirectly jointly controlled (joint ventures), are accounted for using the equity method. Joint ventures also include companies in which the Volkswagen Group holds the majority of voting rights, but whose articles of association or partnership agreements stipulate that important decisions may only be resolved unanimously. Insignificant associates and joint ventures are carried at cost net of any impairment losses and reversals of impairment losses required to be recognized.

The composition of the Volkswagen Group is shown in the following table:

	2024	2023
Volkswagen AG and consolidated subsidiaries		
Germany	141	143
Abroad	805	810
Subsidiaries carried at cost		
Germany	90	91
Abroad	269	287
At equity accounted associates and joint ventures and at fair value accounted other equity investments		
Germany	54	50
Abroad	124	111
Associates and joint ventures carried at cost		
Germany	51	52
Abroad	54	56
	1,588	**1,600**

The list of all shareholdings that forms part of the annual financial statements of Volkswagen AG can be downloaded from the electronic company register at www.unternehmensregister.de and from www.volkswagen-group.com/investor-relations.

The following consolidated German subsidiaries with the legal form of a corporation or partnership have met the criteria set out in section 264(3) or section 264b of the Handelsgesetzbuch (HGB – German Commercial Code) and have as far as possible exercised the option not to publish annual financial statements:

> AUDI AG, Ingolstadt
> Audi Berlin GmbH, Berlin
> Audi Frankfurt GmbH, Frankfurt am Main
> Audi Hamburg GmbH, Hamburg
> Audi Hannover GmbH, Hanover
> Audi Leipzig GmbH, Leipzig
> Audi München GmbH, Munich
> Audi Sport GmbH, Neckarsulm
> Audi Stuttgart GmbH, Stuttgart
> Auto & Service PIA GmbH, Munich
> Autostadt GmbH, Wolfsburg
> Bugatti Engineering GmbH, Wolfsburg
> CARIAD SE, Wolfsburg
> dx.one GmbH, Wolfsburg
> Eberhardt Kraftfahrzeug GmbH + Co. KG, Ulm
> GETAS Verwaltung GmbH & Co. Objekt Heinrich-von-Buz-Straße KG, Pullach i. Isartal
> HABAMO Verwaltung GmbH & Co. Objekt Sterkrade KG, Pullach i. Isartal
> Haberl Beteiligungs-GmbH, Munich
> Held & Ströhle GmbH & Co. KG, Ulm
> MAHAG Automobilhandel und Service GmbH & Co. oHG, Munich
> MAHAG GmbH, Munich
> MAHAG Sportwagen Zentrum Albrechtstraße GmbH, Munich
> MAN Energy Solutions SE, Augsburg
> MOIA GmbH, Berlin
> MOIA Operations Germany GmbH, Hanover
> Porsche Holding Stuttgart GmbH, Stuttgart
> Porsche Niederlassung Mannheim GmbH, Mannheim
> PowerCo SE, Salzgitter
> PSW automotive engineering GmbH, Gaimersheim
> PZ Leipzig GmbH, Leipzig
> Quest One GmbH, Augsburg
> Schwaba GmbH, Augsburg
> SEAT Deutschland Niederlassung GmbH, Weiterstadt
> SKODA AUTO Deutschland GmbH, Weiterstadt
> SZM Sportwagen Zentrum München GmbH, Munich
> VfL Wolfsburg-Fußball GmbH, Wolfsburg
> VGRB GmbH, Berlin
> VGRD GmbH, Wolfsburg
> VGRDD GmbH, Dresden
> VGRHH GmbH, Hamburg
> Volkswagen ADMT Hannover GmbH, Hanover
> Volkswagen AirService GmbH, Braunschweig
> Volkswagen Automobile Berlin GmbH, Berlin
> Volkswagen Automobile Chemnitz GmbH, Chemnitz
> Volkswagen Automobile Frankfurt GmbH, Frankfurt am Main
> Volkswagen Automobile Hamburg GmbH, Hamburg

> Volkswagen Automobile Hannover GmbH, Hanover
> VOLKSWAGEN Automobile Leipzig GmbH, Leipzig
> Volkswagen Automobile Rhein-Neckar GmbH, Mannheim
> Volkswagen Automobile Stuttgart GmbH, Stuttgart
> Volkswagen Deutschland GmbH & Co. KG, Wolfsburg
> Volkswagen Deutschland Verwaltungs GmbH, Wolfsburg
> Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen
> Volkswagen Group AI Lab GmbH, Braunschweig
> Volkswagen Group Beteiligungen GmbH, Wolfsburg
> Volkswagen Group IT Solutions GmbH, Wolfsburg
> Volkswagen Group Real Estate GmbH & Co. KG, Wolfsburg
> Volkswagen Group Services GmbH, Wolfsburg
> Volkswagen Immobilien GmbH, Wolfsburg
> Volkswagen Konzernlogistik GmbH & Co. OHG, Wolfsburg
> Volkswagen Leasingobjekt GmbH, Braunschweig
> Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal
> Volkswagen Osnabrück GmbH, Osnabrück
> Volkswagen Sachsen GmbH, Zwickau
> Volkswagen Software Asset Management GmbH, Wolfsburg
> Volkswagen Vermögensverwaltungs-GmbH, Wolfsburg
> Volkswagen Zubehör GmbH, Dreieich

CONSOLIDATED SUBSIDIARIES

The fiscal year's changes in the consolidated Group are shown in the following table:

Number	Germany	Abroad
Initially consolidated		
Subsidiaries previously carried at cost	2	21
Newly formed subsidiaries	–	14
Other	–	1
	2	**36**
Deconsolidated		
Mergers	3	7
Liquidations	–	23
Sales/other	1	11
	4	**41**

The initial consolidation or deconsolidation of these subsidiaries, either individually or collectively, did not have a significant effect on the presentation of the net assets, financial position and results of operations. The unconsolidated structured entities are immaterial from a Group perspective. In particular, they do not give rise to any significant risks to the Group.

INVESTMENTS IN ASSOCIATES

From a Group perspective, the associates QuantumScape, Gotion High-Tech Co., Ltd., Hefei/China (Gotion) and Sinotruk (Hong Kong) Ltd., Hongkong/China (Sinotruk), were material as of the balance sheet date. In the previous year, the equity investment in Northvolt had been included in the disclosures. Further disclosures on Northvolt can be found in the “Key events” section.

QuantumScape

QuantumScape is a US-based start-up for solid-state lithium-metal batteries. An agreement to industrialize QuantumScape’s next-generation solid-state lithium-metal technology exists between Group companies and QuantumScape. QuantumScape’s principal place of business is in San José/USA.

As of December 31, 2024, the quoted market price of the shares in QuantumScape amounted to €430 million (previous year: €541 million).

Gotion

Gotion is a Chinese technology company that engages primarily in research and development, production and sales of lithium-ion batteries and in electric transmission and transformation businesses. Group companies and Gotion have agreed upon a strategic framework for cooperation in the development, manufacture and distribution of battery cells. Gotion’s principal place of business is in Hefei/China.

As of December 31, 2024, the quoted market price of the shares in Gotion amounted to €1.2 billion (previous year: €1.2 billion).

Sinotruk

Sinotruk is one of the largest truck manufacturers in the Chinese market. Sinotruk’s principal place of business is in Hongkong/China.

As of December 31, 2024, the quoted market price of the shares in Sinotruk amounted to €1,947 million (previous year: €1,222 million).

SUMMARIZED FINANCIAL INFORMATION ON MATERIAL ASSOCIATES ON A 100 % BASIS

€ million	QuantumScape[1]	Gotion[2]	Sinotruk[3]
2024			
Equity interest in %	16	24	25
Non-current assets	553	8,479	4,922
Current assets	763	6,110	12,144
Non-current liabilities	137	3,408	174
Current liabilities	54	6,631	10,708
Net assets	1,124	4,550	6,183
Sales revenue	–	4,347	11,893
Earnings after tax from continuing operations	–442	–69	874
Earnings after tax from discontinued operations	–	–	–
Other comprehensive income	7	–112	–4
Total comprehensive income	–436	–180	870
Dividends received[4]	–	6	138
2023			
Equity interest in %	17	25	25
Non-current assets	586	7,449	4,072
Current assets	1,072	5,628	10,165
Non-current liabilities	149	3,206	154
Current liabilities	44	5,202	8,414
Net assets	1,466	4,668	5,669
Sales revenue	–	3,183	9,836
Earnings after tax from continuing operations	–429	–301	425
Earnings after tax from discontinued operations	–	–	–
Other comprehensive income	15	–16	–2
Total comprehensive income	–414	–317	423
Dividends received[4]	–	–	25

1 Balance sheet amounts refer to the September 30 reporting date and income statement amounts refer to the period from October 1 to September 30. The disclosures are presented after the purchase price adjustment.
2 Balance sheet amounts refer to the September 30 reporting date and income statement amounts refer to the period from October 1 to September 30. The disclosures are presented after the purchase price adjustment.
3 Balance sheet amounts refer to the June 30 reporting date and income statement amounts refer to the period from July 1 to June 30.
4 Proportionate dividends are shown net of withholding tax.

RECONCILIATION OF THE FINANCIAL INFORMATION TO THE CARRYING AMOUNT OF THE EQUITY-ACCOUNTED INVESTMENTS

€ million	QuantumScape[1]	Gotion[1]	Sinotruk
2024			
Net assets at January 1	1,466	4,668	5,669
Profit or loss	–442	–69	874
Other comprehensive income	7	–112	–4
Changes in share capital	0	2	–
Changes in reserves	155	127	–63
Foreign exchange differences	–62	–43	82
Dividends[2]	–	–23	–375
Net assets at December 31	1,124	4,550	6,183
Proportionate equity	179	1,069	1,561
Consolidation/Goodwill/Others	269	–275	–613
Carrying amount of equity-accounted investments	448	794	949
2023			
Net assets at January 1	1,572	5,039	6,105
Profit or loss	–429	–301	425
Other comprehensive income	15	–16	–2
Changes in share capital	0	0	–
Changes in reserves	416	110	–7
Foreign exchange differences	–108	–165	–735
Dividends[2]	–	–	–118
Net assets at December 31	1,466	4,668	5,669
Proportionate equity	256	1,111	1,417
Consolidation/Goodwill/Others	370	–209	–504
Carrying amount of equity-accounted investments	626	902	913

1 The disclosures are presented after the purchase price adjustment.
2 Dividends are shown before withholding tax.

SUMMARIZED FINANCIAL INFORMATION ON INDIVIDUALLY IMMATERIAL ASSOCIATES ON THE BASIS OF THE VOLKSWAGEN GROUP'S PROPORTIONATE INTEREST

€ million	2024	2023
Earnings after tax from continuing operations	–507	–17
Earnings after tax from discontinued operations	–	–
Other comprehensive income	–14	0
Total comprehensive income	–521	–16
Carrying amount of equity-accounted investments	2,381	1,965

There are unrecognized losses of €636 million (previous year: €– million) relating to investments in associates in the current fiscal year. Financial guarantees have been issued to associates in an amount of €1 million (previous year: €1 million).

INTERESTS IN JOINT VENTURES

From a Group perspective, the joint ventures FAW-Volkswagen Automotive Company Ltd., Changchun/China, SAIC-Volkswagen Automotive Company Ltd., Shanghai/China, and SAIC-Volkswagen Sales Company Ltd., Shanghai/China, were material at the reporting date.

FAW-Volkswagen Automotive Company

FAW-Volkswagen Automotive Company develops, produces and sells passenger cars. There is an agreement in place between Group companies and the joint venture partner China FAW Corporation Limited regarding a long-term strategic partnership. The principal place of business is in Changchun/China.

SAIC-Volkswagen Automotive Company

SAIC-Volkswagen Automotive Company develops and produces passenger cars. There is an agreement in place between Group companies and the joint venture partner Shanghai Automotive Industry Corporation regarding a long-term strategic partnership. The principal place of business is in Shanghai/China.

SAIC-Volkswagen Sales Company

SAIC-Volkswagen Sales Company sells passenger cars for SAIC-Volkswagen Automotive Company. There is an agreement in place between Group companies and the joint venture partner Shanghai Automotive Industry Corporation regarding a long-term strategic partnership. The principal place of business is in Shanghai/China.

SUMMARIZED FINANCIAL INFORMATION ON THE MATERIAL JOINT VENTURES ON A 100% BASIS

€ million	FAW-Volkswagen Automotive Company	SAIC-Volkswagen Automotive Company[1]	SAIC-Volkswagen Sales Company
2024			
Equity interest in %	40	50	30
Non-current assets	9,124	6,390	809
Current assets	13,162	7,568	3,161
of which cash and cash equivalents	8,773	2,167	262
Non-current liabilities	726	1,859	102
of which financial liabilities[2]	9	2	3
Current liabilities	15,189	9,740	3,775
of which financial liabilities[2]	61	1,346	–
Net assets	6,372	2,359	93
Sales revenue	39,166	17,293	19,012
Depreciation and amortization	1,900	1,205	11
Interest income	170	28	4
Interest expenses	1	29	1
Earnings before tax from continuing operations	3,301	686	100
Income tax expense	658	95	22
Earnings after tax from continuing operations	2,643	591	78
Earnings after tax from discontinued operations	–	–	–
Other comprehensive income	–108	4	–
Total comprehensive income	2,535	596	78
Dividends received[3]	1,787	190	96
2023			
Equity interest in %	40	50	30
Non-current assets	9,465	6,006	820
Current assets	17,346	7,369	4,229
of which cash and cash equivalents	12,319	2,029	330
Non-current liabilities	727	528	103
of which financial liabilities[2]	11	2	21
Current liabilities	17,808	10,759	4,617
of which financial liabilities[2]	12	1,394	21
Net assets	8,276	2,088	329
Sales revenue	46,846	18,728	21,754
Depreciation and amortization	1,857	1,406	34
Interest income	196	28	5
Interest expenses	5	37	2
Earnings before tax from continuing operations	4,918	293	433
Income tax expense	1,294	–64	109
Earnings after tax from continuing operations	3,624	357	324
Earnings after tax from discontinued operations	–	–	–
Other comprehensive income	–152	–13	–
Total comprehensive income	3,472	344	324
Dividends received[3]	1,407	548	105

1 SAIC-Volkswagen Sales Company sells passenger cars for SAIC-Volkswagen Automotive Company. Therefore, the sales revenue reported for SAIC-Volkswagen Automotive Company was mostly generated from its business with SAIC-Volkswagen Sales Company.
2 Excluding trade liabilities.
3 Proportionate dividends are shown net of withholding tax.

RECONCILIATION OF THE FINANCIAL INFORMATION TO THE CARRYING AMOUNT OF THE EQUITY-ACCOUNTED INVESTMENTS

€ million	FAW-Volkswagen Automotive Company	SAIC-Volkswagen Automotive Company	SAIC-Volkswagen Sales Company
2024			
Net assets at January 1	8,276	2,088	329
Profit or loss	2,643	591	78
Other comprehensive income	–108	4	–
Changes in share capital	–	–	–
Changes in reserves	–	–	–
Foreign exchange differences	228	71	6
Dividends[1]	–4,666	–396	–320
Net assets at December 31	6,372	2,359	93
Proportionate equity	2,549	1,180	28
Consolidation/Goodwill/Others	–776	–882	–
Carrying amount of equity-accounted investments	1,772	297	28
2023			
Net assets at January 1	9,018	3,039	374
Profit or loss	3,624	357	324
Other comprehensive income	–152	–13	–
Changes in share capital	–	–	–
Changes in reserves	–	–	–
Foreign exchange differences	–534	–149	–17
Dividends[1]	–3,681	–1,145	–351
Net assets at December 31	8,276	2,088	329
Proportionate equity	3,310	1,044	99
Consolidation/Goodwill/Others	–738	–463	–
Carrying amount of equity-accounted investments	2,572	581	99

1 Dividends are shown before withholding tax.

SUMMARIZED FINANCIAL INFORMATION ON INDIVIDUALLY IMMATERIAL JOINT VENTURES ON THE BASIS OF THE VOLKSWAGEN GROUP'S PROPORTIONATE INTEREST

€ million	2024	2023
Earnings after tax from continuing operations	–141	332
Earnings after tax from discontinued operations	–	–
Other comprehensive income	62	–90
Total comprehensive income	–79	242
Carrying amount of equity-accounted investments	3,600	3,887

The carrying amount of equity-accounted investments includes the equity investment in Green Mobility Holding S.A., Strassen/Luxembourg.

There were no unrecognized losses relating to investments in joint ventures in the fiscal year or the previous year. Contingent liabilities to joint ventures amounted to €228 million (previous year: €219 million); there were no financial guarantees (previous year: €70 million). Cash funds of joint ventures amounting to €162 million (previous year: €150 million) are deposited as collateral for asset-backed securities transactions and are therefore not freely available.

IFRS 5 – NON-CURRENT ASSETS HELD FOR SALE

As of December 31, 2024, the Volkswagen Group did not hold any assets and liabilities classified as held for sale.

Transactions completed/discontinued in the current fiscal year

In accordance with the requirements of IFRS 5, the consolidated subsidiaries OOO Volkswagen Group Finanz, Moscow/Russia, OOO Volkswagen Financial Services RUS, Moscow/Russia and OOO Volkswagen Bank RUS, Moscow/Russia have been classified as a disposal group held for sale since fiscal year 2022. In this context, impairment losses of €186 million were recognized in fiscal year 2023.

The shares in OOO Volkswagen Group Finanz, Moscow/Russia and OOO Volkswagen Financial Services RUS, Moscow/Russia were sold to an external investor on January 18, 2024. In particular due to the reclassification of foreign exchange differences to the income statement, the deconsolidation of the two companies resulted in a loss of €62 million, which was recognized in other operating expenses.

In addition, impairment losses of €29 million were recognized for OOO Volkswagen Bank RUS, Moscow/Russia in fiscal year 2024. The company was deconsolidated as of June 30, 2024. Deconsolidation resulted in a loss of €184 million, which was recognized in other operating expenses; the amount includes in particular the reclassification of foreign exchange differences to the income statement.

In its ruling of July 3, 2024, the German Federal Ministry for Economic Affairs and Climate Action prohibited the sale of the MGT gas turbine business to CSIC Longjiang GH Gas Turbine Co. Ltd., Harbin/China. The Federal Cabinet approved the prohibition ruling. Following the prohibition, MAN Energy Solutions SE, Augsburg discontinued the development, manufacture and sales of MGT gas turbines. It will continue its service activities for MGT gas turbines. The prohibition of the planned sale and the discontinuation of the new-build business with MGT gas turbines means that these activities are no longer presented in line with IFRS 5, and led to the recognition of an impairment loss on the capitalized development costs and inventories for MGT gas turbines as of June 30, 2024. This resulted in an expense of €86 million, which is presented in cost of sales and in other operating expenses. There are three further types of gas turbines (THM, FT8 and S class) in addition to the MGT gas turbines. Business with these is not affected by this development.

In accordance with the requirements of IFRS 5, two Russian sales companies in the Automotive segment, OOO Porsche Russland, Moscow/Russia and OOO Porsche Center Moscow, Moscow/Russia, and one Russian company assigned to the Financial Services segment, OOO Porsche Financial Services Russland, Moscow/Russia, have been classified as a disposal group held for sale since September 2022. An impairment loss of €25 million was recognized for the disposal group in fiscal year 2022; another impairment loss and offsetting currency translation effects were identified in fiscal year 2023. No further material adjustments were made in the first nine months of 2024. The Russian companies were deconsolidated in the fourth quarter of 2024. Deconsolidation resulted in a loss of €54 million, which was recognized in other operating expenses; the amount includes in particular the classification of foreign exchange differences to the income statement.

Currency translation

As standard, the Volkswagen Group uses the exchange rates of an external market data provider for translation. All exchange rates are based on the respective euro translation rates, from which all non-euro rate combinations are derived.

The rates applied are presented in the following table:

		BALANCE SHEET MIDDLE RATE ON DECEMBER 31		INCOME STATEMENT AVERAGE RATE	
	€1 =	2024	2023	2024	2023
Argentina	ARS	1,073.27110	894.99391	989.43391	317.91705
Australia	AUD	1.67610	1.62920	1.64013	1.62859
Brazil	BRL	6.43140	5.37495	5.82618	5.40306
Canada	CAD	1.49720	1.46810	1.48186	1.45957
Czech Republic	CZK	25.15050	24.71800	25.11925	24.00353
India	INR	89.10800	92.11700	90.53256	89.33732
Japan	JPY	163.23000	156.79000	163.82257	151.93821
Mexico	MXN	21.58915	18.76890	19.82192	19.19575
People's Republic of China	CNY	7.59860	7.87000	7.78612	7.65984
Poland	PLN	4.27185	4.34090	4.30632	4.54402
Republic of Korea	KRW	1,534.32000	1,440.71500	1,475.43597	1,413.50465
Russia	RUB	112.43840	99.96610	100.22625	92.29940
South Africa	ZAR	19.62545	20.44415	19.83310	19.95520
Sweden	SEK	11.45005	11.08735	11.43291	11.47160
United Kingdom	GBP	0.83020	0.86910	0.84667	0.87001
USA	USD	1.04100	1.10770	1.08200	1.08170

Accounting policies

MEASUREMENT PRINCIPLES

With certain exceptions, such as financial instruments measured at fair value and provisions for pensions and other post-employment benefits, items in the Volkswagen Group are accounted for under the historical cost convention (cost model). The methods used to measure the individual items are explained in more detail below.

INTANGIBLE ASSETS

Intangible assets are accounted for under the cost model.

Purchased intangible assets are recognized at cost and – if they have finite useful lives – amortized over their useful lives using the straight-line method. This relates in particular to software, which is normally amortized over three years, or licenses, which are normally amortized over the term of the license.

Development costs for future series products and other internally generated intangible assets are capitalized, provided the cash-generating unit to which the respective intangible asset is attributable is not impaired and the other criteria for recognition as assets are met.

The costs are amortized using the straight-line method from the start of use (e.g. start of production) over the expected life cycle of the models, powertrains or software developed – generally between three and nine years.

Amortization charges on intangible assets are allocated to the relevant functional areas in the income statement.

Brand names from business combinations usually have an indefinite useful life and are therefore not amortized. An indefinite useful life is usually the result of a brand's further use and maintenance.

Goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment at least once a year. Assets in use and other intangible assets with finite useful lives are tested for impairment only if there are specific indications that they may be impaired. To determine the recoverable amount of goodwill and intangible assets with indefinite and finite useful lives, the respective brand is normally the cash-generating unit that is used as the testing level. Measurement of value in use is based on management's current medium-term planning (referred to as budget planning round). The planning period generally covers five years. This planning is based on expectations regarding future global economic trends and on assumptions derived from those trends about the markets for passenger cars and commercial vehicles, expected trends in the Volkswagen Group's market shares, the timing and cost of the development of vehicle models and the amount of investments in production facilities, as well as changes in price and cost structures, taking particular account of the transformation to e-mobility and an increase in regulatory requirements. The planning for the Financial Services segment is likewise prepared on the basis of these expectations, and also reflects the relevant market penetration rates of expected vehicle sales with finance or lease agreements and other services, as well as regulatory requirements. The planning for the Power Engineering segment reflects expectations about trends in the various individual markets. The planning includes reasonable assumptions about macroeconomic trends (exchange rate, interest rate and commodity price trends) and historical developments.

The Volkswagen Group's planning is based on the assumption that global economic output will grow overall in 2025 at a slightly slower pace than in 2024. Declining inflation in major economic regions and the resulting easing of monetary policy are expected to boost consumer demand. Risks continue to arise from increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, growth prospects are weighed down by persistent geopolitical tensions and conflicts; risks arise in particular from the Russia-Ukraine conflict, the confrontations in the Middle East, and the uncertainties regarding the future political orientation of the USA. The assumption is that both the advanced economies and the emerging markets will record somewhat weaker momentum on average than that of the reporting year.

The Volkswagen Group's automotive market and volume planning reflects the above regional differentiation and takes account of the impact of regional conflicts. The projections also include the transformation towards e-mobility. The negative impact on earnings expected to arise from higher material costs and more stringent emission and fuel consumption legislation is to be more than offset by improvements in pricing and the product mix as well as corresponding programs to increase efficiency. In particular the beneficial outcome of collective bargaining for the Volkswagen brand is reflected in the projections used. The expectations for BEV market shares were also updated. Tariffs were in some cases integrated directly into the planning or, if material, included in an overlay planning or sensitivity-tested as part of the impairment tests.

For information on the assumptions in the detailed planning period, please refer to the notes on management estimates and judgment. Further details can be found in the Report on Expected Developments, which is part of the management report. The planning assumptions are adapted to reflect the current state of knowledge.

The estimation of cash flows is generally based on the expected growth trends for the markets concerned. The estimates for the cash flows following the end of the planning period are generally based on a growth rate of up to 1% p.a. (previous year: up to 1% p.a.) in the Passenger Cars, Power Engineering and Commercial Vehicles segments.

Value in use is determined for the purpose of impairment testing of goodwill, indefinite-lived intangible assets and finite-lived intangible assets – mainly capitalized development costs – using the following pretax weighted average cost of capital (WACC) rates, which are adjusted if necessary for country-specific discount factors:

WACC	2024	2023
Passenger Cars segment	10.8%	10.7%
Commercial Vehicles segment	10.4%	12.1%
Power Engineering segment	14.1%	15.7%

The WACC rates are calculated based on the risk-free rate of interest, a market risk premium and the cost of debt. Additionally, specific peer group information on beta factors and leverage is taken into account. The composition of the peer groups used to determine beta factors and leverage is continuously reviewed and adjusted if necessary.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is accounted for under the cost model. Investment grants received are generally deducted from cost. Special operational equipment is reported under other equipment, operating and office equipment. Property, plant and equipment is depreciated using the straight-line method over its estimated useful life.

Depreciation is based mainly on the following useful lives:

	Useful life
Buildings	20 to 50 years
Site improvements	10 to 20 years
Technical equipment and machinery	6 to 12 years
Other equipment, operating and office equipment, including special operational equipment	3 to 15 years

Value in use of property, plant and equipment is determined using the principles described for intangible assets. The cost of capital for product-specific tools and other investments is the same as the cost of capital for intangible assets given above for each segment.

LEASES

The right-of-use assets for leases are reported in the balance sheet under those items in which the assets underlying the lease would have been recognized if the Volkswagen Group had been their beneficial owner. For this reason, the right-of-use assets are presented under non-current assets, mostly in property, plant and equipment, as of the balance sheet date.

Practical expedients are allowed for short-term and low-value leases; the Volkswagen Group makes use of this option and therefore does not recognize right-of-use assets or liabilities for these types of leases. In this respect, the lease payments are recognized as expenses in the income statement. Leases are accounted for being as of low value if the value of the leased asset when new is no higher than €5,000. Furthermore, the accounting rules of IFRS 16 are not applied to leases of intangible assets.

A large number of leases contain extension and termination options.

LEASE ASSETS

Vehicles leased out under operating leases are recognized at cost and depreciated to their estimated residual value using the straight-line method over the term of the lease. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and experience in the marketing of used cars. This requires management to make assumptions in particular about vehicle supply and demand in the future, as well as about vehicle price trends. Such assumptions are based either on qualified estimates or on data published by external experts. Qualified estimates are based on external data – if available – that reflects additional information that is available from within the company, such as historical experience and current sales data.

INVESTMENT PROPERTY

Real estate and buildings held in order to obtain rental income (investment property) are accounted for under the cost model; the depreciation method and the useful lives applied to depreciation generally correspond to those of the property, plant and equipment used by the Company itself. The fair value of investment property is disclosed in the notes. Fair value is generally estimated using an investment method based on internal calculations. This involves determining the income value for a specific building on the basis of gross income, taking into account additional factors such as land value, remaining useful life and a multiplier specific to property.

CAPITALIZATION OF BORROWING COSTS

Borrowing costs of qualifying assets are capitalized as part of the cost of these assets. A qualifying asset is an asset that necessarily takes at least a year to get ready for its intended use.

EQUITY-ACCOUNTED INVESTMENTS

The cost of shares in associates and joint ventures is generally accounted for using the equity method. Testing the net investment for impairment, the recoverable amount is determined using the principles described for indefinite-lived intangible assets.

FINANCIAL INSTRUMENTS

Regular way purchases or sales of financial instruments are accounted for at the settlement date – that is, at the date on which the asset is delivered.

In the Volkswagen Group, financial assets and liabilities are allocated to the "at amortized cost" and "at fair value" categories.

FINANCIAL ASSETS AND LIABILITIES AT AMORTIZED COST

Financial assets measured at amortized cost using the effective interest method relate to

> receivables from financing business;
> trade receivables;
> other receivables and financial assets;
> time deposits;
> cash and cash equivalents.

In contrast, financial liabilities measured at amortized cost using the effective interest method consist of

> trade payables;
> other financial liabilities;
> liabilities to banks;
> commercial paper and notes;
> loans.

For reasons of materiality, discounting or unwinding of discounting is not applied to current receivables and liabilities (due within one year).

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

Financial assets measured at fair value through other comprehensive income relate firstly to non-derivative financial assets with contractual cash flows that relate solely to payments of principal and interest on the principal amount outstanding (debt instruments) that are held with the aim of both collecting contractual cash flows and selling financial assets ("hold and sell" business model). Certain changes in the fair value of these debt instruments (impairment losses, foreign exchange gains and losses, interest calculated using the effective interest method) are recognized immediately in profit or loss.

Secondly, those equity instruments not held for trading ("hold" business model) are measured at fair value through other comprehensive income. Here, Volkswagen exercises the option to recognize changes in fair value always through other comprehensive income.

At Volkswagen, the category of financial assets at fair value through profit or loss primarily comprises
> hedging relationships to which hedge accounting is not applied and
> investment fund units.

All financial liabilities at fair value through profit or loss relate to derivatives not designated as hedging instruments in hedge accounting.

Fair value generally corresponds to the market or quoted market price. If no active market exists, fair value is determined using other observable inputs as far as possible. If no observable inputs are available, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models, and, as far as possible, verified by confirmations from the banks that handle the transactions.

In the case of current financial receivables and liabilities, amortized cost generally corresponds to the principal or repayment amount.

The fair value option for financial assets and financial liabilities is not used in the Volkswagen Group.

Shares in subsidiaries, associates and joint ventures that are neither consolidated for reasons of materiality nor accounted for using the equity method do not fall within the scope of IFRS 9 and IFRS 7.

DERIVATIVES AND HEDGE ACCOUNTING

Volkswagen Group companies use derivatives to hedge balance sheet items and future cash flows (hedged items). Appropriate derivatives such as swaps, forward transactions and options are used as hedging instruments.

The accounting treatment of changes in the fair value of hedging instruments depends on the nature of the hedging relationship. In the case of hedges against the risk of change in the fair value of balance sheet items (fair value hedges), both the hedging instrument and the hedged risk portion of the hedged item are measured at fair value. If appropriate, several risk portions of the hedged items are combined into one portfolio. In a portfolio fair value hedge, changes in fair values are recognized on the basis of the individual transaction in the same way as in fair value hedging. Gains or losses from the measurement of hedging instruments and hedged items are recognized in profit or loss. In addition to the guidance of IFRS 9, the Volkswagen Group applies the guidance of IAS 39 on portfolio hedging to hedge the interest rate risk in the Financial Services Division.

In the case of hedges of future cash flows (cash flow hedges), the hedging instruments are also measured at fair value. The designated effective portion of the hedging instrument is accounted for through OCI I and the non-designated effective portion is accounted for through OCI II. They are only recognized in the income statement or reclassified to inventories when the hedged item is realized. The ineffective portion of cash flow hedges is recognized through profit or loss immediately.

Derivatives used by the Volkswagen Group for financial management purposes to hedge against interest rate, foreign currency, commodity price, equity price, or fund price risks, but that do not meet the strict hedge accounting criteria of IFRS 9, are classified as financial assets or liabilities at fair value through profit or loss (referred to below as derivatives to which hedge accounting is not applied). This also applies to options on shares. External hedging instruments of intragroup hedged items that are subsequently eliminated in the consolidated financial statements are also assigned to this category as a general rule. Assets and liabilities measured at fair value through profit or loss consist of derivatives or components of derivatives that are not included in hedge accounting. These relate for example to the non-designated currency forwards used to hedge sales revenue, interest rate hedges, commodity forwards and swaps and currency forwards relating to commodity forwards and swaps.

IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

Financial assets are exposed to default risk, which is taken into account by recognizing loss allowances or, if losses have already been incurred, by recognizing impairment losses. Default risk on loans and receivables in the financial services segment is accounted for by recognizing specific loss allowances and general loss allowances.

In particular, a loss allowance is recognized on these financial assets in the amount of the expected loss in accordance with Group-wide standards. The actual specific loss allowances for the losses incurred are then charged to this loss allowance. A potential impairment is assumed not only for a number of situations such as delayed payment over a period of more than 90 days, the institution of enforcement measures, the threat of insolvency or overindebtedness, application for or the opening of bankruptcy proceedings, or the failure of reorganization measures, but also for receivables that are not past due.

Insignificant receivables and significant individual receivables for which there is no indication of impairment are grouped into homogeneous portfolios on the basis of comparable credit risk features and allocated by risk class. Average historical default probabilities in combination with forward-looking parameters for the respective portfolio are then used to calculate the amount of the impairment loss.

Credit risks must be considered for all financial assets measured at amortized cost or fair value through other comprehensive income (debt instruments), as well as for contract assets in accordance with IFRS 15 and lease receivables within the scope of IFRS 16. The rules on impairment also apply to risks from irrevocable credit commitments not recognized in the balance sheet and to the measurement of financial guarantees.

As a matter of principle, a simplified process, which takes historical default rates and forward-looking information into account, and specific loss allowances are used to account for impairment losses on receivables outside the Financial Services segment.

DEFERRED TAXES

The tax consequences of dividend payments are generally not taken into account until the resolution on appropriation of earnings available for distribution has been adopted.

Deferred tax assets that are unlikely to be realized within a clearly predictable period are not recognized in the year in which they arise. Loss allowances are recognized on deferred taxes recognized in prior years if the requirements are met.

Deferred tax assets for tax loss carryforwards are usually measured on the basis of future taxable income over a planning period of five fiscal years.

INVENTORIES

Raw materials, consumables and supplies, merchandise, work in progress and self-produced finished goods reported in inventories are carried at the lower of cost or net realizable value. Borrowing costs are not capitalized. The measurement of same or similar inventories is generally based on the weighted average method.

SHARE-BASED PAYMENT

Share-based payment in the Volkswagen Group comprises cash-settled performance share plans that are recognized in accordance with IFRS 2.

OTHER PROVISIONS

Provisions not resulting in an outflow of resources within one year are recognized at their settlement value discounted to the balance sheet date. Discounting is based on market interest rates. An average discount rate of 2.6% (previous year: 2.9%) was used in the eurozone. The settlement value also reflects cost increases expected.

OTHER LIABILITIES (NOT WITHIN THE SCOPE OF A SPECIFIC IFRS)

Other non-current liabilities outside the scope of a specific IFRS are carried at amortized cost in the balance sheet. Differences between historical cost and the repayment amount are amortized using the effective interest method.

Other current liabilities outside the scope of a specific IFRS are recognized at their repayment or settlement amount.

In cooperation with several partner banks, the Volkswagen Group offers reverse factoring programs that allow participating suppliers to have their receivables from Volkswagen settled before the agreed due date and in this way to manage their liquidity position. Extended payment terms are normally agreed under the reverse factoring arrangement, whereby participating suppliers that have their receivables settled early benefit from Volkswagen's credit rating. This strengthens the supply chain in the long term.

The Volkswagen Group assessed these programs on the basis of a variety of indicators and concluded that the liabilities concerned continue to have the characteristics of trade payables. Accordingly, the associated payments to the partner banks must be classified as cash outflows from operating activities.

REVENUE AND EXPENSE RECOGNITION

Sales revenue, interest and commission income from financial services and other operating income are recognized only when the relevant services have been rendered or the goods have been delivered, i.e. when the customer has obtained control of the goods or services. Where new and used vehicles and original parts are sold, the Company's performance generally occurs upon delivery, because that is the point when control is transferred, and the inventory risk and, for deliveries to a dealer, generally also the pricing decision pass to the customer. Revenue is reported net of sales allowances (discounts, customer bonuses, or rebates). The Volkswagen Group measures sales allowances and other variable consideration on the basis of experience and by taking account of current circumstances. Vehicles are normally sold to dealers on payment terms. A trade receivable is recognized for the period between vehicle delivery and receipt of payment. Any financing component included in the transaction is only recognized if the period between the transfer of the goods and the payment of consideration is longer than one year and the amount to be accrued is significant.

Income from financing and finance lease agreements is recognized using the effective interest method and included in sales revenue. If non-interest-bearing or low-interest vehicle financing arrangements are agreed, sales revenue for the vehicles is reduced by the interest benefits granted. Sales revenue from operate leases is recognized over the term of the contract on a straight line basis.

In contracts under which the goods or services are transferred over a period of time, revenue is recognized, depending on the type of goods or services provided, either according to the stage of completion or, to simplify, on a straight-line basis; the latter is only allowed if revenue recognition on a straight-line basis does not differ materially from recognition according to the stage of completion. As a rule, the stage of completion is determined as the proportion that contract costs incurred by the end of the reporting period bear to the estimated total contract costs (cost-to-cost method). Contract costs incurred generally represent the best way to measure the stage of completion for the performance obligation. If the outcome of a performance obligation satisfied over time is not sufficiently certain, but the Company expects, as a minimum, to recover its costs, revenue is only recognized in the amount of contract costs incurred (zero profit margin method). Since long-term construction contracts invariably give rise to contingent receivables from customers for the period to completion or payment by the customer, contract assets are recognized for the corresponding amounts. A trade receivable is recognized as soon as the Company has transferred the goods or services in full.

If services are sold to the customer at the same time as the vehicle, and the customer pays for them in advance, the Group recognizes a corresponding contract liability until the services have been transferred. Examples of services that customers pay for in advance are servicing, maintenance and certain warranty contracts as well as mobile online services. For extended warranties granted to all customers for a particular model, a provision is normally recognized in the same way as for statutory warranties. If the warranty is optional for the customer or includes an additional service component, the related sales revenue is deferred and recognized over the term of the warranty.

Income from the sale of assets for which a Group company has a buyback obligation is recognized only when the assets have definitively left the Group. If a fixed repurchase price was agreed when the contract was entered into, the difference between the selling price and the present value of the repurchase price is recognized ratably as income over the term of the contract. Prior to that time, the assets are carried as inventories in the case of short contract terms and as lease assets in the case of long contract terms.

Sales revenue is generally determined on the basis of the price stated in the contract. If variable consideration (e.g. volume-based bonus payments) has been agreed in a contract, the large number of contracts involved means that revenue has to be estimated using the expected value method. In exceptional cases, the most probable amount method may also be used. Once the expected sales revenue has been estimated, an additional check is carried out to determine whether there is any uncertainty that necessitates the reversal of the revenue initially recognized so that it can be virtually ruled out that sales revenue subsequently has to be adjusted downward. Provisions for reimbursements arise mainly from dealer bonuses.

In multiple element arrangements, the transaction price is allocated to the different performance obligations of the contract on the basis of relative standalone selling prices. In the Automotive Division, non-vehicle-related services are generally measured at their standalone selling prices for reasons of materiality.

Cost of sales includes the costs incurred to generate the sales revenue and the cost of goods purchased for resale. This item also includes the costs of additions to warranty provisions. Research and development costs not eligible for capitalization in the period and amortization of development costs are likewise carried under cost of sales. Reflecting the presentation of interest and commission income in sales revenue, the interest and commission expenses attributable to the financial services business are presented in cost of sales.

GOVERNMENT GRANTS

Government grants related to assets are deducted when arriving at the carrying amount of the asset and are recognized in profit or loss over the life of the depreciable asset as a reduced depreciation expense.

Government grants related to income, i.e. that compensate the Group for expenses incurred, are generally recognized in profit or loss for the period and allocated to those items in which the expenses to be compensated by the grants are also recognized. Grants in the form of non-monetary assets (e.g. the use of land free of charge or the transfer of resources free of charge) are disclosed as a memo item.

ESTIMATES AND ASSUMPTIONS BY MANAGEMENT

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses, as well as the related disclosure of contingent assets and liabilities of the reporting period. The estimates and assumptions relate largely to the following matters:

The impairment testing of non-financial assets (especially goodwill, brand names, capitalized development costs and special operational equipment) and equity-accounted investments, or investments accounted at cost, and the measurement of options on shares in companies that are not traded in an active market require assumptions about the future cash flows during the planning period, and possibly beyond it, as well as about the discount rate to be applied. The estimates made in order to separate cash flows mainly relate to future market shares, the trend in the respective markets and the profitability of the Volkswagen Group's products. When determining cash flows for conducting impairment tests on companies or equity investments with new technology operations, it is of particular importance to assess whether these new technologies are technically feasible and have the potential for industrial use. The recoverability of the Group's lease assets depends in particular on the residual value of the leased vehicles after expiration of the lease term, because this represents a significant portion of the expected cash flows. More detailed information on impairment tests and the measurement parameters used for those tests can be found in the explanations above regarding intangible assets.

If there are no observable market inputs, the fair values of assets acquired and liabilities assumed in a business combination are measured using recognized valuation techniques, such as the relief-from-royalty method or the residual method.

Impairment testing of financial assets requires estimates about the extent and probability of occurrence of future events. As far as possible, estimates are derived from experience taking into account current market data as well as rating categories and scoring information. The sections entitled "IFRS 7 (Financial Instruments)" and "Financial risk management and financial instruments" contain further details on how to determine loss allowances.

Accounting for provisions is also based on estimates of the extent and probability of occurrence of future events, as well as estimates of the discount rate. As far as possible, these are also based on experience or external opinions. The assumptions applied in the measurement of pension provisions are described in the "Provisions for pensions and other post-employment benefits" section. Actuarial gains or losses arising from changes in measurement inputs are recognized in other comprehensive income and therefore do not affect profit or loss reported in the income statement. Any change in the estimates of the amount of other provisions is always recognized in profit or loss. The provisions are regularly adjusted to reflect new information obtained. The use of expected values invariably means that unused provisions are reversed or additional amounts have to be recognized for provisions. Similarly to expenses for the recognition of provisions, income from the reversal of provisions is allocated to the respective functions. Warranty claims from sales transactions are calculated on the basis of losses to date, estimated future losses and the policy on ex gratia arrangements. In addition, assumptions must be made about the nature and extent of future warranty and ex gratia claims.

For the provisions recognized in connection with the diesel issue, assumptions were made in particular for working hours, material costs and hourly wage rates, depending on the series, model year and country concerned. In addition, assumptions were made for future resale prices of repurchased vehicles. These assumptions are based on qualified estimates, which are based in turn upon external data, and also reflect additional information available within the Company, such as values derived from past experience. Further information on the legal proceedings and on the legal risks associated with the diesel issue can be found in the "Litigation" section.

Tax provisions were recognized for potential future retrospective tax payments, while other provisions were recognized for ancillary tax payments arising in this connection.

Volkswagen AG and its subsidiaries have operations worldwide and are audited by local tax authorities on an ongoing basis. Amendments to tax laws and changes in legal precedent and their interpretation by the tax authorities in the respective countries may lead to tax payments that differ from the estimates made in the financial statements.

The measurement of the tax provision is based on the most likely exposure resulting from this risk materializing. Volkswagen decides whether to account for multiple tax uncertainties separately or in groups on the merits of each individual case considered, depending on which type of presentation is better suited to predicting the extent to which the tax risk will materialize. The pricing of individual products and services is complex, especially in relation to contracts for the cross-border supply of intragroup goods and services, because it is in many cases not possible to observe market prices for internally generated products, or the use of market prices for similar products is subject to uncertainty because they are not comparable. In these cases, prices – including for tax purposes – are determined on the basis of standardized, generally accepted valuation techniques.

If actual developments differ from the assumptions made for recognizing the provisions, the figures actually recorded may differ compared to the estimates expected originally.

An overview of other provisions can be found in the "Non-current and current other provisions" section.

Government grants are recognized based on an assessment as to whether there is reasonable assurance that the Group companies will fulfill the conditions for awarding the grants and that the grants will in fact be awarded. This assessment is based on the nature of the legal entitlement and past experience.

Estimates of the useful life of finite-lived assets are based on experience and are reviewed regularly. Where estimates are modified, the residual useful life is adjusted and an impairment loss is recognized if necessary.

Estimates of lease terms under IFRS 16 are based on the non-cancelable period of a lease and an assessment of whether existing extension and termination options will be exercised. The determination of the lease term and the discount rates used impacts on the amounts to be recognized for right-of-use assets and lease liabilities.

Measuring deferred tax assets requires assumptions regarding future taxable income and the timing of the realization of deferred tax assets.

The estimates and assumptions are based on underlying assumptions that reflect the current state of available knowledge. Specifically, the expected future development of business was based on the circumstances known at the date of preparation of these consolidated financial statements and a realistic assessment of the future development of the global and sector-specific environment. Estimates and assumptions remain subject to a high degree of uncertainty because future business developments are subject to uncertainties that in part cannot be influenced by the Group. This applies in particular to short- and medium-term cash flow forecasts and to the discount rates used.

Developments in this environment that differ from the assumptions and that cannot be influenced by management could result in amounts that differ from the original estimates. If actual developments differ from the expected developments, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted.

The global economy remained on a growth path in 2024 with somewhat slower momentum than in the previous year. This trend was seen in both the advanced economies and the emerging markets.

The Volkswagen Group's planning is based on the assumption that global economic output will grow overall in 2025 at a slightly slower pace than in 2024. Declining inflation in major economic regions and the resulting easing of monetary policy are expected to boost consumer demand. Risks continue to arise from increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, growth prospects are weighed down by persistent geopolitical tensions and conflicts; risks arise in particular from the Russia-Ukraine conflict, the confrontations in the Middle East, and the uncertainties regarding the future political orientation of the USA. The assumption is that both the advanced economies and the emerging markets will record somewhat weaker momentum on average than that of the reporting year.

Estimates and assumptions by management were based in particular on assumptions relating to the development of the general economic environment, the automotive markets and the legal environment. These and further assumptions are explained in detail in the Report on Expected Developments, which is part of the group management report.

Segment reporting

Segments are identified on the basis of the Volkswagen Group's internal management and reporting. In line with the Group's multibrand strategy, each of its brands (operating segments) is managed by its own Board of Management. The Group targets and requirements laid down by the Board of Management of Volkswagen AG must be complied with. Segment reporting comprises four reportable segments: Passenger Cars and Light Commercial Vehicles, Commercial Vehicles, Power Engineering and Financial Services.

The activities of the Passenger Cars and Light Commercial Vehicles segment cover the development of vehicles, engines and vehicle software, the production and sale of passenger cars and light commercial vehicles, and the corresponding genuine parts business. In the Passenger Cars and Light Commercial Vehicles reporting segment, the individual brands are combined into a single reportable segment, in particular as a response to the high degree of technological and economic interlinking in the production network. Furthermore, there is collaboration within key areas such as procurement, research and development or treasury.

The Commercial Vehicles segment primarily comprises the development, production and sale of trucks and buses, the corresponding genuine parts business and related services. As in the case of the passenger car brands, there is collaboration within the areas procurement, development and sales. The aim is to create closer cooperation within the business areas.

The Power Engineering segment combines the large-bore diesel engines, turbomachinery and propulsion components businesses.

The activities of the Financial Services segment comprise dealership and customer financing, leasing, direct banking and insurance activities, fleet management and mobility services. In this segment, activities are combined for reporting purposes taking into particular account the comparability of the type of services and of the regulatory environment.

Purchase price allocation for companies acquired is allocated directly to the corresponding segments.

At Volkswagen, segment profit or loss is measured on the basis of the operating result.

In segment reporting, the share of the result of joint ventures is contained in the result of equity-accounted investments in the corresponding segments.

The reconciliation contains activities and other operations that by definition do not constitute segments. It also includes the unallocated Group financing activities. Consolidation adjustments between the segments are also contained in the reconciliation.

Investments in intangible assets, property, plant and equipment, and investment property are reported net of investments in right-of-use assets from leases.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

REPORTING SEGMENTS 2024

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	220,042	44,930	4,332	54,997	324,300	355	324,656
Intersegment sales revenue	21,484	1,253	1	3,772	26,510	-26,510	–
Total sales revenue	241,526	46,183	4,333	58,769	350,811	-26,155	324,656
Cost of Sales	199,537	36,519	3,202	50,714	289,972	-24,788	265,184
Depreciation and amortization	17,000	2,886	130	10,644	30,661	-711	29,950
Impairment losses	941	17	–	795	1,754	353	2,107
Reversal of impairment losses	13	15	–	263	291	0	291
Segment result (operating result)	13,656	4,218	335	3,119	21,328	-2,268	19,060
Share of the result of equity-accounted investments	291	236	-2	-151	375	–	375
Interest result and other financial result	315	-1,084	10	26	-733	-1,897	-2,629
Equity-accounted investments	6,103	1,390	15	2,760	10,269	–	10,269
Investments in intangible assets, property, plant and equipment, and investment property	24,097	2,731	193	253	27,275	172	27,447

REPORTING SEGMENTS 2023[1]

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	223,152	44,725	4,043	49,998	321,918	366	322,284
Intersegment sales revenue	22,528	1,007	1	4,130	27,665	-27,665	–
Total sales revenue	245,680	45,731	4,044	54,128	349,584	-27,300	322,284
Cost of Sales[2]	200,929	36,950	2,942	46,266	287,088	-25,789	261,299
Depreciation and amortization	14,555	2,740	134	9,970	27,400	-617	26,783
Impairment losses	298	57	9	879	1,242	479	1,721
Reversal of impairment losses	38	5	–	444	486	0	486
Segment result (operating result)	19,432	3,714	366	3,786	27,298	-4,769	22,528
Share of the result of equity-accounted investments	2,112	124	0	55	2,291	–	2,291
Interest result and other financial result[3]	5,953	-458	23	-76	5,441	-7,161	-1,720
Equity-accounted investments	8,476	1,234	17	2,512	12,239	–	12,239
Investments in intangible assets, property, plant and equipment, and investment property	22,636	2,205	134	282	25,257	538	25,795

1 Prior-year figures adjusted (see disclosures on IAS 8 in the "Prior-year corrections in accordance with IAS 8" section).
2 From fiscal year 2024 onward, cost of sales is presented separately. The prior-year figures were adjusted accordingly.
3 From fiscal year 2024 onward, the effects of profit-and-loss transfer agreements are, for the subsidiaries, no longer presented in the other financial result. The prior-year figures were adjusted accordingly.

RECONCILIATION[1,2]

€ million	2024	2023
Segment sales revenue	**350,811**	**349,584**
Unallocated activities	1,573	1,599
Group financing	13	24
Consolidation/Holding company function	-27,740	-28,923
Group sales revenue	**324,656**	**322,284**
Segment cost of sales	**289,972**	**287,088**
Unallocated activities	1,454	1,421
Group financing	0	–
Consolidation/Holding company function	-26,242	-27,210
Cost of sales	**265,184**	**261,299**
Segment result (operating result)	**21,328**	**27,298**
Unallocated activities	24	114
Group financing	-50	10
Consolidation/Holding company function	-2,241	-4,894
Operating result	**19,060**	**22,528**
Financial result	**-2,255**	**570**
Consolidated result before tax	**16,806**	**23,099**

1 Prior-year figures adjusted (see disclosures on IAS 8 in the "Prior-year corrections in accordance with IAS 8" section).
2 From fiscal year 2024 onward, cost of sales is presented separately. The prior-year figures were adjusted accordingly.

BY REGION 2024

€ million	Germany	Europe/ Other markets[1]	North America	South America	Asia-Pacific	Hedges sales revenue	Total
Sales revenue from external customers	62,001	132,144	67,712	18,962	44,057	-219	324,656
Intangible assets, property, plant and equipment, lease assets and investment property	145,768	49,019	33,670	4,496	5,647	–	238,599

1 Excluding Germany.

BY REGION 2023

€ million	Germany	Europe/ Other markets[1]	North America	South America	Asia-Pacific	Hedges sales revenue	Total
Sales revenue from external customers	59,646	128,303	67,908	17,139	50,109	-821	322,284
Intangible assets, property, plant and equipment, lease assets and investment property	126,254	51,605	33,520	4,586	4,750	–	220,715

1 Excluding Germany.

Allocation of sales revenue to the regions follows the destination principle.

The allocation of interregional intragroup transactions regarding the segment assets has been presented uniformly according to the economic ownership.

Income statement disclosures

1. Sales revenue

STRUCTURE OF GROUP SALES REVENUE 2024

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total Segments	Reconciliation	Volkswagen Group
Vehicles	181,014	32,202	–	–	213,215	–17,542	195,673
Genuine parts	16,859	6,795	–	–	23,654	–187	23,467
Used vehicles and third-party products	14,985	2,256	–	22,936	40,177	–5,016	35,161
Engines, powertrains and parts deliveries	14,166	929	–	–	15,095	–100	14,995
Power Engineering	2	–	4,331	–	4,333	–1	4,332
Motorcycles	831	–	–	–	831	0	831
Leasing business	955	1,428	2	20,064	22,450	–1,439	21,011
Interest and similar income	266	0	–	14,844	15,111	–927	14,184
Hedges sales revenue	–257	–17	–	–	–273	55	–219
Other sales revenue	12,704	2,589	–	925	16,217	–997	15,220
	241,526	**46,183**	**4,333**	**58,769**	**350,811**	**–26,155**	**324,656**

STRUCTURE OF GROUP SALES REVENUE 2023

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total Segments	Reconciliation	Volkswagen Group
Vehicles	191,217	31,224	–	–	222,441	–19,325	203,115
Genuine parts	16,171	6,854	–	–	23,025	–196	22,829
Used vehicles and third-party products	12,977	2,560	–	22,897	38,434	–4,598	33,836
Engines, powertrains and parts deliveries	12,659	1,010	–	–	13,669	–71	13,598
Power Engineering	–	–	4,044	–	4,044	–1	4,043
Motorcycles	890	–	–	–	890	–	890
Leasing business	918	1,575	0	18,124	20,617	–1,387	19,230
Interest and similar income	310	0	–	12,500	12,810	–860	11,950
Hedges sales revenue	–930	26	–	–	–904	83	–821
Other sales revenue	11,469	2,482	–	607	14,558	–945	13,614
	245,680	**45,731**	**4,044**	**54,128**	**349,584**	**–27,300**	**322,284**

For segment reporting purposes, the sales revenue of the Group is presented by segment and market.

Other sales revenue comprises revenue from workshop services and license revenues, among other things.

Of the sales revenue recognized in the period under review, an amount of €9,790 million (previous year: €8,936 million) was included in contract liabilities as of January 1, 2024.

The sales revenue realized in the period under review comprises performance obligations of €622 million (previous year: €363 million) that had already been met in an earlier period.

In addition to existing performance obligations of €5,655 million (previous year: €4,794 million) in the Power Engineering segment, most of which are expected to be satisfied or for which sales revenue is expected to be recognized by December 31, 2025, the vast majority of the Volkswagen Group's performance obligations that were unsatisfied as of the reporting date relate to vehicle deliveries. Most of these deliveries had already been made at the time this report was prepared, or will be made in the first quarter of 2025. The calculation of the amounts for the Power Engineering Business Area took account of both contracts with a term of up to one year and service contracts under which the Volkswagen Group realizes sales revenue in exactly the same amount as the customer benefits from the services rendered by the Company. In the case of variable consideration, sales revenue is only recognized to the extent that there is reasonable assurance that this sales revenue will not subsequently have to be reversed or adjusted downward.

2. Cost of sales

Cost of sales includes interest expenses of €10,485 million (previous year: €7,968 million) attributable to the financial services business.

This item also includes impairment losses on intangible assets (primarily development costs), property, plant and equipment (primarily technical equipment and machinery, and land and buildings), and lease assets in the amount of €1,887 million (previous year: €1,335 million). The impairment losses totaling €914 million (previous year: €388 million) recognized during the reporting period on intangible assets and items of property, plant and equipment result primarily from lower values in use of various products in the Passenger Cars and Light Commercial Vehicles segment, due to market and exchange rate risks, and in particular from expected declines in volumes. The impairment losses on lease assets in the amount of €974 million (previous year: €947 million) are predominantly attributable to the Financial Services segment. They are based on constantly updated internal and external information that is factored into the forecast residual values of the vehicles. €194 million (previous year: €138 million) of this figure is reported in current lease assets.

Government grants related to income amounted to €324 million in the fiscal year (previous year: €292 million) and were generally allocated to the functional areas.

3. Distribution expenses

Distribution expenses amounting to €22.3 billion (previous year: €21.3 billion) include non-staff overheads and personnel costs, and depreciation and amortization applicable to the distribution function, as well as the costs of shipping, advertising and sales promotions.

4. Administrative expenses

Administrative expenses of €12.8 billion (previous year: €12.7 billion) mainly include non-staff overheads and personnel costs, as well as depreciation and amortization charges applicable to the administrative function.

5. Other operating income

€ million	2024	2023
Income from reversal of loss allowances on receivables and other assets	1,810	2,164
Income from reversal of provisions and accruals	933	922
Income from derivatives within hedge accounting	736	766
Income from derivatives not within hedge accounting Financial Services	492	894
Income from other hedges	2,073	2,245
Income from foreign exchange gains	3,478	3,419
Income from sale of promotional material	227	304
Income from cost allocations	1,087	1,470
Income from investment property	11	12
Gains on asset disposals and the reversal of impairment losses on non-current assets	605	586
Miscellaneous other operating income	3,521	2,369
	14,974	**15,152**

Foreign exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains resulting from measurement at the closing rate. Foreign exchange losses from these items are included in other operating expenses.

Income from other hedges relates primarily to gains from the fair value measurement and realization of derivative financial instruments in the Automotive Division that are not designated in a hedging relationship. Losses are included in other operating expenses.

6. Other operating expenses

€ million	2024	2023
Loss allowances on trade receivables	567	558
Loss allowances on other receivables and other assets	2,575	2,051
Expenses from derivatives within hedge accounting	864	754
Expenses from derivatives not within hedge accounting Financial Services	661	1,221
Expenses from other hedges	2,296	4,857
Foreign exchange losses	3,100	3,793
Expenses from cost allocations	1,171	1,113
Restructuring expenses	2,510	62
Losses on disposal of non-current assets	569	406
Miscellaneous other operating expenses	5,998	4,719
	20,312	**19,534**

Allowances on other receivables and other assets include allowances on receivables from long-term construction contracts amounting to €3.7 million (previous year: €2.1 million). For more information on restructuring expenses, see the “Key events” section.

Expenses from other hedges relate primarily to losses from the fair value measurement and realization of derivative financial instruments in the Automotive Division that are not designated in a hedging relationship. Gains are included in other operating income.

7. Share of the result of equity-accounted investments

€ million	2024	2023
Share of profits of equity-accounted investments	1,950	2,910
of which from joint ventures	1,658	2,713
of which from associates	292	196
Share of losses of equity-accounted investments	1,575	619
of which from joint ventures	717	174
of which from associates	858	445
	375	**2,291**

8. Interest result

€ million	2024	2023[1]
Interest income	**2,419**	**2,658**
Other interest and similar income	2,415	2,656
Valuation of fair value hedges	3	2
Interest expenses	**–3,446**	**–3,640**
Other interest and similar expenses	–1,596	–2,050
Valuation of fair value hedges	0	–3
Expenses from discounting lease liabilities	–266	–222
Interest result from compounding/discounting other non-current liabilities	–613	–351
Net interest on the net defined benefit liability	–971	–1,014
Interest result	**–1,027**	**–982**

1 Prior-year figures adjusted (see disclosures on IAS 8 in the "Prior-year corrections in accordance with IAS 8" section).

9. Other financial result

€ million	2024	2023
Income from profit and loss transfer agreements	35	28
Cost of loss absorption	–205	–63
Other income from equity investments	224	341
Other expenses from equity investments	–1,041	–837
Gains and losses from marketable securities and loans	810	725
Realized income of loan receivables and payables in foreign currency	1,310	1,093
Realized expenses of loan receivables and payables in foreign currency	–1,030	–1,226
Gains and losses from remeasurement and impairment of financial instruments	–1,688	–904
Gains and losses from fair value changes of hedging instruments/derivatives not included in hedge accounting	–13	111
Gains and losses from fair value changes of hedging instruments/derivatives included in hedge accounting	–4	–6
Other financial result	**–1,602**	**–739**

Gains and losses from the remeasurement and impairment of financial instruments are primarily attributable to the measurement of loan receivables and payables and to cash and cash equivalents in foreign currency.

Gains and losses from fair value changes of hedging instruments/derivatives not included in hedge accounting included gains on the measurement of the options in connection with the acquisition of Europcar in an amount of €0.1 billion in the previous year.

10. Income tax income/expense

COMPONENTS OF TAX INCOME AND EXPENSE

€ million	2024	2023[1]
Current tax expense, Germany	1,276	2,880
Current tax expense, abroad	4,582	3,911
Current income tax expense	**5,858**	**6,791**
of which prior-period income (–)/expense (+)	–720	–62
Deferred tax income (–)/expense (+), Germany	–938	–769
Deferred tax income (–)/expense (+), abroad	–508	–786
Deferred tax income (–)/expense (+)	**–1,447**	**–1,554**
Income tax income/expense	**4,411**	**5,237**

1 Prior-year figures adjusted (see disclosures on IAS 8 in the “Prior-year corrections in accordance with IAS 8” section).

The statutory corporation tax rate in Germany for the 2024 assessment period was 15%. Including trade tax and the solidarity surcharge, this resulted in an aggregate tax rate of 30.0% (previous year: 30.0%).

A tax rate of 30.0% (previous year: 30.0%) was used to measure deferred taxes in the German consolidated tax group.

The local income tax rates applied to companies outside Germany vary between 0% and 45% (previous year: 0% and 46%). In the case of split tax rates, the tax rate applicable to undistributed profits is applied.

The realization of tax benefits from tax loss carryforwards from previous years resulted in a reduction in current income taxes in 2024 of €356 million (previous year: €816 million).

The tax loss carryforwards and the expiry of loss carryforwards that could not be used changed as follows:

	PREVIOUSLY UNUSED TAX LOSS CARRYFORWARDS		THEREOF UNUSABLE TAX LOSS CARRYFORWARDS	
€ million	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Non-expiring tax loss carryforwards	17,204	14,993	4,040	4,577
Expiry within 10 years	3,556	1,880	1,937	1,152
Expiry over 10 years	10,458	10,511	534	381
Total	**31,218**	**27,385**	**6,510**	**6,111**

Deferred taxes on interest carried forward are recognized to the extent that it is probable that the interest carried forward can be used in the future. Interest carried forward that has not yet been used amounted to €718 million (previous year: €574 million). Interest carried forward in the amount of €528 million (previous year: €409 million) can be used without time limit, while €191 million (previous year: €165 million) has to be used within the next ten years.

The benefit arising from previously unrecognized tax losses or tax credits of a prior period that is used to reduce current tax expense in the current fiscal year amounts to €65 million (previous year: €120 million). Deferred tax expense was reduced by €99 million (previous year: €372 million) because of a benefit arising from previously unrecognized tax losses and tax credits of a prior period. Deferred tax expense resulting from the write-down of a deferred tax asset amounts to €81 million (previous year: €44 million). Deferred tax income resulting from the reversal of a write-down of deferred tax assets amounts to €19 million (previous year: €125 million).

Tax credits granted by various countries amounted to €443 million (previous year: €473 million).

No deferred tax assets were recognized for deductible temporary differences of €3,200 million (previous year: €2,232 million) and for tax credits of €114 million (previous year: €128 million) that would expire in the next 20 years.

In accordance with IAS 12.39, deferred tax liabilities of €216 million (previous year: €251 million) for temporary differences and undistributed profits of Volkswagen AG subsidiaries were not recognized because control exists. Deferred tax assets of €4,419 million (previous year: €3,964 million) for temporary differences in connection with investments in subsidiaries that are not expected to reverse in the foreseeable future due to the exercise of control have not been recognized.

Deferred tax expense resulting from changes in tax rates amounted to €119 million at Group level (previous year: deferred tax income of €9 million).

As of December 31, 2024, Volkswagen reported deferred tax assets that exceeded deferred tax liabilities by €7,779 million (previous year: €6,819 million) for companies that incurred a loss in the current or prior period. Of this amount €4,985 million is attributable to companies in VW AG's tax group and €2,325 million to companies in Luxembourg; the amounts relate primarily to deductible temporary differences and loss carryforwards. Tax assets in Luxembourg are recognized because some expenses for equity investments led to losses in the past, but taxable income is expected in future based on the business models of the companies in question. In Germany, recognition is based, among other factors, on a sufficient level of taxable profit in subsequent fiscal years, as documented in the business plans. In addition, Volkswagen expects that various cost/efficiency programs and product launches will lead to considerable improvements in profits.

The overall analysis has concluded that the companies concerned will generate a sufficient level of taxable profit that can be used to offset the tax losses and deductible temporary differences that have not been used to date.

€2,659 million (previous year: €2,861 million) of the deferred taxes recognized in the balance sheet was credited to equity and relates to other comprehensive income. €– 22 million (previous year: €– 66 million) of this figure is attributable to non-controlling interests. In fiscal year 2024, deferred tax income of €0 million from the remeasurement of pension plans directly through equity was reclassified within equity (previous year: €– million). There were no effects from capital transactions with non-controlling interests in either the current or the previous year. The classification of changes in deferred taxes is presented in the statement of comprehensive income.

In fiscal year 2024, no tax effects resulting from equity transaction costs were credited to equity (previous year: €3 million).

DEFERRED TAXES CLASSIFIED BY BALANCE SHEET ITEM

The following recognized deferred tax assets and liabilities were attributable to recognition and measurement differences in the individual balance sheet items and to tax loss carryforwards:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
€ million	Dec. 31, 2024	Dec. 31, 2023[1]	Dec. 31, 2024	Dec. 31, 2023
Intangible assets	1,243	1,179	15,632	15,095
Property, plant and equipment, and lease assets	5,812	6,076	7,949	8,041
Non-current financial assets	333	410	17	10
Inventories	3,644	2,743	1,166	924
Receivables and other assets (including Financial Services Division)	2,281	2,492	10,142	10,258
Other current assets	2,466	3,117	70	35
Pension provisions	4,986	5,476	35	88
Liabilities and other provisions	15,965	13,959	5,164	5,022
Loss allowances on deferred tax assets from temporary differences	-201	-194	–	–
Temporary differences, net of loss allowances	36,530	35,259	40,175	39,473
Tax loss carryforwards/Interest carryforwards, net of loss allowances	6,674	5,820	–	–
Tax credits, net of loss allowances	329	345	–	–
Value before consolidation and offset	**43,533**	**41,424**	**40,175**	**39,473**
of which attributable to non-current assets and liabilities	29,419	27,610	32,323	31,800
Offset	30,320	30,488	30,320	30,488
Consolidation	3,368	3,315	1,045	796
Amount recognized	**16,581**	**14,251**	**10,900**	**9,781**

1 Prior-year figures adjusted (see disclosures on IAS 8 in the “Prior-year corrections in accordance with IAS 8” section).

The tax expense reported for 2024 of €4,411 million (previous year adjusted: €5,237 million (see disclosures on IAS 8)) was €631 million (previous year: €1,692 million) lower than the expected tax expense of €5,042 million that would have resulted from application of a tax rate for the Group of 30.0% (previous year: 30.0%) to the earnings before tax of the Group.

RECONCILIATION OF EXPECTED TO EFFECTIVE INCOME TAX

€ million	2024	2023[1]
Profit before tax	16,806	23,099
Expected income tax income (–)/expense (+) (tax rate 30.0%; previous year 30.0%)	**5,042**	**6,930**
Reconciliation:		
Effect of different tax rates outside Germany	–528	–1,171
Proportion of taxation relating to:		
tax-exempt income	–625	–1,461
expenses not deductible for tax purposes	773	1,100
effects of loss carryforwards	66	52
permanent differences	–103	–761
Tax credits	–142	–120
Prior-period tax expense	–477	–361
Effect of tax rate changes	119	–9
Non-deductible withholding tax	374	702
Other taxation changes	–88	337
Effective income tax expense	**4,411**	**5,237**
Effective tax rate in %	26.3	22.7

1 Prior-year figures adjusted (see disclosures on IAS 8 in the "Prior-year corrections in accordance with IAS 8" section).

GLOBAL MINIMUM TOP-UP TAX

The introduction of global minimum taxation (Pillar 2) does not result in any material charges for the Volkswagen Group. The actual tax expense in connection with Pillar 2 income taxes amounts to €14 million. The Volkswagen Group has applied the exemption from recognizing and disclosing deferred taxes in connection with Pillar 2 income taxes.

11. Earnings per share

Basic earnings per share are calculated by dividing earnings attributable to Volkswagen AG shareholders by the weighted average number of ordinary and preferred shares outstanding during the reporting period. Since there were no transactions in 2024 and 2023 that had a dilutive effect on the number of shares, diluted earnings per share are equivalent to basic earnings per share.

In accordance with Article 27(2) No. 3 of the Articles of Association of Volkswagen AG, preferred shares are entitled to a €0.06 higher dividend than ordinary shares.

		2024	2023[1]
Weighted average number of:			
Ordinary shares – basic/diluted	Shares	295,089,818	295,089,818
Preferred shares – basic/diluted	Shares	206,205,445	206,205,445
Earnings after tax	€ million	12,394	17,861
Earnings attributable to non-controlling interests	€ million	1,043	1,329
Earnings attributable to Volkswagen AG hybrid capital investors	€ million	630	586
Earnings attributable to Volkswagen AG shareholders	€ million	10,721	15,947
of which basic/diluted earnings attributable to ordinary shares	€ million	6,304	9,380
of which basic/diluted earnings attributable to preferred shares	€ million	4,417	6,567
Earnings per ordinary share – basic/diluted	€	21.36	31.79
Earnings per preferred share – basic/diluted	€	21.42	31.85

1 Prior-year figures adjusted (see disclosures on IAS 8 in the “Prior-year corrections in accordance with IAS 8” section).

Balance sheet disclosures

12. Intangible assets

CHANGES IN INTANGIBLE ASSETS IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2024

€ million	Brand names	Goodwill	Capitalized development costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
Cost						
Balance at Jan. 1, 2024	**17,596**	**26,305**	**21,927**	**50,638**	**16,587**	**133,053**
Foreign exchange differences	17	75	17	–37	85	157
Changes in consolidated Group	–	20	–	1	–10	11
Additions	–	0	7,000	3,244	2,497	12,741
Transfers	–	1	–14,002	14,093	189	281
Disposals	6	2	123	2,044	355	2,530
Balance at Dec. 31, 2024	**17,607**	**26,399**	**14,819**	**65,896**	**18,993**	**143,714**
Amortization and impairment						
Balance at Jan. 1, 2024	**98**	**13**	**116**	**33,240**	**10,476**	**43,944**
Foreign exchange differences	–5	0	1	12	–40	–32
Changes in consolidated Group	–	3	–	1	–12	–8
Additions to cumulative amortization	–	–	–	6,739	1,524	8,263
Additions to cumulative impairment losses	–	8	414	56	12	489
Transfers	–	–	0	18	0	18
Disposals	6	2	80	1,990	214	2,292
Reversal of impairment losses	–	–	–	0	1	1
Balance at Dec. 31, 2024	**87**	**23**	**452**	**38,076**	**11,744**	**50,381**
Carrying amount at Dec. 31, 2024	**17,520**	**26,377**	**14,367**	**27,820**	**7,249**	**93,333**

CHANGES IN INTANGIBLE ASSETS IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2023

€ million	Brand names	Goodwill	Capitalized development costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
Cost						
Balance at Jan. 1, 2023	**17,633**	**26,211**	**17,595**	**44,949**	**15,464**	**121,853**
Foreign exchange differences	-27	-114	-8	23	-105	-231
Changes in consolidated Group	–	210	-137	–	31	104
Additions	–	–	9,275	1,868	1,302	12,445
Transfers	–	–	-4,763	4,763	219	219
Disposals	10	2	35	966	323	1,336
Balance at Dec. 31, 2023	**17,596**	**26,305**	**21,927**	**50,638**	**16,587**	**133,053**
Amortization and impairment						
Balance at Jan. 1, 2023	**105**	**9**	**93**	**29,021**	**9,385**	**38,612**
Foreign exchange differences	3	0	0	13	-23	-7
Changes in consolidated Group	–	–	–	–	-40	-40
Additions to cumulative amortization	–	–	–	5,120	1,298	6,418
Additions to cumulative impairment losses	–	6	23	45	71	145
Transfers	–	–	–	0	-2	-2
Disposals	10	2	0	954	212	1,179
Reversal of impairment losses	–	–	–	3	–	3
Balance at Dec. 31, 2023	**98**	**13**	**116**	**33,240**	**10,476**	**43,944**
Carrying amount at Dec. 31, 2023	**17,498**	**26,292**	**21,811**	**17,398**	**6,111**	**89,109**

Other intangible assets comprise in particular concessions, purchased customer lists and dealer relationships, industrial and similar rights, and licenses in such rights and assets.

The allocation of the brand names and goodwill to the operating segments is shown in the following table:

€ million	2024	2023
Brand names by operating segment		
Porsche	13,823	13,823
Scania Vehicles and Services	850	878
MAN Truck & Bus	1,127	1,127
MAN Energy Solutions	415	415
International Motors[1]	809	760
Ducati	404	404
Other[1]	93	92
	17,520	**17,498**
Goodwill by operating segment		
Porsche	18,835	18,825
Scania Vehicles and Services[1]	2,478	2,560
MAN Truck & Bus	587	587
MAN Energy Solutions[1]	291	290
International Motors	3,181	2,989
Ducati	290	290
Škoda	168	168
Porsche Holding Salzburg	126	125
Other[1]	422	457
	26,377	**26,292**

1 Prior-year figures adjusted.

The impairment test for recognized goodwill and brand names is always based on value in use, which has been determined at the level of the respective brand. In this process, the WACC rates, based on the risk-free rate of interest, a market risk premium, peer-group-specific beta factors and the cost of debt, are applied. For more information on the general approach and key assumptions, please refer to the details provided on intangible assets in the “Accounting policies” section. Moreover, the following aspects were of significance for the brands with material recognized brand names and goodwill:

The volume planning of the Porsche cash-generating unit (Porsche CGU) is based on regional differentiation and takes account of the impacts of currently known regional conflicts. In this context, challenging market conditions are expected due to protectionist tendencies, particularly in the markets in China and the USA, and additionally to more intense competition in China. Likewise, the plans anticipate that the transformation towards e-mobility will slow down compared with the previous year. Positive price effects will be supplemented by a globally balanced and value-based unit sales structure. The negative impact on earnings expected from 2025 onward from continuing rises in the cost of materials and from emission and fuel consumption legislation is to be offset by corresponding programs to increase efficiency. The strategic “Road to 20” program is intended to contribute to the long-term intensification of existing activities with a focus on optimizing the cost structure. Measures resolved by Porsche AG in fiscal year 2025 to strengthen the company’s short- and medium-term profitability have not been included in the impairment test as of December 31, 2024 because the measures were resolved after the reporting date.

Slight declines are expected in the commercial vehicle markets relevant to the TRATON GROUP in 2025 to 2029, with variations from region to region. Based on volume and price effects, it is nevertheless anticipated that sales revenue in the cash-generating units of the TRATON GROUP (CGUs of the TRATON GROUP) will increase over the planning period. The five-year plans of all CGUs of the TRATON GROUP forecast an increase in e-mobility. The costs of the transformation have been included in the cash flows.

At Scania Vehicles & Services, a rise in sales volume, higher average selling prices, and the expansion of the vehicle services business are additionally having a positive impact on the planned cash flows.

At MAN Truck & Bus, higher unit sales, the transformation to e-mobility and the realignment program launched in 2021 have a beneficial effect on cash flows.

In addition, International Motors is to be strengthened with measures ranging from use of the powerful component and technology organization within the TRATON GROUP through expansion of the financial services business to even more effective use of one of the largest independent dealer and service networks in the North American market, to which International Motors already has access today.

For all cash-generating units, except the Porsche CGU, recoverability is not affected by a variation in the discount rate of +0.5 percentage points or of the growth forecast for the perpetual annuity of –0.5 percentage points.

If the discount rate applied to the Porsche CGU were to increase by 0.5 percentage points, the recoverable amount would correspond to the carrying amount. If the current discount rate of 10.8% is used, the recoverable amount of the Porsche CGU exceeds the carrying amount by €3.5 billion.

Research and development costs developed as follows:

€ million	2024	2023	%
Total research and development costs	20,999	21,779	– 3.6
of which: capitalized development costs	10,244	11,142	– 8.1
Capitalization ratio in %	48.8	51.2	
Amortization of capitalized development costs	7,209	5,187	+ 39.0
Research and development costs recognized in profit or loss	**17,963**	**15,824**	**+ 13.5**

13. Property, plant and equipment

CHANGES IN PROPERTY, PLANT AND EQUIPMENT IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2024

€ million	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
Cost					
Balance at Jan. 1, 2024	**52,814**	**54,271**	**95,537**	**11,001**	**213,622**
Foreign exchange differences	267	183	292	129	872
Changes in consolidated Group	159	22	30	5	215
Additions	2,524	1,450	4,731	8,004	16,710
Transfers	1,068	2,006	2,561	–5,882	–247
Disposals	897	1,862	2,971	249	5,978
Balance at Dec. 31, 2024	**55,935**	**56,070**	**100,181**	**13,007**	**225,194**
Amortization and impairment					
Balance at Jan. 1, 2024	**24,627**	**42,857**	**79,243**	**15**	**146,742**
Foreign exchange differences	112	165	249	0	526
Changes in consolidated Group	35	12	12	–	59
Additions to cumulative amortization	2,439	3,027	5,437	–	10,903
Additions to cumulative impairment losses	139	132	62	92	424
Transfers	–23	11	17	–3	1
Disposals	643	1,798	2,447	–	4,887
Reversal of impairment losses	7	5	5	9	26
Balance at Dec. 31, 2024	**26,680**	**44,401**	**82,567**	**95**	**153,742**
Carrying amount at Dec. 31, 2024	**29,256**	**11,670**	**17,614**	**12,912**	**71,452**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2023

€ million	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
Cost					
Balance at Jan. 1, 2023	**50,789**	**53,934**	**91,212**	**9,991**	**205,925**
Foreign exchange differences	–281	–268	–288	–100	–936
Changes in consolidated Group	–298	–464	–434	–418	–1,614
Additions	2,080	1,280	4,326	7,141	14,826
Transfers	1,194	798	3,595	–5,446	142
Disposals	670	1,009	2,874	166	4,720
Balance at Dec. 31, 2023	**52,814**	**54,271**	**95,537**	**11,001**	**213,622**
Amortization and impairment					
Balance at Jan. 1, 2023	**23,083**	**42,377**	**76,565**	**10**	**142,035**
Foreign exchange differences	–113	–216	–239	0	–568
Changes in consolidated Group	–281	–446	–413	–10	–1,150
Additions to cumulative amortization	2,337	3,053	4,712	–	10,102
Additions to cumulative impairment losses	26	185	19	13	244
Transfers	–2	–1,134	1,246	6	116
Disposals	423	962	2,642	0	4,026
Reversal of impairment losses	0	1	6	3	10
Balance at Dec. 31, 2023	**24,627**	**42,857**	**79,243**	**15**	**146,742**
Carrying amount at Dec. 31, 2023	**28,186**	**11,414**	**16,294**	**10,986**	**66,880**

Government grants of €180 million (previous year: €237 million) were deducted from the cost of property, plant and equipment.

In connection with land and buildings, real property liens of €2,038 million (previous year: €1,497 million) are pledged as collateral for partial retirement obligations, financial liabilities and other liabilities.

14. Lease assets and investment property

CHANGES IN LEASE ASSETS AND INVESTMENT PROPERTY IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2024

€ million	Lease assets	Investment property	Total
Cost **Balance at Jan. 1, 2024**	**86,093**	**1,033**	**87,126**
Foreign exchange differences	1,202	16	1,218
Changes in consolidated Group	55	0	55
Additions	37,986	7	37,994
Transfers	115	–	115
Disposals	29,119	17	29,136
Balance at Dec. 31, 2024	**96,333**	**1,039**	**97,372**
Amortization and impairment **Balance at Jan. 1, 2024**	**21,999**	**401**	**22,400**
Foreign exchange differences	335	4	339
Changes in consolidated Group	16	–	16
Additions to cumulative amortization	10,763	21	10,785
Additions to cumulative impairment losses	780	–	780
Transfers	12	0	12
Disposals	10,502	9	10,511
Reversal of impairment losses	264	–	264
Balance at Dec. 31, 2024	**23,139**	**417**	**23,557**
Carrying amount at Dec. 31, 2024	**73,193**	**622**	**73,815**

CHANGES IN LEASE ASSETS AND INVESTMENT PROPERTY IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2023

€ million	Lease assets	Investment property	Total
Cost **Balance at Jan. 1, 2023**	**80,919**	**961**	**81,880**
Foreign exchange differences	–779	–13	–792
Changes in consolidated Group	1,098	4	1,101
Additions	32,974	6	32,980
Transfers	–57	93	36
Disposals	28,061	19	28,080
Balance at Dec. 31, 2023	**86,093**	**1,033**	**87,126**
Amortization and impairment **Balance at Jan. 1, 2023**	**21,539**	**351**	**21,890**
Foreign exchange differences	–216	–3	–219
Changes in consolidated Group	92	0	92
Additions to cumulative amortization	10,241	21	10,263
Additions to cumulative impairment losses	809	1	810
Transfers	–19	34	15
Disposals	10,051	4	10,055
Reversal of impairment losses	395	0	396
Balance at Dec. 31, 2023	**21,999**	**401**	**22,400**
Carrying amount at Dec. 31, 2023	**64,094**	**632**	**64,726**

Lease assets include assets leased out under the terms of operating leases and assets covered by long-term buy-back agreements.

Investment property includes apartments rented out and leased dealerships with a fair value of €1,458 million (previous year: €1,456 million). Fair value is estimated using an investment method based on internal calculations (Level 3 of the fair value hierarchy). Operating expenses of €98 million (previous year: €85 million) were incurred for the maintenance of investment property in use. Expenses of €1.7 million (previous year: €0.4 million) were incurred for unused investment property.

Rental income from investment property amounted to €83 million in fiscal year 2024 (previous year: €81 million).

15. Equity-accounted investments and other equity investments

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2024

€ million	Equity-accounted investments	Other equity investments	Total
Gross carrying amount **Balance at Jan. 1, 2024**	**15,204**	**5,734**	**20,937**
Foreign exchange differences	103	32	135
Changes in consolidated Group	243	–425	–183
Additions	615	2,211	2,826
Transfers	–	–	–
Disposals	2,007	332	2,339
Changes recognized in profit or loss	91	–62	29
Dividends[1]	–2,711	–	–2,711
Other changes recognized in other comprehensive income	93	12	105
Balance at Dec. 31, 2024	**11,630**	**7,170**	**18,800**
Impairment losses **Balance at Jan. 1, 2024**	**2,964**	**1,303**	**4,267**
Foreign exchange differences	2	7	9
Changes in consolidated Group	–	0	0
Additions	414	350	764
Transfers	–	–	–
Disposals	2,018	177	2,196
Reversal of impairment losses	–	44	44
Balance at Dec. 31, 2024	**1,361**	**1,439**	**2,800**
Carrying amount at Dec. 31, 2024	**10,269**	**5,731**	**16,000**

1 Dividends are shown before withholding tax.

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2023

€ million	Equity-accounted investments	Other equity investments	Total
Gross carrying amount **Balance at Jan. 1, 2023**	**15,235**	**4,538**	**19,774**
Foreign exchange differences	-217	-48	-265
Changes in consolidated Group	271	-386	-114
Additions	570	2,085	2,655
Transfers	–	–	–
Disposals	–	321	321
Changes recognized in profit or loss	2,243	-13	2,230
Dividends[1]	-2,511	–	-2,511
Other changes recognized in other comprehensive income	-388	-122	-510
Balance at Dec. 31, 2023	**15,204**	**5,734**	**20,937**
Impairment losses **Balance at Jan. 1, 2023**	**2,567**	**1,050**	**3,617**
Foreign exchange differences	-3	-8	-12
Changes in consolidated Group	-19	94	76
Additions	523	304	826
Transfers	–	–	–
Disposals	27	96	124
Reversal of impairment losses	76	40	116
Balance at Dec. 31, 2023	**2,964**	**1,303**	**4,267**
Carrying amount at Dec. 31, 2023	**12,239**	**4,431**	**16,670**

1 Dividends are shown before withholding tax.

Equity-accounted investments include joint ventures in the amount of €5,698 million (previous year: €7,139 million) and associates in the amount of €4,571 million (previous year: €5,100 million).

Among the additions to other equity investments, the main item was an amount of €1.1 billion for the acquisition of shares of Rivian (previous year: €0.7 billion for the acquisition of shares of XPeng).

Disposals of equity-accounted investments were mainly attributable to Argo AI in an amount of €2.0 billion.

Most of the additions to impairment losses on equity-accounted investments related to the equity investment in the associate Northvolt; they amounted to €0.2 billion (previous year: impairment loss of €0.4 billion on QuantumScape).

Additional disclosures on the equity investments described above can be found in the “Key events” section.

Of the other changes recognized in other comprehensive income, €117 million (previous year: €– 377 million) is attributable to joint ventures and €– 24 million (previous year: €– 12 million) to associates. They are mainly the result of foreign exchange differences in the amount of €114 million (previous year: €– 288 million), pension plan remeasurements in the amount of €6 million (previous year: €– 3 million) and fair value measurement of cash flow hedges in the amount of €– 26 million (previous year: €– 128 million).

16. Non-current and current financial services receivables

€ million	Carrying amount Current	Carrying amount Non-current	Carrying amount Dec. 31, 2024	Fair value Dec. 31, 2024	Carrying amount Current	Carrying amount Non-current	Carrying amount Dec. 31, 2023	Fair value Dec. 31, 2023
Receivables from financing business								
Customer financing	25,880	51,719	77,599	78,966	27,025	49,354	76,379	76,713
Dealer financing	20,294	3,478	23,772	23,781	17,968	3,780	21,748	21,731
Direct banking	384	23	407	412	361	22	382	387
	46,558	**55,221**	**101,779**	**103,158**	**45,353**	**53,155**	**98,509**	**98,831**
Receivables from operating leases	588	–	588	588	496	–	496	496
Receivables from finance leases	21,709	45,866	67,575	68,341	20,532	41,318	61,850	61,720
	68,855	**101,087**	**169,942**	**172,087**	**66,381**	**94,474**	**160,855**	**161,047**

Finance lease receivables included in financial services receivables of €169.9 billion (previous year: €160.9 billion) increased by €113 million (previous year: increase of €293 million) due to hedged fair value changes of hedged items designated in portfolio hedges.

The receivables from customer and dealer financing are secured by vehicles or real property liens. Of the receivables, €1,124 million (previous year: €957 million) was furnished as collateral for financial liabilities and contingent liabilities.

The receivables from dealer financing include €1 million (previous year: €30 million) receivable from unconsolidated affiliated companies.

17. Non-current and current other financial assets

€ million	Carrying amount Current	Carrying amount Non-current	Carrying amount Dec. 31, 2024	Carrying amount Current	Carrying amount Non-current	Carrying amount Dec. 31, 2023
Positive fair values of derivative financial instruments	3,425	3,814	7,239	3,289	4,629	7,918
Receivables from loans, bonds, profit participation rights (excluding interest)	9,400	6,804	16,204	8,972	6,201	15,173
Miscellaneous financial assets	5,824	1,511	7,335	4,692	927	5,619
	18,649	**12,129**	**30,778**	**16,953**	**11,757**	**28,710**

Other financial assets include receivables from related parties of €15.5 billion (previous year: €14.3 billion). Other financial assets amounting to €108 million (previous year: €90 million) were furnished as collateral for financial liabilities and contingent liabilities. There is no original right of disposal or pledge for the furnished collateral on the part of the collateral taker.

In addition, miscellaneous financial assets include receivables from restricted deposits that serve as collateral (mainly under asset-backed securities transactions).

The positive fair values of derivatives relate to the following items:

€ million	Dec. 31, 2024	Dec. 31, 2023
Transactions for hedging		
foreign currency risk from assets using fair value hedges	27	28
foreign currency risk from liabilities using fair value hedges	121	50
interest rate risk using fair value hedges	271	364
interest rate risk using cash flow hedges	316	170
foreign currency and price risk from future cash flows (cash flow hedges)	4,224	3,801
Hedging transactions Total	**4,958**	**4,413**
Assets related to derivatives not included in hedging relationships	2,280	3,506
Total	**7,239**	**7,918**

Positive fair values of €86 million (previous year: €260 million) were recognized from transactions for hedging interest rate risk (fair value hedges) designated in portfolio hedges.

Further details on derivative financial instruments as a whole are given in the section entitled "Financial risk management and financial instruments".

18. Non-current and current other receivables

	CARRYING AMOUNT			CARRYING AMOUNT		
€ million	Current	Non-current	Dec. 31, 2024	Current	Non-current	Dec. 31, 2023
Other recoverable income taxes	6,139	1,375	7,514	5,431	1,240	6,671
Miscellaneous receivables	4,078	1,493	5,570	3,367	1,462	4,829
	10,217	**2,868**	**13,085**	**8,798**	**2,702**	**11,499**

Miscellaneous receivables include assets to fund post-employment benefits in the amount of €198 million (previous year: €127 million). This item also includes assets from reinsurance contracts held in an amount of €29 million (previous year: €35 million).

Current other receivables are predominantly non-interest-bearing.

Other receivables include contingent receivables from long-term construction contracts recognized in accordance with project progress. They correspond to the contract assets recognized under contracts with customers and changed as follows:

€ million	2024	2023
Contingent construction contract receivables at Jan. 1	**347**	**212**
Additions and disposals	291	136
Change in valuation allowances	–3	–1
Foreign exchange differences	0	0
Contingent construction contract receivables at Dec. 31	**635**	**347**

The Volkswagen Group capitalizes costs to obtain a contract and amortizes them on a straight-line basis over the life of the contract only if they are material, the underlying contract has a term of at least one year, and these costs would not have been incurred, if the corresponding contract had not been entered into. As of December 31, 2024, costs of €14 million to obtain contracts were recognized as assets (previous year: €– million). In fiscal year 2024, amortization charges of €4 million on capitalized costs to obtain contracts were incurred (previous year: €– million).

19. Tax assets

	CARRYING AMOUNT			CARRYING AMOUNT		
€ million	Current	Non-current	Dec. 31, 2024	Current	Non-current[1]	Dec. 31, 2023[1]
Deferred tax assets	–	16,581	16,581	–	14,251	14,251
Tax receivables	2,038	409	2,447	1,649	437	2,086
	2,038	**16,991**	**19,029**	**1,649**	**14,688**	**16,337**

1 Prior-year figures adjusted (see disclosures on IAS 8 in the "Prior-year corrections in accordance with IAS 8" section).

Deferred tax assets include an amount of €8,482 million (previous year adjusted: €7,916 million (see disclosures on IAS 8)) arising from recognition and measurement differences between IFRS carrying amounts and the tax base, which will reverse within one year.

20. Inventories

€ million	Dec. 31, 2024	Dec. 31, 2023
Raw materials, consumables and supplies	8,926	9,787
Work in progress	5,100	5,005
Finished goods and purchased merchandise	32,905	30,994
Current lease assets	6,226	6,183
Prepayments	3,587	1,649
Hedges on inventories	–25	–16
	56,720	**53,601**

At the same time as the relevant revenue was recognized, inventories in the amount of €215 billion (previous year: €234 billion) were included in cost of sales. Loss allowances (excluding lease assets) recognized as expenses in the reporting period amounted to €839 million (previous year: €621 million). Vehicles with a value amounting to €276 million (previous year: €236 million) were assigned as collateral for partial retirement obligations.

21. Trade receivables

€ million	Dec. 31, 2024	Dec. 31, 2023
Trade receivables from		
third parties	17,133	18,340
unconsolidated subsidiaries	150	185
joint ventures	3,770	3,234
associates	75	89
other investees and investors	1	1
	21,130	**21,849**

The fair values of the trade receivables correspond to the carrying amounts.

22. Marketable securities and time deposits

The marketable securities serve to safeguard liquidity. They are mainly short-term fixed-income securities and shares. Most securities are measured at fair value. Current securities amounting to €814 million (previous year: €1,264 million) were furnished as collateral for financial liabilities and contingent liabilities. There is no original right of disposal or pledge for the furnished collateral on the part of the collateral taker.

23. Cash and cash equivalents

€ million	Dec. 31, 2024	Dec. 31, 2023
Bank balances	39,816	43,158
Checks, cash-in-hand, bills and call deposits	480	291
	40,296	**43,449**

Bank balances are held at various banks in different currencies and also include time deposits with maturities of less than three months.

24. Equity

The subscribed capital of Volkswagen AG is composed of no-par value bearer shares with a notional value of €2.56. As well as ordinary shares, there are preferred shares that entitle the bearer to a €0.06 higher dividend than ordinary shares, but do not carry voting rights.

The Annual General Meeting on May 10, 2023 resolved to create authorized capital of up to €228 million, expiring on May 9, 2028, to issue new preferred bearer shares.

The subscribed capital is composed of 295,089,818 no-par value ordinary shares (previous year: 295,089,818) and 206,205,445 no-par value preferred shares (previous year: 206,205,445), and amounts to €1,283,315,873 (previous year: €1,283,315,873).

The capital reserves comprise the share premium totaling €14,225 million (previous year: €14,225 million) from capital increases, the share premium of €219 million from the issuance of bonds with warrants and an amount of €107 million appropriated on the basis of the capital reduction implemented in 2006. No amounts were withdrawn from the capital reserves.

DIVIDENDS AND DIVIDEND PROPOSAL

In accordance with section 58(2) of the Aktiengesetz (AktG – German Stock Corporation Act), the dividend payment by Volkswagen AG is based on the net retained profits reported in the annual financial statements of Volkswagen AG prepared in accordance with the German Commercial Code. Based on these annual financial statements of Volkswagen AG, and following the transfer of €1,960 million to revenue reserves, net retained profits of €3,175 million are eligible for distribution. The Board of Management and Supervisory Board will propose to the Annual General Meeting that a total dividend of €3,171 million, i.e. €6.30 per ordinary share and €6.36 per preferred share, be paid from the net retained profits. Shareholders are not entitled to a dividend payment until it has been resolved by the Annual General Meeting.

In fiscal year 2024, based on the resolution of the Annual General Meeting of Volkswagen AG of May 29, 2024, a dividend of €9.00 per ordinary share and €9.06 per preferred share was paid.

HYBRID CAPITAL

Under IAS 32, the hybrid notes of the Volkswagen Group must be classified in their entirety as equity. The capital raised was recognized in equity, less a discount and transaction costs and net of deferred taxes. The interest payments payable to the noteholders will be recognized directly in equity. IAS 32 only allows these hybrid notes to be classified as debt once the respective hybrid note is called. Interest may be accumulated depending on whether a dividend is paid to Volkswagen AG shareholders.

In May 2024, Volkswagen AG called a hybrid note (maturity: 6 years) with a principal amount of €1,250 million, which had been placed in 2018 via Volkswagen International Finance N.V., Amsterdam/the Netherlands (issuer). Once called, the note was classified as debt in accordance with IAS 32. Equity and net liquidity of the Volkswagen Group were reduced accordingly. The hybrid note was redeemed on June 27, 2024.

In July 2023, Volkswagen AG called a hybrid note (maturity: 10 years) with a principal amount of €750 million, which had been placed in 2013 via Volkswagen International Finance N.V., Amsterdam/the Netherlands (issuer). Once called, the note was classified as debt in accordance with IAS 32. Equity and net liquidity of the Volkswagen Group were reduced accordingly. The hybrid note was redeemed on September 4, 2023.

From the hybrid capital issued on September 6, 2023, Volkswagen AG recorded a cash inflow of €1,750 million less transaction costs of €9 million. In addition, the recognition of deferred taxes led to non-cash effects of €3 million.

NON-CONTROLLING INTERESTS

As of December 31, 2024, non-controlling interests amounted to €14,437 million (previous year: €14,218 million). Non-controlling interests are mainly attributable to the Porsche AG Group and the TRATON GROUP.

The table below shows summarized financial information of the Porsche AG Group, including amortized goodwill and fair value adjustments, which were determined at the acquisition date:

€ million	2024	2023
Non-controlling interests in %[1]	24.58	24.58
Non-controlling interests	12,707	12,384
Non-current assets	66,058	63,261
Current assets	20,288	20,040
Non-current liabilities	20,354	19,420
Current liabilities	14,343	13,567
Sales revenue	40,083	40,530
Earnings after tax	3,542	5,128
Other comprehensive income, net of tax	–116	471
Dividend paid to non-controlling interest shareholders	517	225
Gross cash flow	8,312	8,889
Change in working capital	–1,960	–1,866
Cash flows from operating activities	6,353	7,023
Cash flows from investing activities	–4,007	–4,322
Net cash flow	2,345	2,701

1 The percentage only includes direct non-controlling interests.

The table below shows summarized financial information of the TRATON GROUP, including amortized goodwill and fair value adjustments, which were determined at the acquisition date:

€ million	2024	2023
Non-controlling interests in %[1]	10.28	10.28
Non-controlling interests	1,525	1,553
Non-current assets	43,961	41,769
Current assets	22,804	21,101
Non-current liabilities	24,873	23,272
Current liabilities	23,263	22,373
Sales revenue	47,473	46,872
Earnings after tax	2,814	2,448
Other comprehensive income, net of tax	–477	–25
Dividend paid to non-controlling interest shareholders	77	36
Gross cash flow	5,654	5,263
Change in working capital	–3,315	–2,680
Cash flows from operating activities	2,340	2,583
Cash flows from investing activities	–2,782	–2,385
Net cash flow	–442	198

1 The percentage only includes direct non-controlling interests.

25. Non-current and current financial liabilities

	CARRYING AMOUNT			CARRYING AMOUNT		
€ million	Current	Non-current	Dec. 31, 2024	Current	Non-current	Dec. 31, 2023
Bonds	25,994	80,963	106,958	25,272	73,885	99,157
Commercial paper and notes	21,539	25,982	47,521	21,446	23,281	44,727
Liabilities to banks	13,446	18,834	32,280	25,769	15,288	41,057
Deposits business	53,632	3,927	57,559	35,589	3,238	38,827
Loans and miscellaneous liabilities	1,156	1,430	2,587	1,288	1,250	2,537
Lease liabilities	1,252	5,924	7,176	1,112	5,381	6,494
	117,020	**137,061**	**254,081**	**110,476**	**122,323**	**232,799**

26. Non-current and current other financial liabilities

	CARRYING AMOUNT			CARRYING AMOUNT		
€ million	Current	Non-current	Dec. 31, 2024	Current	Non-current	Dec. 31, 2023
Negative fair values of derivative financial instruments	3,240	4,144	7,383	2,649	4,680	7,329
Interest payable	1,407	254	1,661	1,256	281	1,537
Miscellaneous financial liabilities	9,717	2,151	11,868	10,117	2,006	12,123
	14,364	**6,548**	**20,913**	**14,022**	**6,968**	**20,990**

Miscellaneous current financial liabilities relate mainly to buy-back agreements in an amount of €2,802 million (previous year: €3,225 million) and deferred liabilities of €1,434 million (previous year: €1,115 million).

The negative fair values of derivatives relate to the following items:

€ million	Dec. 31, 2024	Dec. 31, 2023
Transactions for hedging		
foreign currency risk from assets using fair value hedges	16	30
foreign currency risk from liabilities using fair value hedges	22	81
interest rate risk using fair value hedges	1,104	1,793
interest rate risk using cash flow hedges	89	64
foreign currency and price risk from future cash flows (cash flow hedges)	3,448	2,443
Hedging transactions Total	**4,678**	**4,412**
Liabilities related to derivatives not included in hedging relationships	2,705	2,918
Total	**7,383**	**7,329**

Negative fair values of €100 million (previous year: €110 million) were recognized from transactions for hedging interest rate risk (fair value hedges) designated in portfolio hedges.

Further details on derivative financial instruments as a whole are given in the section entitled “Financial risk management and financial instruments”.

27. Non-current and current other liabilities

€ million	Carrying amount			Carrying amount		
	Current	Non-current	Dec. 31, 2024	Current	Non-current	Dec. 31, 2023
Payments received on account of orders	11,352	7,684	19,036	10,446	7,001	17,447
Liabilities relating to						
other taxes	4,081	207	4,288	3,930	219	4,149
social security	1,032	68	1,100	881	74	955
wages and salaries	5,896	863	6,759	6,789	799	7,588
Miscellaneous liabilities	2,391	1,763	4,154	2,298	1,792	4,091
	24,752	**10,584**	**35,336**	**24,345**	**9,885**	**34,230**

The liabilities from advance payments received under contracts with customers correspond to the contractual liabilities from customer contracts and are part of the payments received on account of orders. These changed as follows:

€ million	2024	2023
Liabilities from advance payments received under contracts with customers at Jan. 1	**15,752**	**14,286**
Additions and disposals	1,553	1,603
Changes in consolidated Group	9	6
Classified as held for sale	–	0
Foreign exchange differences	222	–143
Liabilities from advance payments received under contracts with customers at Dec. 31	**17,536**	**15,752**

28. Tax liabilities

€ million	Carrying amount			Carrying amount		
	Current	Non-current	Dec. 31, 2024	Current	Non-current	Dec. 31, 2023
Deferred tax liabilities	–	10,900	10,900	–	9,781	9,781
Provisions for taxes	1,698	4,084	5,783	1,663	4,287	5,950
Tax payables	724	0	724	556	–	556
	2,422	**14,984**	**17,406**	**2,219**	**14,068**	**16,287**

Deferred tax liabilities include an amount of €937 million (previous year: €717 million) arising from recognition and measurement differences between IFRS carrying amounts and the tax base, which will reverse within one year.

29. Provisions for pensions and other post-employment benefits

Provisions for pensions are recognized for commitments in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees.

Volkswagen Group companies provide occupational pensions under both defined contribution and defined benefit plans. In the case of defined contribution plans, the Company makes contributions to state or private pension schemes based on legal or contractual requirements, or on a voluntary basis. Once the contributions have been paid, there are no further obligations for the Volkswagen Group. Current contributions are recognized as pension expenses of the period concerned. In fiscal year 2024, they amounted to a total of €3,198 million (previous year: €3,061 million) in the Volkswagen Group. Of this figure, contributions to the compulsory state pension system in Germany amounted to €1,971 million (previous year: €1,963 million).

In the case of defined benefit plans, a distinction is made between pensions funded by provisions and externally funded plans.

The pension provisions for defined benefits are measured by independent actuaries using the internationally accepted projected unit credit method in accordance with IAS 19, under which the future obligations are measured on the basis of the ratable benefit entitlements earned as of the balance sheet date. Measurement reflects actuarial assumptions as to discount rates, salary and pension trends, employee turnover rates, longevity and increases in healthcare costs, which were determined for each Group company depending on the economic environment. Remeasurements arise from differences between what has actually occurred and the prior-year assumptions, from changes in assumptions, as well as from gains or losses on plan assets, excluding amounts included in net interest income or expenses. They are recognized in other comprehensive income, net of deferred taxes, in the period in which they arise.

Multi-employer pension plans exist in the Volkswagen Group in the United Kingdom, Switzerland, Sweden and the Netherlands. These plans are defined benefit plans. A small proportion of them are accounted for as defined contribution plans, as the Volkswagen Group is not authorized to receive the information required in order to account for them as defined benefit plans. Under the terms of the multi-employer plans, the Volkswagen Group is not liable for the obligations of the other employers. In the event of its withdrawal from the plans or their winding-up, the proportionate share of the surplus of assets attributable to the Volkswagen Group will be credited or the proportionate share of the deficit attributable to the Volkswagen Group will have to be funded. In the case of the defined benefit plans accounted for as defined contribution plans, the Volkswagen Group's share of the obligations represents a small proportion of the total obligations. No probable significant risks arising from multi-employer defined benefit pension plans that are accounted for as defined contribution plans have been identified. The expected contributions to those plans will amount to €30 million for fiscal year 2025 (previous year: €30 million).

Owing to their benefit character, the obligations of the US Group companies in respect of post-employment medical care in particular are also carried under provisions for pensions. These post-employment benefit provisions take into account the expected long-term change in the cost of healthcare. In fiscal year 2024, €37 million (previous year: €40 million) was recognized as an expense for healthcare costs. The related carrying amount as of December 31, 2024 was €686 million (previous year: €550 million).

The following amounts were recognized in the balance sheet for defined benefit plans:

€ million	Dec. 31, 2024	Dec. 31, 2023
Present value of funded obligations	24,803	20,233
Fair value of plan assets	18,108	16,381
Funded status (net)	6,696	3,851
Present value of unfunded obligations	20,670	25,590
Amount not recognized as an asset because of the ceiling in IAS 19	39	104
Net liability recognized in the balance sheet	**27,404**	**29,546**
of which provisions for pensions	27,602	29,672
of which other assets	198	127

Following the decision by the Porsche AG Group to use external plan assets to fund in part the pension plans that had previously been funded solely by recognized provisions, there was a movement of €3,788 million from the present value of obligations not funded by plan assets to the present value of externally funded obligations in fiscal year 2024.

Significant pension arrangements in the Volkswagen Group

For the period after their active working life, the Volkswagen Group offers its employees benefits under attractive, modern occupational pension arrangements. Most of the arrangements in the Volkswagen Group are pension plans for employees in Germany classified as defined benefit plans under IAS 19. The majority of these obligations are funded solely by recognized provisions. These plans are now largely closed to new members. To reduce the risks associated with defined benefit plans, in particular longevity, salary increases and inflation, the Volkswagen Group has introduced new defined benefit plans in recent years whose benefits are funded by appropriate external plan assets. The aforementioned risks have been largely reduced in these pension plans. The proportion of the total defined benefit obligation attributable to pension obligations funded by plan assets will continue to rise in the future. The significant pension plans are described in the following.

GERMAN PENSION PLANS FUNDED SOLELY BY RECOGNIZED PROVISIONS

The pension plans funded solely by recognized provisions comprise both contribution-based plans with guarantees and final salary plans. For contribution-based plans, an annual pension expense dependent on income and status is converted into a lifelong pension entitlement using annuity factors (guaranteed modular pension entitlements). The annuity factors include a guaranteed rate of interest. At retirement, the modular pension entitlements earned annually are added together. For final salary plans, the underlying salary is multiplied at retirement by a percentage that depends on the years of service up until the retirement date.

The present value of the guaranteed obligation rises as interest rates fall and is therefore exposed to interest rate risk.

The pension system provides for lifelong pension payments. The companies bear the longevity risk in this respect. This is accounted for by calculating the annuity factors and the present value of the guaranteed obligation using the latest generational mortality tables – the "Heubeck 2018 G" mortality tables – which already reflect future increases in life expectancy.

To reduce the inflation risk from adjusting the regular pension payments by the rate of inflation, a pension adjustment that is not indexed to inflation was introduced for pension plans where this is permitted by law.

GERMAN PENSION PLANS FUNDED BY EXTERNAL PLAN ASSETS

The pension plans funded by external plan assets are contribution-based plans with guarantees. In this case, an annual pension expense dependent on income and status is either converted into a lifelong pension entitlement using annuity factors (guaranteed modular pension entitlement) or paid out in a single lump sum or in installments. In some cases, employees also have the opportunity to provide for their own retirement through deferred compensation. The annuity factors include a guaranteed rate of interest. At retirement, the modular pension entitlements earned annually are added together. The pension expense is contributed on an ongoing basis to a separate pool of assets that is administered independently of the Company in trust and invested in the capital markets. If the plan assets exceed the present value of the obligations calculated using the guaranteed rate of interest, surpluses are allocated (modular pension bonuses).

Since the assets administered in trust meet the IAS 19 criteria for classification as plan assets, they are deducted from the obligations.

The amount of the pension assets is exposed to general market risk. The investment strategy and its implementation are therefore continuously monitored by the trusts' governing bodies, on which the companies are also represented. For example, investment policies are stipulated in investment guidelines with the aim of limiting market risk and its impact on plan assets. In addition, asset-liability management studies are conducted if required so as to ensure that investments are in line with the obligations that need to be covered. The pension assets are currently invested primarily in fixed-income or equity funds. The main risks are therefore interest rate and equity price risk. To mitigate market risk, the pension system also provides for cash funds to be set aside in an equalization reserve before any surplus is allocated.

The present value of the obligation is the present value of the guaranteed obligation after deducting the plan assets. If the plan assets fall below the present value of the guaranteed obligation, a provision must be recognized in that amount. The present value of the guaranteed obligation rises as interest rates fall and is therefore exposed to interest rate risk.

In the case of lifelong pension payments, the Volkswagen Group bears the longevity risk. This is accounted for by calculating the annuity factors and the present value of the guaranteed obligation using the latest generational mortality tables – the "Heubeck 2018 G" mortality tables – which already reflect future increases in life expectancy. In addition, the independent actuaries carry out annual risk monitoring as part of the review of the assets administered by the trusts.

To reduce the inflation risk from adjusting the regular pension payments by the rate of inflation, a pension adjustment that is not indexed to inflation was introduced for pension plans where this is permitted by law.

Calculation of the pension provisions was based on the following actuarial assumptions:

	GERMANY		ABROAD	
%	2024	2023	2024	2023
Discount rate at December 31	3.39	3.29	4.95	4.61
Payroll trend	2.62	3.39	3.83	3.77
Pension trend	1.99	2.19	2.69	2.63
Employee turnover rate	1.30	1.20	4.25	4.46
Annual increase in healthcare costs	–	–	5.10	5.46

These assumptions are averages that were weighted using the present value of the defined benefit obligation.

With regard to life expectancy, consideration is given to the latest mortality tables in each country. The discount rates are generally defined to reflect the yields on prime-rated corporate bonds with matching maturities and currencies. The iBoxx AA Corporate Bond index was taken as the basis for the obligations of German Group companies. Similar indices were used for foreign pension obligations.

The payroll trends cover expected wage and salary trends, which also include increases attributable to career development.

The pension trends either reflect the contractually guaranteed pension adjustments or are based on the rules on pension adjustments in force in each country.

The employee turnover rates are based on past experience and future expectations.

The following table shows changes in the net defined benefit liability recognized in the balance sheet:

€ million	2024	2023
Net liability recognized in the balance sheet at January 1	**29,546**	**27,483**
Current service cost	1,379	1,270
Net interest expense	967	1,007
Actuarial gains (–)/losses (+) arising from changes in demographic assumptions	–20	5
Actuarial gains (–)/losses (+) arising from changes in financial assumptions	–1,564	2,637
Actuarial gains (–)/losses (+) arising from experience adjustments	–229	–86
Income (+)/expenses (–) from plan assets not included in interest income	266	619
Change in amount not recognized as an asset because of the ceiling in IAS 19	–61	–93
Employer contributions to plan assets	1,238	925
Employee contributions to plan assets	–10	–22
Pension payments from company assets	1,102	1,062
Past service cost (including plan curtailments)	58	8
Gains (–) or losses (+) arising from plan settlements	–12	–22
Changes in consolidated Group	0	0
Other changes	–47	–50
Foreign exchange differences from foreign plans	–16	–27
Net liability recognized in the balance sheet at December 31	**27,404**	**29,546**

The change in the amount not recognized as an asset because of the ceiling in IAS 19 contains an interest component, part of which was recognized in the financial result in profit or loss, and part of which was recognized outside profit or loss directly in equity.

The change in the present value of the defined benefit obligation is attributable to the following factors:

€ million	2024	2023
Present value of obligations at January 1	**45,823**	**42,172**
Current service cost	1,379	1,270
Interest cost	1,564	1,607
Actuarial gains(–)/losses (+) arising from changes in demographic assumptions	–20	5
Actuarial gains(–)/losses (+) arising from changes in financial assumptions	–1,564	2,637
Actuarial gains(–)/losses (+) arising from experience adjustments	–229	–86
Employee contributions to plan assets	22	33
Pension payments from company assets	1,102	1,062
Pension payments from plan assets	520	552
Past service cost (including plan curtailments)	58	8
Gains (–) or losses (+) arising from plan settlements	–12	–22
Changes in consolidated Group	0	0
Other changes	–28	–164
Foreign exchange differences from foreign plans	103	–22
Present value of obligations at December 31	**45,473**	**45,823**

The actuarial gains arising from changes in financial assumptions result primarily from the reduction in the pension trend from 2.2% to 2.0% assumed for affected Volkswagen Group companies in Germany and from the change in the discount rate in Germany from 3.3% to 3.4%. Disclosures on the effects of the collective bargaining agreement at Volkswagen AG can be found in the "Key events" section.

Changes in the relevant actuarial assumptions would have had the following effects on the defined benefit obligation:

		DEC. 31, 2024		DEC. 31, 2023	
Present value of defined benefit obligation if		€ million	Change in percent	€ million	Change in percent
Discount rate	is 0.5 percentage points higher	42,223	–7.15	42,434	–7.40
	is 0.5 percentage points lower	49,223	8.25	49,704	8.47
Pension trend	is 0.5 percentage points higher	47,279	3.97	47,744	4.19
	is 0.5 percentage points lower	43,818	–3.64	44,066	–3.83
Payroll trend	is 0.5 percentage points higher	45,661	0.41	46,058	0.51
	is 0.5 percentage points lower	45,301	–0.38	45,611	–0.46
Longevity	increases by one year	46,790	2.90	47,175	2.95

The sensitivity analysis shown above considers the change in one assumption at a time, leaving the other assumptions unchanged versus the original calculation. I.e. any correlation effects between the individual assumptions are ignored.

To examine the sensitivity of the present value of the defined benefit obligation to a change in assumed longevity, the estimates of mortality were reduced as part of a comparative calculation to the extent that doing so increases life expectancy by approximately one year.

The average duration of the defined benefit obligation weighted by the present value of the defined benefit obligation (Macaulay duration) is 16 years (previous year: 16 years).

The present value of the defined benefit obligation is attributable as follows to the members of the plan:

€ million	2024	2023
Active members with pension entitlements	22,607	23,408
Members with vested entitlements who have left the Company	2,406	2,463
Pensioners	20,460	19,951
	45,473	**45,823**

The maturity profile of payments attributable to the defined benefit obligation is presented in the following table, which classifies the present value of the obligation by the maturity of the underlying payments:

€ million	2024	2023
Payments due within the next fiscal year	1,700	1,626
Payments due between two and five years	7,220	6,901
Payments due in more than five years	36,553	37,296
	45,473	**45,823**

Changes in plan assets are shown in the following table:

€ million	2024	2023
Fair value of plan assets at January 1	**16,381**	**14,880**
Interest income on plan assets determined using the discount rate	597	600
Income (+)/expenses (–) from plan assets not included in interest income	266	619
Employer contributions to plan assets	1,238	925
Employee contributions to plan assets	12	10
Pension payments from plan assets	520	552
Gains (+) or losses (–) arising from plan settlements	–	–
Changes in consolidated Group	–	–
Other changes	19	–113
Foreign exchange differences from foreign plans	114	11
Fair value of plan assets at December 31	**18,108**	**16,381**

The investment of the plan assets to cover future pension obligations resulted in income of €864 million (previous year: €1,219 million).

Employer contributions to plan assets are expected to amount to €962 million (previous year: €973 million) in the next fiscal year.

Plan assets are invested in the following asset classes:

€ million	DEC. 31, 2024 Quoted prices in active markets	No quoted prices in active markets	Total	DEC. 31, 2023 Quoted prices in active markets	No quoted prices in active markets	Total
Cash and cash equivalents	489	–	489	424	–	424
Equity instruments	339	–	339	324	–	324
Debt instruments	426	4	430	531	4	536
Direct investments in real estate	–	233	233	–	224	224
Derivatives	–55	–42	–97	420	–5	415
Equity funds	6,133	2	6,134	5,217	2	5,219
Bond funds	7,056	82	7,139	6,362	87	6,449
Real estate funds	553	23	576	512	24	536
Other funds	1,254	256	1,509	1,200	216	1,416
Other instruments	198	1,157	1,355	217	621	839
	16,392	**1,716**	**18,108**	**15,208**	**1,173**	**16,381**

To reduce the funding risk associated with future pension payments, Bentley transferred the plan assets of Rolls-Royce & Bentley Pension Funds Trustee Ltd. to a non-Group insurance undertaking as part of a buy-in during fiscal year; in return it received a product that guarantees the assumption of almost all actuarial risks. This transaction explains the main movements from derivatives and debt instruments to other assets with no quoted prices in active markets.

Plan assets include €14 million (previous year: €16 million) invested in Volkswagen Group assets and €4 million (previous year: €4 million) in Volkswagen Group debt instruments.

The following amounts were recognized in the income statement:

€ million	2024	2023
Current service cost	1,379	1,270
Net interest on the net defined benefit liability	967	1,007
Past service cost (including plan curtailments)	58	8
Gains (–) or losses (+) arising from plan settlements	–12	–22
Net income (–) and expenses (+) recognized in profit or loss	**2,392**	**2,263**

The above amounts are generally included in the personnel costs of the functional areas in the income statement. Net interest on the net defined benefit liability is reported in interest expenses.

30. Non-current and current other provisions

€ million	Obligations arising from sales	Employee expenses[1]	Litigation and legal risks	Miscellaneous provisions	Total[1]
Balance at Jan. 1, 2023	**26,046**	**7,256**	**3,045**	**10,473**	**46,820**
Foreign exchange differences	-230	-31	-4	-93	-358
Changes in consolidated Group	-112	-7	1	-234	-352
Utilization	10,047	2,579	673	5,076	18,375
Additions/New provisions	13,833	2,912	508	5,519	22,772
Reclassifications	196	–	–	-196	–
Unwinding of discount/effect of change in discount rate	134	214	-1	-55	292
Reversals	2,056	251	387	1,552	4,245
Balance at Dec. 31, 2023	**27,764**	**7,514**	**2,489**	**8,786**	**46,554**
of which current	13,549	3,243	1,155	6,095	24,042
of which non-current	14,214	4,271	1,335	2,691	22,511
Balance at Jan. 1, 2024	**27,764**	**7,514**	**2,489**	**8,786**	**46,554**
Foreign exchange differences	175	29	-62	79	221
Changes in consolidated Group	2	5	1	7	14
Utilization	11,432	2,857	640	3,846	18,774
Additions/New provisions	13,861	3,011	665	10,104	27,641
Unwinding of discount/effect of change in discount rate	312	121	14	55	503
Reversals	2,303	832	329	1,631	5,096
Balance at Dec. 31, 2024	**28,378**	**6,994**	**2,138**	**13,554**	**51,064**
of which current	14,594	3,099	910	10,105	28,709
of which non-current	13,784	3,894	1,228	3,449	22,355

1 Prior-year figures adjusted (see disclosures on IAS 8 in the "Prior-year corrections in accordance with IAS 8" section).

The obligations arising from sales contain provisions covering all risks relating to the sale of vehicles, components and genuine parts through to the disposal of end-of-life vehicles. They primarily comprise warranty obligations, calculated on the basis of losses to date and estimated future losses. They also include provisions for discounts, bonuses and similar allowances which are incurred after the balance sheet date, but for which there is a legal or constructive obligation attributable to sales revenue before the balance sheet date.

Provisions for employee expenses are recognized for long-service awards, time credits, partial retirement arrangements, severance payments and similar obligations, among other things.

In addition to residual provisions relating to the diesel issue, the provisions for litigation and legal risks contain amounts related to a large number of legal disputes and official proceedings in which Volkswagen Group companies become involved in Germany and internationally in the course of their operating activities. In particular, such legal disputes and other proceedings may occur in relation to suppliers, dealers, customers, employees, or investors. Please refer to the "Litigation" section for a discussion of the legal risks.

Miscellaneous provisions relate to a wide range of identifiable specific risks, price risks and uncertain obligations, which are measured in the amount of the expected settlement value. Depending the jurisdiction concerned, they also include risk provisions for any non-compliance with legal emissions limits. Their measurement takes into account, among other things, the respective sales volume and the legally defined fee or the cost of acquiring emission rights from other manufacturers. Advantage has been taken of synergies between individual brands of the Volkswagen Group by establishing emission pools where possible. Compared with the previous year, the rise in additions to other provisions in fiscal year 2024 is attributable in particular to restructuring measures in the Volkswagen Group. More information can be found in the “Key events” section.

Miscellaneous provisions additionally include provisions amounting to €1,133 million (previous year: €944 million) relating to the insurance business.

31. Trade payables

€ million	Dec. 31, 2024	Dec. 31, 2023
Trade payables to		
third parties	28,965	30,157
unconsolidated subsidiaries	171	210
joint ventures	337	204
associates	294	322
other investees and investors	5	8
	29,772	**30,901**

Trade payables include an amount of €1,728 million (previous year: €993 million) for which the Volkswagen Group has entered into reverse factoring agreements. Of this amount, suppliers received payments of €1,196 million. Trade payables that are covered by the agreements normally have payment terms of 60 days from the date of invoice; comparable trade payables that are not covered by an agreement mostly have payment terms of 30–45 days from the date of invoice.

Under these agreements, suppliers can assign their receivables from Volkswagen Group companies at a discount to the commercial banks participating in the program and in this way receive the discounted invoice amount prematurely.

The Volkswagen Group companies settle the invoice amount with the bank as of the due date originally agreed.

Other disclosures

32. IAS 23 (Borrowing costs)

Capitalized borrowing costs amounted to €543 million (previous year: €507 million) and related mainly to capitalized development costs. An average cost of debt of 3.8% (previous year: 3.4%) was used as a basis for capitalization in the Volkswagen Group.

33. IFRS 16 (Leases)

1. Lessee accounting

The Volkswagen Group is a lessee, mainly as a result of leasing office equipment, real estate and other means of production. The leases are negotiated individually and include a large number of contract terms and conditions. The following amounts for right-of-use assets resulting from leases are included in the balance sheet items:

PRESENTATION OF AND CHANGES IN RIGHT-OF-USE ASSETS FROM LEASES FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2024

€ million	Right of use on land, land rights and buildings incl. buildings on third party land	Right of use on technical equipment and machinery	Right of use on other equipment, operational and office equipment	Total
Cost **Balance at Jan. 1, 2024**	**9,249**	**66**	**992**	**10,308**
Foreign exchange differences	98	1	3	102
Changes in consolidated group	83	1	3	87
Additions	1,536	24	498	2,058
Transfers	0	–	0	0
Disposals	670	6	127	803
Balance at Dec. 31, 2024	**10,296**	**87**	**1,370**	**11,753**
Depreciation and impairment **Balance at Jan. 1, 2024**	**3,538**	**37**	**411**	**3,986**
Foreign exchange differences	36	1	2	39
Changes in consolidated group	13	0	1	14
Additions to cumulative depreciation	1,131	10	248	1,389
Additions to cumulative impairment losses	0	–	–	0
Transfers	0	–	0	0
Disposals	517	6	119	643
Reversal of impairment losses	0	–	–	0
Balance at Dec. 31, 2024	**4,200**	**42**	**543**	**4,785**
Carrying amount at Dec. 31, 2024	**6,096**	**45**	**827**	**6,967**

PRESENTATION OF AND CHANGES IN RIGHT-OF-USE ASSETS FROM LEASES FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2023

€ million	Right of use on land, land rights and buildings incl. buildings on third party land	Right of use on technical equipment and machinery	Right of use on other equipment, operational and office equipment	Total
Cost				
Balance at Jan. 1, 2023	**8,758**	**62**	**911**	**9,731**
Foreign exchange differences	–94	–1	–5	–100
Changes in consolidated group	–118	0	–10	–127
Additions	1,285	10	276	1,571
Transfers	–14	–	0	–14
Disposals	569	5	180	754
Balance at Dec. 31, 2023	**9,249**	**66**	**992**	**10,308**
Depreciation and impairment				
Balance at Jan. 1, 2023	**2,942**	**34**	**394**	**3,370**
Foreign exchange differences	–34	–1	–3	–38
Changes in consolidated group	–53	0	–4	–57
Additions to cumulative depreciation	1,048	7	196	1,251
Additions to cumulative impairment losses	0	–	–	0
Transfers	–1	–	0	–1
Disposals	364	3	173	539
Reversal of impairment losses	–	–	–	–
Balance at Dec. 31, 2023	**3,538**	**37**	**411**	**3,986**
Carrying amount at Dec. 31, 2023	**5,711**	**29**	**581**	**6,322**

Subleases of right-of-use assets generated income of €16 million (previous year: €16 million) in the fiscal year.

The measurement of right-of-use assets from leases and the associated lease liabilities is based on a best estimate regarding the exercise of extension and termination options. If there are material changes in circumstances or in the contract, this estimate is updated.

The tables below show how the lease liabilities are assigned in the balance sheet and give an overview of their contractual maturities:

ASSIGNMENT OF LEASE LIABILITIES TO THE RESPECTIVE BALANCE SHEET ITEMS

€ million	Dec. 31, 2024	Dec. 31, 2023
Financial liabilities – Non-current	5,924	5,381
Financial liabilities – Current	1,252	1,112
Lease liabilities – Total	**7,176**	**6,494**

MATURITY ANALYSIS OF UNDISCOUNTED LEASE LIABILITIES

	REMAINING CONTRACTUAL MATURITIES			
€ million	under one year	within one to five years	over five years	Total
Lease liabilities at Dec. 31, 2024	1,507	4,296	2,958	**8,760**
Lease liabilities at Dec. 31, 2023	1,339	3,804	2,779	**7,921**

Interest expenses of €275 million (previous year: €233 million) were incurred for lease liabilities in the fiscal year.

No right-of-use assets are recognized for low-value or short-term leases. Expenses for leasing low-value assets totaled €258 million (previous year: €294 million) in the fiscal year. This figure does not include any expenses for short-term leases, which totaled €256 million (previous year: €262 million) in the fiscal year. Variable lease expenses not included in the measurement of lease liabilities accounted for €28 million (previous year: €21 million) in the fiscal year.

Leases gave rise to cash outflows totaling €2,098 million (previous year: €1,986 million) in the fiscal year.

The table below shows a summary of potential future cash outflows, that have not been included in the measurement of the lease liabilities:

€ million	2024	2023
Future cash outflows to which the lessee is potentially exposed		
Variable lease payments	84	32
Extension options	3,334	3,408
Termination options	25	23
Obligations under leases not yet commenced	178	323
	3,622	**3,788**

No material cash outflows attributable to residual value guarantees are expected.

2. Lessor accounting

The Volkswagen Group is a lessor in both the finance lease business and the operating lease business. The subject of these transactions is primarily motor vehicles and, to a small extent, land and buildings and items of equipment for dealerships.

The Volkswagen Group fully accounts for the default risk on lease receivables by recognizing loss allowances, which are recognized in accordance with the requirements of IFRS 9. As lessor, the Volkswagen Group covers risks arising from the assets underlying the leases by, among other measures, taking account of residual value guarantees received for parts of the lease portfolio and by taking account of forward-looking residual values forecast on the basis of internal and external information as part of residual value management. The forecast residual values are regularly reviewed.

2.1 Operating leases

Assets leased under long-term operating leases amounted to €73,815 million at the end of the fiscal year (previous year: €64,726 million). While €622 million (previous year: €632 million) is attributable to investment property, assets separately reported as lease assets in the balance sheet amount to €73,193 million (previous year: €64,094 million). They relate primarily to vehicles in an amount of €73,054 million (previous year: €64,059 million) as well as land, land rights and buildings, including buildings on third-party land, in an amount of €83 million (previous year: €35 million). The remaining assets relate to technical equipment and machinery as well as other equipment, operating and office equipment. More information on changes in value of investment property and lease assets can be found in the section entitled "Lease assets and investment property".

The following cash inflows from expected outstanding, non-discounted operating lease payments are expected over the coming years:

DISCLOSURE AS OF DECEMBER 31, 2024

€ million	2025	2026	2027	2028	2029	from 2030	Total
Lease payments	11,110	7,864	4,597	1,895	633	530	**26,628**

DISCLOSURE AS OF DECEMBER 31, 2023

€ million	2024	2025	2026	2027	2028	from 2029	Total
Lease payments	9,731	6,622	4,378	1,636	583	239	**23,189**

BREAKDOWN OF INCOME FROM OPERATING LEASES

€ million	2024	2023
Lease income	16,705	15,343
Income from variable lease payments	1	0
Total	**16,705**	**15,343**

2.2 Finance leases

Interest income from the net investment in the leases amounted to €4.0 billion (previous year: €3.3 billion) in the fiscal year. Furthermore, a selling profit from the finance leases in the amount of €1.7 billion (previous year: €1.6 billion) was recognized.

The following table shows the reconciliation of outstanding lease payments under finance leases to the net investment:

€ million	Dec. 31, 2024	Dec. 31, 2023
Non-discounted lease payments	**73,142**	**65,979**
Non-guaranteed residual value	3,783	3,499
Unearned interest income	–8,033	–6,667
Loss allowance on lease receivables	–1,414	–1,223
Net investment	**67,478**	**61,588**

The following cash inflows from expected outstanding, non-discounted finance lease payments are expected over the coming years:

DISCLOSURE AS OF DECEMBER 31, 2024

€ million	2025	2026	2027	2028	2029	from 2030	Total
Lease payments	24,433	20,867	16,489	9,547	1,099	708	**73,142**

DISCLOSURE AS OF DECEMBER 31, 2023

€ million	2024	2025	2026	2027	2028	from 2029	Total
Lease payments	22,616	17,479	15,111	9,238	921	613	**65,979**

34. IFRS 7 (Financial instruments)

The table below shows the carrying amounts of financial instruments by measurement category:

CARRYING AMOUNT OF FINANCIAL INSTRUMENTS BY IFRS 9 MEASUREMENT CATEGORY

€ million	Dec. 31, 2024	Dec. 31, 2023
Financial assets at fair value through profit or loss	27,132	27,325
Financial assets at fair value through other comprehensive income (debt instruments)	4,039	4,406
Financial assets at fair value through other comprehensive income (equity instruments)	2,416	910
Financial assets measured at amortized cost	185,234	183,469
Financial liabilities at fair value through profit or loss	2,721	2,935
Financial liabilities measured at amortized cost	290,209	270,883

Classes of financial instruments

Financial instruments are divided into the following classes at the Volkswagen Group:

> financial instruments measured at fair value;
> financial instruments measured at amortized cost;
> derivative financial instruments within hedge accounting;
> not allocated to any measurement category; and
> credit commitments and financial guarantees (off-balance sheet).

Reconcilitation of balance sheet items to classes of financial instruments

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by the carrying amount and fair value of the financial instruments.

The fair value of financial instruments measured at amortized cost, such as receivables and liabilities, is calculated by discounting the carrying amount using a market rate of interest for a similar risk and matching maturity. For reasons of materiality, the fair value of current balance sheet items is generally deemed to be their carrying amount.

For reconciliation to the carrying amounts, the “Not allocated to a measurement category” column in the table also includes items other than financial instruments.

The risk variables governing the fair value of the receivables are risk-adjusted interest rates.

“Financial instruments measured at fair value” also include shares in partnerships and corporations.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2024

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING	NOT ALLOCATED TO A MEASUREMENT CATEGORY	BALANCE SHEET ITEM AT DEC. 31, 2024
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
Non-current assets						
Equity-accounted investments	–	–	–	–	10,269	10,269
Other equity investments	2,460	–	–	–	3,271	5,731
Financial services receivables	33	55,188	56,567	–	45,866	101,087
Other financial assets	2,427	6,931	7,069	2,771	–	12,129
Tax receivables	–	–	–	–	409	409
Current assets						
Trade receivables	0	21,130	21,130	–	–	21,130
Financial services receivables	16	46,542	46,542	–	22,297	68,855
Other financial assets	1,687	14,775	14,775	2,187	–	18,649
Tax receivables	–	10	10	–	2,029	2,038
Marketable securities and time deposits	26,963	363	363	–	–	27,326
Cash and cash equivalents	–	40,296	40,296	–	–	40,296
Non-current liabilities						
Financial liabilities	–	131,137	131,680	–	5,924	137,061
Other financial liabilities	1,561	2,405	2,390	2,583	–	6,548
Current liabilities						
Financial liabilities	–	115,768	115,768	–	1,252	117,020
Trade payables	–	29,772	29,772	–	–	29,772
Other financial liabilities	1,160	11,109	11,109	2,095	–	14,364
Tax payables	–	18	18	–	705	724

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2023

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING	NOT ALLOCATED TO A MEASUREMENT CATEGORY	BALANCE SHEET ITEM AT DEC. 31, 2023
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
Non-current assets						
Equity-accounted investments	–	–	–	–	12,239	12,239
Other equity investments	1,150	–	–	–	3,281	4,431
Financial services receivables	89	53,066	53,389	–	41,318	94,474
Other financial assets	3,007	5,847	5,923	2,903	–	11,757
Tax receivables	–	–	–	–	437	437
Current assets						
Trade receivables	0	21,849	21,849	–	0	21,849
Financial services receivables	19	45,335	45,335	–	21,028	66,381
Other financial assets	1,927	13,517	13,517	1,509	–	16,953
Tax receivables	–	8	8	–	1,641	1,649
Marketable securities and time deposits	26,450	322	322	–	–	26,772
Cash and cash equivalents	–	43,449	43,449	–	–	43,449
Assets held for sale	–	76	76	–	114	190
Non-current liabilities						
Financial liabilities	–	116,941	116,782	–	5,381	122,323
Other financial liabilities	1,641	2,287	2,269	3,040	–	6,968
Current liabilities						
Financial liabilities	–	109,363	109,363	–	1,112	110,476
Trade payables	–	30,901	30,901	–	–	30,901
Other financial liabilities	1,294	11,356	11,356	1,372	–	14,022
Tax payables	–	18	18	–	537	556
Liabilities associated with assets held for sale	–	15	15	–	16	31

The category headed “not allocated to a measurement category” is used in particular for shares in equity-accounted investments, shares in non-consolidated affiliated companies as well as for lease receivables.

The carrying amount of lease receivables was €68.2 billion (previous year: €62.3 billion) and their fair value was €68.9 billion (previous year: €62.2 billion).

Uniform valuation techniques and inputs are used to measure fair value. The fair value of Level 2 and 3 financial instruments is measured in the individual divisions on the basis of Group-wide specifications. The measurement techniques used are explained in the section entitled "Accounting policies". The fair value of Level 3 receivables was measured by reference to individual expectations of losses; these are based to a significant extent on the Company's assumptions about counterparty credit quality. The inputs used are not observable in an active market.

The following tables contain an overview of the financial assets and liabilities measured at fair value by level:

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE BY LEVEL

€ million	Dec. 31, 2024	Level 1	Level 2	Level 3
Non-current assets				
Other equity investments	2,460	1,795	0	665
Financial services receivables	33	–	–	33
Other financial assets	2,427	–	1,015	1,412
Current assets				
Trade receivables	0	–	–	0
Financial services receivables	16	–	–	16
Other financial assets	1,687	–	1,207	480
Marketable securities and time deposits	26,963	26,850	113	–
Non-current liabilities				
Other financial liabilities	1,561	–	920	640
Current liabilities				
Other financial liabilities	1,160	–	823	337

€ million	Dec. 31, 2023	Level 1	Level 2	Level 3
Non-current assets				
Other equity investments	1,150	697	0	452
Financial services receivables	89	–	–	89
Other financial assets	3,007	–	2,161	846
Current assets				
Trade receivables	0	–	–	0
Financial services receivables	19	–	–	19
Other financial assets	1,927	–	1,599	328
Marketable securities and time deposits	26,450	26,367	83	–
Non-current liabilities				
Other financial liabilities	1,641	–	1,443	198
Current liabilities				
Other financial liabilities	1,294	–	1,255	39

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTIZED COST BY LEVEL

€ million	Dec. 31, 2024	Level 1	Level 2	Level 3
Fair value of financial assets measured at amortized cost				
Financial services receivables	103,109	–	–	103,109
Trade receivables	21,130	–	21,130	–
Other financial assets	21,841	2,679	5,327	13,835
Tax receivables	10	–	10	–
Marketable securities and time deposits	363	46	317	–
Cash and cash equivalents	40,296	40,296	–	–
Fair value of financial assets measured at amortized cost	**186,749**	**43,022**	**26,783**	**116,944**
Fair value of financial liabilities measured at amortized cost				
Trade payables	29,772	–	29,772	–
Financial liabilities	247,447	60,038	185,574	1,835
Other financial liabilities	13,499	846	12,464	189
Tax payables	18	–	18	–
Fair value of financial liabilities measured at amortized cost	**290,736**	**60,884**	**227,828**	**2,024**

€ million	Dec. 31, 2023	Level 1	Level 2	Level 3
Fair value of financial assets measured at amortized cost				
Financial services receivables	98,723	–	–	98,723
Trade receivables	21,849	–	21,849	–
Other financial assets	19,439	1,143	5,897	12,399
Tax receivables	8	–	8	–
Marketable securities and time deposits	322	13	309	–
Cash and cash equivalents	43,449	43,449	–	–
Assets held for sale	76	–	76	–
Fair value of financial assets measured at amortized cost	**183,867**	**44,605**	**28,139**	**111,122**
Fair value of financial liabilities measured at amortized cost				
Trade payables	30,901	–	30,901	–
Financial liabilities	226,146	49,058	175,706	1,382
Other financial liabilities	13,625	748	12,592	284
Tax payables	18	–	18	–
Liabilities associated with assets held for sale	15	–	15	–
Fair value of financial liabilities measured at amortized cost	**270,705**	**49,806**	**219,233**	**1,666**

DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING BY LEVEL

€ million	Dec. 31, 2024	Level 1	Level 2	Level 3
Non-current assets				
Other financial assets	2,771	–	2,697	74
Current assets				
Other financial assets	2,187	–	2,187	–
Non-current liabilities				
Other financial liabilities	2,583	–	2,431	152
Current liabilities				
Other financial liabilities	2,095	–	2,095	–

€ million	Dec. 31, 2023	Level 1	Level 2	Level 3
Non-current assets				
Other financial assets	2,903	–	2,903	–
Current assets				
Other financial assets	1,509	–	1,509	–
Non-current liabilities				
Other financial liabilities	3,040	–	3,040	–
Current liabilities				
Other financial liabilities	1,372	–	1,372	–

The allocation of fair values to the three levels in the fair value hierarchy is based on the availability of observable market prices. Level 1 is used to report the fair value of financial instruments for which a price is directly available in an active market. Examples include marketable securities and other equity investments measured at fair value that are listed and traded on a public market. Fair values in Level 2, for example of derivatives, are measured on the basis of market inputs using market-based valuation techniques. In particular, the inputs used include exchange rates, yield curves and commodity prices that are observable in the relevant markets and obtained through pricing services. Fair Values in Level 3 are calculated using valuation techniques that incorporate inputs that are not directly observable in active markets. In the Volkswagen Group, long-term commodity swaps are allocated to Level 3 because the prices available on the market must be extrapolated for measurement purposes. This is done on the basis of observable inputs obtained for the different commodities through pricing services. Options on equity instruments, residual value protection models, customer financing receivables and receivables from vehicle financing programs and other equity investments are also reported in Level 3. Equity instruments are measured primarily using the relevant business plans and entity-specific discount rates. The significant inputs used to measure fair value for the residual value protection models include forecasts and estimates of used vehicle residual values for the appropriate models. The measurement of vehicle financing programs requires in particular the use of the corresponding vehicle price.

The table below provides a summary of changes in level 3 balance sheet items measured at fair value:

CHANGES IN BALANCE SHEET ITEMS MEASURED AT FAIR VALUE BASED ON LEVEL 3

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2024	**1,734**	**237**
Foreign exchange differences	40	6
Changes in consolidated Group	2	–
Total comprehensive income	–175	460
recognized in profit loss	–165	460
recognized in other comprehensive income	–9	–
Additions (purchases)	1,672	429
Sales and settlements	–383	–53
Transfers from Level 1	13	–
Transfers into Level 2	–47	–27
Transfers Hedge Accounting	–249	–76
Balance at Dec. 31, 2024	**2,607**	**977**
Total gains or losses recognized in profit or loss	**–165**	**–460**
Net other operating expense/income	–240	–454
of which attributable to assets/liabilities held at the reporting date	–319	–458
Financial result	75	–6
of which attributable to assets/liabilities held at the reporting date	18	–6

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2023	**3,181**	**102**
Foreign exchange differences	–29	2
Changes in consolidated Group	–6	–
Total comprehensive income	–748	141
recognized in profit loss	–752	141
recognized in other comprehensive income	4	–
Additions (purchases)	395	–
Sales and settlements	–775	37
Transfers into Level 1	–	–
Transfers into Level 2	–283	–45
Balance at Dec. 31, 2023	**1,734**	**237**
Total gains or losses recognized in profit or loss	**–752**	**–117**
Other operating result	–763	–129
of which attributable to assets/liabilities held at the reporting date	–773	–170
Financial result	11	12
of which attributable to assets/liabilities held at the reporting date	0	–12

CHANGES IN DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING BASED ON LEVEL 3

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2024	**–**	**–**
Foreign exchange differences	–	–
Changes in consolidated Group	–	–
Total comprehensive income	–98	119
recognized in profit or loss	0	2
recognized in other comprehensive income	–98	117
Transfers non Hedge Accounting	249	76
Transfers into Level 2	–78	–44
Balance at Dec. 31, 2024	**74**	**152**

The transfers between the levels of the fair value hierarchy are reported at the respective reporting dates. The transfers out of Level 3 into Level 2 comprise commodity swaps for which observable quoted prices are now available for measurement purposes due to the decline in their remaining maturities; consequently, no further extrapolation is required.

Commodity prices are the key risk variable for the fair value of commodity swaps. Sensitivity analyses are used to present the effect of changes in commodity prices on earnings after tax and equity.

If commodity prices for commodity futures classified as Level 3 had been 10% higher (lower) as of December 31, 2024, earnings after tax would have been €– million (previous year: €217 million) higher (lower) and equity would have been €240 million (previous year: €– million) higher (lower).

The key risk variable for measuring options on equity instruments held by the Company is the relevant enterprise value. Sensitivity analyses are used to present the effect of changes in risk variables on earnings after tax.

If the assumed enterprise values at December 31, 2024 had been 10% higher, earnings after tax would have been €0.1 million (previous year: €2 million) higher. If the assumed enterprise values as of December 31, 2024 had been 10% lower, earnings after tax would have been €0.1 million (previous year: €2 million) lower.

Residual value risks result from hedging agreements with dealerships under which earnings effects caused by market-related fluctuations in residual values that arise from buy-back obligations under leases are borne in part by the Volkswagen Group.

The key risk variable influencing the fair value of the options relating to residual value risks is used car prices. Sensitivity analyses are used to quantify the effects of changes in used car prices on earnings after tax.

If the prices of the used cars covered by the residual value protection model had been 10% higher as of December 31, 2024, earnings after tax would have been €436 million (previous year: €491 million) higher. If the prices of the used cars covered by the residual value protection model had been 10% lower as of December 31, 2024, earnings after tax would have been €437 million (previous year: €522 million) lower.

If the risk-adjusted interest rates applied to receivables measured at fair value had been 100 basis points higher as of December 31, 2024, earnings after tax would have been €15 million (previous year: €1 million) lower. If the risk-adjusted interest rates as of December 31, 2024 had been 100 basis points lower, earnings after tax would have been €14 million (previous year: €3 million) higher.

If the corresponding vehicle price used in the vehicle financing programs had been 10% higher as of December 31, 2024, earnings after tax would have been €2 million (previous year: €10 million) higher. If the corresponding vehicle prices used in the vehicle financing programs had been 10% lower as of December 31, 2024, earnings after tax would have been €2 million (previous year: €10 million) lower.

If the result of operations of equity investments measured at fair value had been 10% better as of December 31, 2024, equity would have been €38 million (previous year: €11 million) higher, and earnings after tax would have been €9 million (previous year: €12 million) higher. If the result of operations of equity investments measured at fair value had been 10% worse, equity would have been €38 million (previous year: €11 million) lower, and earnings after tax would have been €9 million (previous year: €30 million) lower.

Offsetting of financial assets and liabilities

The following tables contain information about the effects of offsetting in the balance sheet and the potential financial effects of offsetting in the case of instruments that are subject to a legally enforceable master netting arrangement or a similar agreement.

				AMOUNTS THAT ARE NOT SET OFF IN THE BALANCE SHEET		
€ million	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Financial instruments	Collateral received	Net amount at Dec. 31, 2024
Derivatives	7,312	-73	7,239	-3,515	-14	3,709
Financial services receivables	170,541	-600	169,942	–	-63	169,879
Trade receivables	21,190	-59	21,130	0	–	21,130
Marketable securities and time deposits	27,326	–	27,326	–	–	27,326
Cash and cash equivalents	40,296	–	40,296	–	–	40,296
Other financial assets	26,009	–	26,009	–	–	26,009

				AMOUNTS THAT ARE NOT SET OFF IN THE BALANCE SHEET		
€ million	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Financial instruments	Collateral received	Net amount at Dec. 31, 2023
Derivatives	7,974	-56	7,918	-4,245	–	3,673
Financial services receivables	161,453	-598	160,855	–	-68	160,787
Trade receivables	21,889	-39	21,850	–	–	21,850
Marketable securities and time deposits	26,772	–	26,772	–	–	26,772
Cash and cash equivalents	43,449	–	43,449	–	–	43,449
Other financial assets	21,970	-20	21,951	0	–	21,951

Other financial assets include receivables from tax allocations of €10 million (previous year: €8 million).

€ million	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	AMOUNTS THAT ARE NOT SET OFF IN THE BALANCE SHEET		Net amount at Dec. 31, 2024
				Financial instruments	Collateral pledged	
Derivatives	7,442	–58	7,383	–3,515	–20	3,848
Financial liabilities	254,080	–	254,080	–	–3,624	250,456
Trade payables	29,831	–59	29,772	0	–	29,772
Other financial liabilities	14,161	–614	13,547	–	–	13,547

€ million	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	AMOUNTS THAT ARE NOT SET OFF IN THE BALANCE SHEET		Net amount at Dec. 31, 2023
				Financial instruments	Collateral pledged	
Derivatives	7,405	–76	7,329	–4,245	–24	3,059
Financial liabilities	232,798	–	232,798	–	–3,320	229,478
Trade payables	30,941	–39	30,901	0	–	30,901
Other financial liabilities	14,276	–598	13,679	–	–	13,679

The “Financial instruments” column shows the amounts that are subject to a master netting arrangement but were not set off because they do not meet the criteria for offsetting in the balance sheet. The “Collateral received” and “Collateral pledged” columns show the amounts of cash collateral and collateral in the form of financial instruments received and pledged for the total assets and liabilities that do not meet the criteria for offsetting in the balance sheet.

Other financial liabilities include liabilities from tax allocations of €18 million (previous year: €18 million).

Asset-backed securities transactions

Asset-backed securities transactions with financial assets amounting to €37.3 billion (previous year: €34.3 billion) entered into to refinance the financial services business are included in bonds, commercial paper and notes, and liabilities from loans. The corresponding carrying amount of the receivables from the customer and dealer financing and the finance lease business amounted to €46.6 billion (previous year: €42.4 billion). Collateral of €76.5 billion (previous year: €66.9 billion) in total was furnished as part of asset-backed securities transactions. The expected payments were assigned to structured entities and the equitable liens in the financed vehicles were transferred. These asset-backed securities transactions did not result in the receivables from financial services business being derecognized, as the Group retains non-payment and late payment risks. The difference between the assigned receivables and the related liabilities is the result of different terms and conditions and the share of the securitized paper and notes held by the Volkswagen Group itself.

Most of the public and private asset-backed securities transactions of the Volkswagen Group can be repaid in advance (clean-up call) if less than 10% of the original transaction volume is outstanding. The assigned receivables cannot be assigned again or pledged elsewhere as collateral. The claims of the holders of commercial paper and notes are limited to the assigned receivables and the receipts from those receivables are earmarked for the repayment of the corresponding liability.

As of December 31, 2024, the fair value of the assigned receivables still recognized in the balance sheet was €46.5 billion (previous year: €41.3 billion). The fair value of the related liabilities was €37.4 billion (previous year: €34.0 billion) at that reporting date.

Volkswagen Group Mobility is contractually obliged, under certain conditions, to transfer funds to the structured entities that are included in its financial statements. Since the receivables are transferred to the special purpose entity by way of undisclosed assignment, the situation may occur in which the receivable has already been reduced in a legally binding manner at the originator, for example if the obligor effectively offsets it against receivables owed to it by a company belonging to the Volkswagen Group. In this case, collateral must be furnished for the resulting compensation claims against the special purpose entity, for example if the rating of the Group company concerned declines to a contractually agreed reference value.

Additional income statement disclosures in accordance with IFRS 7 (Financial instruments)

The table below shows net gains and losses on financial assets and financial liabilities by measurement category, followed by a detailed explanation of key aspects:

NET GAINS OR LOSSES FROM FINANCIAL INSTRUMENTS BY IFRS 9 MEASUREMENT CATEGORY

€ million	2024	2023
Financial instruments at fair value through profit or loss	602	–1,323
Financial assets measured at amortized cost	10,113	6,891
Financial assets at fair value through other comprehensive income (debt instruments)	50	30
Financial liabilities measured at amortized cost	–12,596	–9,186
	–1,831	**–3,588**

Net gains and losses in the category financial instruments at fair value through profit or loss are mainly composed of the fair value measurement gains and losses on derivatives, including interest and gains and losses on currency translation.

Net gains and losses from financial assets measured at fair value through other comprehensive income (debt instruments) relate to interest income from fixed-income securities.

Net gains and losses from financial assets and liabilities measured at amortized cost mainly comprise interest income and expenses calculated according to the effective interest method pursuant to IFRS 9, currency translation effects, and the recognition of loss allowances. Interest also includes interest income and expenses from the lending business of the Financial Services Division.

The table below presents total interest income and expenses from financial assets and liabilities measured at amortized cost, separately from financial assets measured at fair value through other comprehensive income:

TOTAL INTEREST INCOME AND EXPENSES ATTRIBUTABLE TO FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	2024	2023
Financial assets and liabilities measured at amortized cost		
Interest income	14,267	11,737
Interest expenses	11,775	9,442
Financial assets (debt instruments) measured at fair value through other comprehensive income		
Interest income	43	28
Interest expenses	0	3

GAINS AND LOSSES ON THE DISPOSAL OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST

€ million	2024	2023
Gains arising from the derecognition of financial assets measured at amortized cost	1,340	990
Losses arising from the derecognition of financial assets measured at amortized cost	-941	-1,390
	399	**-400**

In the fiscal year, €5 million (previous year: €3 million) was recognized as an expense and €32 million (previous year: €30 million) as income from fees and commissions for trust activities and from financial assets and liabilities not measured at fair value that are not accounted for using the effective interest method.

35. Cash flow statement

Cash flows are presented in the cash flow statement classified into cash flows from operating activities, investing activities and financing activities, irrespective of the balance sheet classification.

Cash flows from operating activities are derived indirectly from earnings before tax. Earnings before tax are adjusted to eliminate non-cash expenditures (mainly depreciation, amortization and impairment losses) and income. Other non-cash income and expense results mainly from measurement effects in connection with financial instruments and fair value changes relating to hedging transactions. This results in cash flows from operating activities after accounting for changes in working capital, which also include changes in lease assets and in financial services receivables.

Investing activities include additions to property, plant and equipment and equity investments, additions to capitalized development costs, and changes in investments in securities and time deposits as well as loans.

Financing activities include outflows of funds from dividend payments and the redemption of bonds and unlisted notes, inflows from capital increases and the issuance of bonds and unlisted notes, and changes in other financial liabilities. Please refer to the "Equity" section for information on the in-/outflows from the issuance/repayment of hybrid capital contained in the capital contributions.

The changes in balance sheet items that are presented in the cash flow statement cannot be derived directly from the balance sheet, as the effects of currency translation and changes in the consolidated Group are non-cash transactions and are therefore eliminated.

In the fiscal year, cash flows from operating activities include interest received amounting to €14,943 million (previous year: €12,567 million) and interest paid amounting to €8,780 million (previous year: €7,011 million). Cash flows from operating activities also include dividend payments (net of withholding tax) received from joint ventures and associates of €2,614 million (previous year: €2,450 million).

Dividends amounting to €4,524 million (previous year: €10,897 million) were paid to Volkswagen AG shareholders.

€ million	Dec. 31, 2024	Dec. 31, 2023
Cash and cash equivalents as reported in the balance sheet	40,296	43,449
Cash and cash equivalents held for sale	–	73
Cash and cash equivalents as reported in the cash flow statement	**40,296**	**43,522**

Time deposits with contractual maturities of more than three months are not classified as cash equivalents. The maximum default risk corresponds to its carrying amount.

The following table shows the classification of changes in financial liabilities into cash and non-cash transactions:

€ million	Jan. 1, 2024	Cash-effective changes	NON - CASH CHANGES				Dec. 31, 2024
			Foreign exchange differences	Changes in consolidated Group	Classified as held for sale	Other changes	
Bonds	99,157	5,803	928	–	–	1,070	106,958
Unlisted notes	31,606	4,781	1,298	–	–	150	37,835
Other total third-party borrowings	95,556	9,240	-2,575	136	0	-245	102,112
Finance lease liabilities[1]	6,494	-1,334	70	75	–	1,872	7,176
Total third-party borrowings	**232,813**	**18,490**	**-279**	**211**	**0**	**2,846**	**254,081**
Other financial assets and liabilities	9	-427	34	–	–	82	-303
Financial assets and liabilities in financing activities	**232,822**	**18,063**	**-245**	**211**	**0**	**2,928**	**253,779**

1 Other changes in lease liabilities largely contain non-cash additions of lease liabilities.

€ million	Jan. 1, 2023	Cash-effective changes	NON - CASH CHANGES				Dec. 31, 2023
			Foreign exchange differences	Changes in consolidated Group	Classified as held for sale	Other changes	
Bonds	93,119	5,158	-304	–	–	1,183	99,157
Unlisted notes	25,602	6,809	-945	–	–	141	31,606
Other total third-party borrowings	80,206	16,003	90	626	-112	-1,257	95,556
Finance lease liabilities[1]	6,385	-1,190	-61	1	0	1,359	6,494
Total third-party borrowings	**205,312**	**26,780**	**-1,220**	**626**	**-112**	**1,427**	**232,813**
Other financial assets and liabilities	-61	-36	-1	15	–	92	9
Financial assets and liabilities in financing activities	**205,250**	**26,744**	**-1,220**	**641**	**-112**	**1,519**	**232,822**

1 Other changes in lease liabilities largely contain non-cash additions of lease liabilities.

36. Financial risk management and financial instruments

1. Hedging guidelines and financial risk management principles

The principles and responsibilities for managing and controlling the risks that could arise from financial instruments are defined by the Board of Management and monitored by the Supervisory Board. General rules apply to the Group-wide risk policy; these are oriented on the statutory requirements and the "Minimum Requirements for Risk Management by Credit Institutions".

Operational risk management and the control of risks from financial instruments is the responsibility of Group Treasury and Investor Relations. The Group Board of Management Committee for Risk Management is regularly informed about current financial risks. In addition, the Group Board of Management and the Supervisory Board are regularly updated on the current risk situation. The MAN Energy Solutions, Porsche AG, Porsche Holding Salzburg and TRATON GROUP subgroups and the Financial Services Division are in part included in Group Treasury's operational risk management and control for risks relating to financial instruments and also have their own risk management structures.

For more information, see the section on financial risks in the Report on Risks and Opportunities of the group management report.

2. Credit and default risk

The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of the claims under carrying amounts receivable from them and the irrevocable credit commitments. The maximum potential credit and default risk is reduced by collateral held and other credit enhancements. Collateral is held predominantly for financial assets in the "at amortized cost" category. It relates primarily to collateral for financial services receivables and trade receivables. Collateral comprises vehicles and assets transferred as security, as well as guarantees and real property liens. Cash collateral is also used in hedging transactions.

For level 3 and level 4 financial assets with objective indications of impairment as of the reporting date, the collateral provided led to a reduction in risk by €1.8 billion (previous year: €1.3 billion). Collateral of €55 million (previous year: €6 million) has been accepted for assets measured at fair value through profit or loss.

Significant cash and capital investments, as well as derivatives, are entered into with national and international banks. Credit and default risk is limited by a limit system based primarily on the equity base of the counterparties concerned and on credit assessments by international rating agencies. Financial guarantees issued also give rise to credit and default risk. The maximum default risk is determined by the guarantee amount. The corresponding amounts are presented in the Liquidity risk section.

There were no material concentrations of risk at individual counterparties or counterparty groups in the fiscal year due to the global allocation of the Group's business activities and the resulting diversification. Any existing concentration of risk is assessed and monitored both at the level of individual counterparties or counterparty groups and with regard to the countries in which these are based, in each case using the share of all credit and default risk exposures accounted for by the risk exposure concerned. This analysis excludes the items of Chinese companies in which Volkswagen holds an interest of 50% or less.

The share of credit and default risk exposures attributable to China amounted to 18.4% at the end of 2024, compared with 17.5% at the end of 2023. There were other concentrations of risk for France (12.9%, previous year: 11.8%), the United States (12.7%, previous year: 8.8%) and Germany (11.9%, previous year: 18.1%). Other than those, there were no material concentrations of credit and default risk exposures in individual countries.

Loss allowance

The Volkswagen Group consistently uses the expected credit loss model of IFRS 9 for all financial assets and other risk exposures.

The expected credit loss model under IFRS 9 takes in both loss allowances for financial assets for which there are no objective indications of impairment and loss allowances for financial assets that are already impaired. For the calculation of impairment losses, IFRS 9 distinguishes between the general approach and the simplified approach.

Under the general approach, financial assets are allocated to one of three stages, plus an additional stage for financial assets that are already impaired when acquired (stage 4). Stage 1 comprises financial assets that are recognized for the first time or for which the probability of default has not increased significantly. The expected credit losses for the next twelve months are calculated at this stage. Stage 2 comprises financial assets with a significantly increased probability of default, while financial assets with objective indications of default are allocated to stage 3. The lifetime expected credit losses are calculated at these stages. Stage 4 financial assets, which are already impaired when acquired, are subsequently measured by recognizing a loss allowance on the basis of the accumulated lifetime expected losses. Financial assets classified as impaired on acquisition remain in this category until they are derecognized.

The Volkswagen Group applies the simplified approach to trade receivables and contract assets in accordance with IFRS 15. The same applies to receivables under operating or finance leases accounted for under IFRS 16. Under the simplified approach, the expected losses are consistently determined for the entire life of the asset.

The tables below show the reconciliation of the loss allowance for various financial assets and financial guarantees and credit commitments:

CHANGES IN GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Carrying amount at Jan. 1, 2024	**146,691**	**13,839**	**2,388**	**23,703**	**351**	**186,972**
Foreign exchange differences	-477	-104	-80	-50	-20	-731
Changes in consolidated group	-302	-4	-7	57	–	-256
Changes	5,990	-836	-517	-1,210	56	3,482
Modifications	4	0	-1	3	0	7
Transfers to						
Stage 1	3,113	-2,972	-141	–	–	0
Stage 2	-8,045	8,111	-66	–	–	0
Stage 3	-895	-495	1,387	–	–	-2
Carrying amount at Dec. 31, 2024	**146,080**	**17,540**	**2,962**	**22,502**	**387**	**189,472**

CHANGES IN LOSS ALLOWANCE FOR FINANCIAL ASSETS MEASURED AT AMORTIZED COST

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Carrying amount at Jan. 1, 2024	**890**	**654**	**1,380**	**628**	**25**	**3,578**
Foreign exchange differences	-19	-10	-49	-2	-8	-88
Changes in consolidated group	-30	0	-3	4	–	-29
Newly extended/purchased financial assets (additions)	1,337	–	–	321	52	1,709
Other changes within a stage	-290	-62	241	3	-9	-117
Transfers to						
Stage 1	28	-93	-20	–	–	-86
Stage 2	-157	471	-24	–	–	290
Stage 3	-107	-103	624	–	–	414
Financial instruments derecognized during the period (disposals)	-329	-214	-314	-157	-10	-1,024
Utilization	–	–	-373	-41	-6	-421
Changes to models or risk parameters	-3	-12	7	7	1	0
Carrying amount at Dec. 31, 2024	**1,320**	**631**	**1,468**	**762**	**46**	**4,227**

CHANGES IN GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Carrying amount at Jan. 1, 2023	**137,947**	**12,423**	**2,063**	**20,746**	**368**	**173,548**
Foreign exchange differences	–2,068	–41	18	–170	2	–2,258
Changes in consolidated group	–354	–	–	184	–	–170
Changes	14,054	–613	–532	2,941	–19	15,831
Modifications	5	1	0	–	0	6
Transfers to						
Stage 1	3,512	–3,450	–62	–	–	0
Stage 2	–5,756	5,834	–78	–	–	0
Stage 3	–664	–314	978	–	–	0
Classified as held for sale	15	–	–	1	–	16
Carrying amount at Dec. 31, 2023	**146,691**	**13,839**	**2,388**	**23,703**	**351**	**186,972**

CHANGES IN LOSS ALLOWANCE FOR FINANCIAL ASSETS MEASURED AT AMORTIZED COST

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Carrying amount at Jan. 1, 2023	**904**	**740**	**1,134**	**519**	**26**	**3,323**
Foreign exchange differences	–15	–2	12	–1	2	–5
Changes in consolidated group	0	–	–	22	–	22
Newly extended/purchased financial assets (additions)	688	–	–	242	6	936
Other changes within a stage	–189	–174	153	8	11	–191
Transfers to						
Stage 1	34	–99	–19	–	–	–85
Stage 2	–118	336	–36	–	–	183
Stage 3	–225	–71	607	–	–	311
Financial instruments derecognized during the period (disposals)	–217	–117	–160	–159	–11	–664
Utilization	–	–	–315	–21	–12	–348
Changes to models or risk parameters	28	41	4	18	4	96
Classified as held for sale	–	–	–	0	–	0
Carrying amount at Dec. 31, 2023	**890**	**654**	**1,380**	**628**	**25**	**3,578**

CHANGES IN DEFAULT RISK POSITIONS OF FINANCIAL GUARANTEES AND CREDIT COMMITMENTS

€ million	Stage 1	Stage 2	Stage 3	Stage 4	Total
Carrying amount at Jan. 1, 2024	**10,185**	**2,683**	**174**	**92**	**13,134**
Foreign exchange differences	3	46	1	0	50
Changes in consolidated group	776	0	–	–	776
Changes	1,010	28	-17	13	1,034
Modifications	–	–	–	–	–
Transfers to					
Stage 1	268	-236	-32	–	0
Stage 2	-1,076	1,077	-2	–	0
Stage 3	-13	-9	23	–	0
Carrying amount at Dec. 31, 2024	**11,153**	**3,590**	**147**	**105**	**14,994**

CHANGES IN LOSS ALLOWANCE FOR FINANCIAL GUARANTEES AND CREDIT COMMITMENTS

€ million	Stage 1	Stage 2	Stage 3	Stage 4	Total
Carrying amount at Jan. 1, 2024	**27**	**10**	**44**	**10**	**90**
Foreign exchange differences	3	0	0	0	3
Changes in consolidated group	3	0	–	–	3
Newly extended/purchased financial assets (additions)	96	–	–	1	97
Other changes within a stage	3	3	-20	-1	-14
Transfers to					
Stage 1	7	-2	-6	–	0
Stage 2	-4	4	-1	–	0
Stage 3	-4	-2	7	–	2
Financial instruments derecognized during the period (disposals)	-10	-4	-2	-1	-17
Utilization	–	–	-3	–	-3
Changes to models or risk parameters	–	–	0	–	0
Carrying amount at Dec. 31, 2024	**121**	**10**	**20**	**9**	**160**

CHANGES IN DEFAULT RISK POSITIONS OF FINANCIAL GUARANTEES AND CREDIT COMMITMENTS

€ million	Stage 1	Stage 2	Stage 3	Stage 4	Total
Carrying amount at Jan. 1, 2023	**9,960**	**3,529**	**318**	**222**	**14,029**
Foreign exchange differences	0	20	0	0	20
Changes in consolidated group	-178	–	–	–	-178
Changes	473	-928	-151	-130	-736
Modifications	–	–	–	–	–
Transfers to					
Stage 1	36	-36	0	–	0
Stage 2	-99	101	-1	–	0
Stage 3	-5	-3	8	–	–
Carrying amount at Dec. 31, 2023	**10,185**	**2,683**	**174**	**92**	**13,134**

CHANGES IN LOSS ALLOWANCE FOR FINANCIAL GUARANTEES AND CREDIT COMMITMENTS

€ million	Stage 1	Stage 2	Stage 3	Stage 4	Total
Carrying amount at Jan. 1, 2023	**34**	**19**	**23**	**32**	**108**
Foreign exchange differences	0	0	0	0	0
Changes in consolidated group	0	–	–	–	0
Newly extended/purchased financial assets (additions)	10	–	–	0	10
Other changes within a stage	–4	–8	18	–21	–15
Transfers to					
Stage 1	1	–1	–	–	0
Stage 2	–1	1	–	–	0
Stage 3	–3	0	6	–	3
Financial instruments derecognized during the period (disposals)	–10	–1	0	–2	–14
Utilization	–	–	–3	–	–3
Changes to models or risk parameters	–	–	0	–	0
Carrying amount at Dec. 31, 2023	**27**	**10**	**44**	**10**	**90**

CHANGES IN GROSS CARRYING AMOUNTS OF LEASE RECEIVABLES AND CONTRACT ASSETS

	SIMPLIFIED APPROACH	
€ million	2024	2023
Carrying amount at Jan. 1	**64,035**	**57,015**
Foreign exchange differences	721	374
Changes in consolidated group	–49	–232
Changes	5,679	6,869
Modifications	6	8
Carrying amount at Dec. 31	**70,392**	**64,035**

CHANGES IN LOSS ALLOWANCE FOR LEASE RECEIVABLES AND CONTRACT ASSETS

	SIMPLIFIED APPROACH	
€ million	2024	2023
Carrying amount at Jan. 1	**1,341**	**1,713**
Foreign exchange differences	–5	17
Changes in consolidated group	–48	–162
Newly extended/purchased financial assets (additions)	793	510
Other changes	–97	–224
Financial instruments derecognized during the period (disposals)	–310	–400
Utilization	–61	–82
Changes to models or risk parameters	–18	–32
Carrying amount at Dec. 31	**1,594**	**1,341**

CHANGES IN GROSS CARRYING AMOUNTS OF ASSETS MEASURED AT FAIR VALUE

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	No loss allowance	Total
Carrying amount at Jan. 1, 2024	**2,685**	**1,797**	**–**	**–**	**-56**	**28,228**	**32,654**
Foreign exchange differences	28	–	–	–	–	96	123
Changes in consolidated group	–	–	–	–	–	0	0
Changes	529	-917	–	–	–	1,208	820
Modifications	–	–	–	–	–	–	–
Transfers to							
Stage 1	459	-459	–	–	–	–	–
Stage 2	-79	79	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Carrying amount at Dec. 31, 2024	**3,622**	**500**	**–**	**–**	**-56**	**29,532**	**33,597**

CHANGES IN GROSS CARRYING AMOUNTS OF ASSETS MEASURED AT FAIR VALUE

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	No loss allowance	Total
Carrying amount at Jan. 1, 2023	**1,470**	**2,768**	**–**	**–**	**–**	**28,456**	**32,694**
Foreign exchange differences	-15	–	–	–	–	-43	-57
Changes in consolidated group	–	–	–	–	–	–	–
Changes	1,230	-971	–	–	-56	-193	10
Modifications	–	–	–	–	–	7	7
Transfers to							
Stage 1	–	–	–	–	–	–	–
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Carrying amount at Dec. 31, 2023	**2,685**	**1,797**	**–**	**–**	**-56**	**28,228**	**32,654**

The loss allowance on assets measured at fair value in Stage 1 decreased by €1 million in fiscal year 2024 (previous year: increase of €6 million) and those in Stage 2 declined by €1 million (previous year: increase of €2 million), resulting in a closing balance of €11 million (previous year: €12 million). Of this amount, €9 million is attributable to Stage 1 (previous year: €10 million) and €2 million to Stage 2 (previous year €3 million).

The amount contractually outstanding for financial assets that have been derecognized in the current fiscal year and are still subject to enforcement proceedings is €238 million (previous year: €270 million).

Modifications

There were contract modifications to financial assets in the reporting period that did not lead to the derecognition of the asset. These were primarily the result of changes in credit ratings and relate to financial assets for which loss allowances were measured in the amount of the expected lifetime credit losses. For trade and lease receivables, the treatment is simplified by considering the credit rating-based modifications where the receivables are more than 30 days past due. Before the modification, amortized cost amount to €285 million (previous year: €315 million). In the reporting period, contract modifications resulted in net income (–)/net expenses (+) of €0.4 million (previous year: €– 1 million).

As of the reporting date, the gross carrying amounts of financial assets that have been modified since initial recognition and were simultaneously reclassified from stage 2 or 3 to stage 1 in the reporting period amounted to €27 million (previous year: €81 million). As a result, the measurement of the loss allowance for these financial assets was changed from lifetime expected credit losses to 12-month expected credit losses.

Maximum credit risk

The table below shows the maximum credit risk to which the Volkswagen Group was exposed as of the reporting date, broken down by class to which the impairment model is applied:

MAXIMUM CREDIT RISK BY CLASS

€ million	Dec. 31, 2024	Dec. 31, 2023
Financial assets measured at fair value	4,055	4,413
Financial assets measured at amortized cost	185,234	183,392
Financial guarantees and credit commitments	14,834	13,044
Not allocated to a measurement category	68,797	62,346
Total	**272,921**	**263,196**

Rating categories

The Volkswagen Group performs a credit assessment of borrowers in all loan and lease agreements, using scoring systems for the high-volume business and rating systems for corporate customers as well as receivables from dealer financing. Receivables rated as good are contained in risk class 1. Receivables from customers whose credit rating is not good but have not yet defaulted are contained in risk class 2. Risk class 3 comprises all defaulted receivables.

The table below presents the gross carrying amounts of financial assets by rating category:

GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS BY RATING CATEGORY AS OF DECEMBER 31, 2024

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4
Credit risk rating grade 1 (receivables with no credit risk – standard loans)	145,608	11,420	–	87,022	44
Credit risk rating grade 2 (receivables with credit risk – intensified loan management)	4,094	6,620	–	3,872	74
Credit risk rating grade 3 (cancelled receivables – non-performing loans)	–	–	2,962	1,999	214
Total	**149,702**	**18,040**	**2,962**	**92,894**	**331**

GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS BY RATING CATEGORY AS OF DECEMBER 31, 2023

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4
Credit risk rating grade 1 (receivables with no credit risk – standard loans)	143,891	9,504	–	83,823	28
Credit risk rating grade 2 (receivables with credit risk – intensified loan management)	5,485	6,132	–	2,610	54
Credit risk rating grade 3 (cancelled receivables – non-performing loans)	–	–	2,388	1,304	214
Total	**149,376**	**15,637**	**2,388**	**87,737**	**295**

Furthermore, the default risk exposure for financial guarantees and credit commitments is presented below:

DEFAULT RISK FOR FINANCIAL GUARANTEES AND CREDIT COMMITMENTS AS OF DECEMBER 31, 2024

€ million	Stage 1	Stage 2	Stage 3	Stage 4
Credit risk rating grade 1 (receivables with no credit risk – standard loans)	11,101	3,186	–	65
Credit risk rating grade 2 (receivables with credit risk – intensified loan management)	52	404	–	1
Credit risk rating grade 3 (cancelled receivables – non-performing loans)	–	–	147	38
Total	**11,153**	**3,590**	**147**	**105**

DEFAULT RISK FOR FINANCIAL GUARANTEES AND CREDIT COMMITMENTS AS OF DECEMBER 31, 2023

€ million	Stage 1	Stage 2	Stage 3	Stage 4
Credit risk rating grade 1 (receivables with no credit risk – standard loans)	10,040	2,579	–	14
Credit risk rating grade 2 (receivables with credit risk – intensified loan management)	145	104	–	3
Credit risk rating grade 3 (cancelled receivables – non-performing loans)	–	–	174	75
Total	**10,185**	**2,683**	**174**	**92**

Collateral that was accepted for financial assets in the current fiscal year was recognized in the balance sheet in the amount of €257 million (previous year: €303 million). This mainly relates to vehicles.

3. Liquidity risk

The solvency and liquidity of the Volkswagen Group are secured by rolling liquidity planning, a liquidity reserve, confirmed credit lines and the issuance of securities on the international money and capital markets. The volume of confirmed bilateral and syndicated credit lines stood at €32.4 billion as of December 31, 2024 (previous year: €31.3 billion), of which €2.1 billion (previous year: €0.4 billion) was drawn down.

Local cash funds in certain countries (e.g. China, Brazil, Argentina, South Africa and India) are only available to the Group for cross-border transactions subject to exchange controls. There are no significant restrictions over and above these. The liquidity risk in Argentina continues to be high. In 2024, the Argentinian peso depreciated by 21% against the euro. It cannot be ruled out that the currency will depreciate further in fiscal year 2025.

Under the existing reverse factoring program, Volkswagen agrees an extension of payment terms with participating suppliers. If the program were to be terminated, the original payment terms would come into force again, and liabilities would have to be settled sooner as a result. The resulting effects on liquidity do not represent a liquidity risk, since the liabilities subject to reverse factoring arrangements are not a material part of total liabilities. Moreover, Volkswagen has enough financial instruments to meet short-term liquidity requirements on the credit, money, or capital markets. The reverse factoring program is intended by Volkswagen to provide long-term support to suppliers and stabilize the supply chain; there are no plans, therefore, to terminate the program in the near future.

The following overview shows the contractual undiscounted cash flows from financial instruments:

MATURITY ANALYSIS OF UNDISCOUNTED CASH FLOWS FROM FINANCIAL INSTRUMENTS

	REMAINING CONTRACTUAL MATURITIES				REMAINING CONTRACTUAL MATURITIES			
€ million	up to one year	within one to five years	more than five years	2024	up to one year	within one to five years	more than five years	2023
Financial liabilities	124,703	128,575	21,894	275,172	116,805	111,952	23,572	252,328
Trade payables	29,772	–	–	29,772	30,890	11	1	30,901
Other financial liabilities	11,141	2,299	47	13,487	11,374	2,135	107	13,616
Derivatives	92,843	99,190	4,993	197,026	81,487	88,276	10,295	180,058
Liabilities associated with assets held for sale	–	–	–	–	18	0	–	19
	258,460	**230,065**	**26,933**	**515,458**	**240,575**	**202,373**	**33,974**	**476,922**

The cash outflows on other financial liabilities include outflows on liabilities for tax allocations amounting to €18 million (previous year: €18 million).

Derivatives comprise both cash flows from derivative financial instruments with negative fair values and cash flows from derivatives with positive fair values for which a gross settlement has been agreed. Derivatives entered into through offsetting transactions are also accounted for as cash outflows. The cash outflows from derivatives for which a gross settlement has been agreed are matched in part by cash inflows. These cash inflows are not reported in the maturity analysis. If these cash inflows were also recognized, the cash outflows presented would be substantially lower. This also particularly applies if hedges have been closed with offsetting transactions.

The cash outflows from obligations from loan commitments and irrevocable credit commitments are presented in the section entitled “Other financial obligations”, classified by contractual maturities.

As of December 31, 2024, the maximum potential liability under financial guarantees amounted to €787 million (previous year: €910 million). Financial guarantees are assumed to be due immediately in all cases.

4. Market risk

4.1 HEDGING POLICY AND FINANCIAL DERIVATIVES

During the course of its general business activities, the Volkswagen Group is exposed to foreign currency, interest rate, commodity price, equity price and fund price risk. Corporate policy is to limit such risk by means of hedging. Generally, all necessary hedging transactions are executed or coordinated centrally; exceptions include, among others, the MAN Energy Solutions, Porsche AG, Porsche Holding Salzburg and TRATON GROUP subgroups and the Financial Services Division, as well as some regions such as South America and China.

Disclosures on gains and losses from fair value hedges

Fair value hedges involve hedging against the risk of changes in the carrying amount of balance sheet items. As of the reporting date, both hedging instruments and hedged items are measured at fair value in relation to the hedged risk, and the resulting opposite changes in value are recognized in the corresponding income statement item.

The following table shows the gains and losses from fair value hedges by risk type:

DISCLOSURES ON GAINS AND LOSSES FROM FAIR VALUE HEDGES

€ million	Dec. 31, 2024	Dec. 31, 2023
Hedging interest rate risk		
Other financial result	–5	–10
Other operating result	–20	–48
Hedging currency risk		
Other financial result	–	–
Other operating result	–75	–45
Combined interest rate and currency risk hedging		
Other financial result	–	–
Other operating result	0	0

Disclosures on gains and losses from cash flow hedges

Cash flow hedges are used to hedge against risks of fluctuations in future cash flows. These cash flows may arise from a recognized asset or liability, or from a highly probable forecast transaction. The following table shows the gains and losses from cash flow hedges by risk type:

DISCLOSURES ON GAINS AND LOSSES FROM CASH FLOW HEDGES

€ million	2024	2023
Hedging interest rate risk		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	-38	-278
Recognized in profit or loss	-6	-4
Reclassification from the cash flow hedge reserve to profit or loss		
Due to early discontinuation of the hedging relationships	–	–
Due to realization of the hedged item	4	4
Hedging currency risk		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	-200	467
Recognized in profit or loss	3	2
Reclassification from the cash flow hedge reserve to profit or loss or inventories		
Due to early discontinuation of the hedging relationships	-82	-91
Due to realization of the hedged item	108	362
Combined interest rate and currency risk hedging		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	58	72
Recognized in profit or loss	0	–
Reclassification from the cash flow hedge reserve to profit or loss		
Due to early discontinuation of the hedging relationships	–	–
Due to realization of the hedged item	-37	-57
Hedging commodities price risk		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	-576	5
Recognized in profit or loss	-17	–
Reclassification from the cash flow hedge reserve to profit or loss or inventories		
Due to early discontinuation of the hedging relationships	11	–
Due to realization of the hedged item	13	1

The table presents effects taken to equity, reduced by deferred taxes.

The gain or loss from changes in the fair value of hedging instruments used in hedge accounting corresponds to the basis for determining hedge ineffectiveness. The ineffective portion of a cash flow hedge is the income or expense resulting from changes in the fair value of the hedging instrument that exceed the changes in the fair value of the hedged item. This hedge ineffectiveness is attributable to differences in the parameters for the hedging instrument and the hedged item. Such income and expenses are recognized in other operating income/expenses or in the other financial result.

The Volkswagen Group uses two different methods to present market risk from non-derivative and derivative financial instruments in accordance with IFRS 7. For quantitative risk measurement, interest rate and foreign currency risk in Volkswagen Group Mobility is measured using a value-at-risk (VaR) model on the basis of a historical simulation, while market risk in the other Group companies is determined using a sensitivity analysis. The value-at-risk calculation indicates the size of the maximum potential loss on the portfolio as a whole within a time horizon of 60 days, measured at a confidence level of 99%. To provide the basis for this calculation, all cash flows from non-derivative and derivative financial instruments are aggregated into an interest rate gap analysis. The historical market data used in calculating VaR covers a period of four years. The sensitivity analysis calculates the effect on equity and profit or loss by modifying risk variables within the respective market risks.

Disclosures on hedging instruments in hedge accounting

The Volkswagen Group regularly enters into hedging instruments to hedge against changes in the carrying amount of balance sheet items. The summary below shows the notional amounts, fair values and base variables for determining the ineffectiveness of hedging instruments entered into to hedge against the risk of changes in carrying amounts in fair value hedges:

DISCLOSURES ON HEDGING TRANSACTIONS IN FAIR VALUE HEDGES IN 2024

€ million	Notional amount	Other assets	Other liabilities	Fair value changes to determine hedge ineffectiveness
Hedging interest rate risk				
Interest rate swaps	45,506	204	1,102	–1,071
Hedging currency risk				
Currency forwards, currency options, cross-currency swaps	4,209	91	16	55
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	1,578	124	25	28

DISCLOSURES ON HEDGING TRANSACTIONS IN FAIR VALUE HEDGES IN 2023

€ million	Notional amount	Other assets	Other liabilities	Fair value changes to determine hedge ineffectiveness
Hedging interest rate risk				
Interest rate swaps	52,663	366	1,773	–1,693
Hedging currency risk				
Currency forwards, currency options, cross-currency swaps	6,749	67	64	–31
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	773	9	67	–55

In addition, hedges are used to hedge against risks of fluctuations in future cash flows. The table below shows the notional amounts, fair values and base variables for determining the ineffectiveness of hedging instruments designated in cash flow hedges:

DISCLOSURES ON HEDGING TRANSACTIONS IN CASH FLOW HEDGES IN 2024

€ million	Notional amount	Other assets	Other liabilities	Fair value changes to determine hedge ineffectiveness
Hedging interest rate risk				
Interest rate swaps	20,502	131	89	36
Hedging currency risk				
Currency forwards and cross-currency swaps	128,962	3,830	2,688	1,379
Currency options	8,321	126	104	35
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	1,549	152	0	35
Hedging commodities price risk				
Commodity forwards/swaps	9,156	300	656	–741

DISCLOSURES ON HEDGING TRANSACTIONS IN CASH FLOW HEDGES IN 2023

€ million	Notional amount	Other assets	Other liabilities	Fair value changes to determine hedge ineffectiveness
Hedging interest rate risk				
Interest rate swaps	17,331	165	62	27
Hedging currency risk				
Currency forwards and cross-currency swaps	113,139	3,534	2,273	2,340
Currency options	14,231	208	152	31
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	1,273	49	15	26
Hedging commodities price risk				
Commodity forwards/swaps	431	15	6	9

The fair value change used to determine ineffectiveness corresponds to the fair value change of the designated component.

Disclosures on hedged items in hedge accounting

In addition to disclosures on hedging instruments, disclosures are also required on the hedged items, broken down by risk category and type of designation for hedge accounting. Below follows a list of hedged items designated in fair value hedges, separately from those designated in cash flow hedges:

DISCLOSURES ON HEDGED ITEMS IN FAIR VALUE HEDGES IN 2024

€ million	Carrying amount	Cumulative hedge adjustments	Hedge adjustments current period/ fiscal year	Cumulative hedge adjustments from discontinued hedging relationships
Hedging interest rate risk				
Financial services receivables	20,588	92	-202	–
Other financial assets	–	–	–	–
Financial liabilities	30,909	-654	888	–
Hedging currency risk				
Financial services receivables	–	–	–	–
Other financial assets	1,335	0	3	–
Financial liabilities	461	-62	-50	–
Combined interest rate and currency risk hedging				
Financial services receivables	–	–	–	–
Other financial assets	34	-1	-6	–
Financial liabilities	1,248	113	-3	–

DISCLOSURES ON HEDGED ITEMS IN FAIR VALUE HEDGES IN 2023

€ million	Carrying amount	Cumulative hedge adjustments	Hedge adjustments current period/ fiscal year	Cumulative hedge adjustments from discontinued hedging relationships
Hedging interest rate risk				
Financial services receivables	18,196	293	225	–
Other financial assets	–	–	–	–
Financial liabilities	37,503	-1,527	1,065	–
Hedging currency risk				
Financial services receivables	–	–	–	–
Other financial assets	1,169	2	2	–
Financial liabilities	856	-5	2	–
Combined interest rate and currency risk hedging				
Financial services receivables	–	–	–	–
Other financial assets	36	0	0	–
Financial liabilities	976	116	77	–

DISCLOSURES ON HEDGED ITEMS IN CASH FLOW HEDGES IN 2024

€ million	Changes in fair value to determine hedge ineffectiveness	RESERVE FOR Active cash flow hedges	RESERVE FOR Discontinued cash flow hedges
Hedging interest rate risk			
Designated components	15	18	-8
Non-designated components	–	–	–
Deferred taxes	–	-13	2
Total hedging interest rate risk	15	4	-6
Hedging currency risk			
Designated components	1,433	1,413	19
Non-designated components	–	-526	15
Deferred taxes	–	-223	-10
Total hedging currency risk	1,433	664	24
Combined interest rate and currency risk hedging			
Designated components	48	26	–
Non-designated components	–	–	–
Deferred taxes	–	-9	–
Total hedging combined interest rate and currency risk	48	17	–
Hedging commodity price risk			
Designated components	-782	-723	-58
Non-designated components	–	–	–
Deferred taxes	–	217	17
Total hedging commodity price risk	-782	-506	-40

DISCLOSURES ON HEDGED ITEMS IN CASH FLOW HEDGES IN 2023

€ million	Changes in fair value to determine hedge ineffectiveness	RESERVE FOR Active cash flow hedges	RESERVE FOR Discontinued cash flow hedges
Hedging interest rate risk			
Designated components	25	30	1
Non-designated components	–	–	–
Deferred taxes	–	1	0
Total hedging interest rate risk	25	31	1
Hedging currency risk			
Designated components	2,338	2,320	26
Non-designated components	–	-1,137	-24
Deferred taxes	–	-324	-1
Total hedging currency risk	2,338	859	2
Combined interest rate and currency risk hedging			
Designated components	26	-7	–
Non-designated components	–	–	–
Deferred taxes	–	2	–
Total hedging combined interest rate and currency risk	26	-5	–
Hedging commodity price risk			
Designated components	10	9	–
Non-designated components	–	–	–
Deferred taxes	–	-3	–
Total hedging commodity price risk	10	6	–

Changes in the reserve

When accounting for cash flow hedges, the designated effective portions of a hedge are recognized in OCI I directly in equity. All changes beyond this in the fair value of the designated component are recognized as ineffectiveness in profit or loss.

The tables below show a reconciliation to the reserve:

CHANGES IN THE RESERVE FOR CASH FLOW HEDGES (OCI I)

€ million	Interest rate risk	Currency risk	Interest rate/ currency risk	Commodity price risk	Total
Balance at Jan. 1, 2024	**33**	**1,669**	**–5**	**6**	**1,703**
Gains or losses from effective hedging relationships	–38	117	58	–576	–439
Reclassifications due to changes in whether the hedged item is expected to occur	–	–67	–	11	–56
Reclassifications due to realization of the hedged item	4	–689	–37	13	–709
Balance at Dec. 31, 2024	**–2**	**1,030**	**17**	**–547**	**498**

CHANGES IN THE RESERVE FOR CASH FLOW HEDGES (OCI I)

€ million	Interest rate risk	Currency risk	Interest rate/ currency risk	Commodity price risk	Total
Balance at Jan. 1, 2023	**307**	**1,397**	**–20**	**–**	**1,684**
Gains or losses from effective hedging relationships	–278	733	72	5	533
Reclassifications due to changes in whether the hedged item is expected to occur	–	–137	–	–	–137
Reclassifications due to realization of the hedged item	4	–325	–57	1	–377
Balance at Dec. 31, 2023	**33**	**1,669**	**–5**	**6**	**1,703**

If expectations about the occurrence of the hedged item change, the arrangement is reclassified by terminating the hedging relationship prematurely. Changed expectations are primarily caused by a change in projections related to the hedging of purchase transactions.

Changes in the fair values of non-designated components of a derivative are likewise generally recognized immediately through profit or loss. An exception from this principle is any change in the fair value attributable to non-designated time values of options, to the extent that they relate to the hedged item. Moreover, the Volkswagen Group initially recognizes in equity (hedging costs) changes in the fair values of non-designated forward components in currency forwards and currency hedges attributed to cash flow hedges. This means that the Volkswagen Group recognizes changes in the fair value of the non-designated component respectively parts thereof immediately through profit or loss only if there is ineffectiveness.

The tables below show a summary of changes in the reserve for hedging costs resulting from the non-designated portions of options and currency hedges:

CHANGES IN THE RESERVE FOR HEDGING COSTS – NON-DESIGNATED TIME VALUES OF OPTIONS

	CURRENCY RISK	
€ million	2024	2023
Balance at Jan. 1	**-22**	**-87**
Gains and losses from non-designated time value of options		
Hedged item is recognized at a point in time	-80	17
Reclassifications due to changes in whether the hedged item is expected to occur		
Hedged item is recognized at a point in time	1	1
Reclassification due to realization of the hedged item		
Hedged item is recognized at a point in time	77	46
Balance at Dec. 31	**-24**	**-22**

CHANGES IN THE RESERVE FOR HEDGING COSTS – NON-DESIGNATED FORWARD COMPONENT AND CROSS CURRENCY BASIS SPREAD (CCBS)

	CURRENCY RISK	
€ million	2024	2023
Balance at Jan. 1	**-785**	**-1,187**
Gains and losses from non-designated forward elements and CCBS		
Hedged item is recognized at a point in time	-236	-283
Reclassification due to changes in whether the hedged item is expected to occur		
Hedged item is recognized at a point in time	-15	44
Reclassifications due to realization of the hedged item		
Hedged item is recognized at a point in time	719	641
Balance at Dec. 31	**-318**	**-785**

4.2 MARKET RISK IN THE VOLKSWAGEN GROUP (EXCLUDING VOLKSWAGEN GROUP MOBILITY)

4.2.1 FOREIGN CURRENCY RISK

Foreign currency risk in the Volkswagen Group (excluding Volkswagen Group Mobility) is attributable to investments, financing measures and operating activities. Currency forwards, currency options, currency swaps and cross-currency interest rate swaps are used to limit foreign currency risk. These transactions relate to the exchange rate hedging of material payments covering general business activities that are not made in the functional currency of the respective Group companies. The principle of matching currencies applies to the Group's financing activities.

Hedging transactions entered into in 2024 as part of foreign currency risk management were amongst others in Australian dollars, Brazilian real, British pound sterling, Chinese renminbi, Hong Kong dollars, Indian rupees, Japanese yen, Canadian dollars, Mexican pesos, Norwegian kroner, Polish zloty, Swedish kronor, Swiss francs, Singapore dollars, South African rand, South Korean won, Taiwan dollars, Czech koruna, Hungarian forints and US dollars.

All non-functional currencies in which the Volkswagen Group enters into financial instruments are included as relevant risk variables in the sensitivity analysis in accordance with IFRS 7.

If the functional currencies concerned had appreciated or depreciated by 10% against the other currencies, the exchange rates shown below would have resulted in the following effects on the hedging reserve in equity and on earnings after tax. It is not appropriate to add together the individual figures, since the results of the various functional currencies concerned are based on different scenarios.

The following table shows the sensitivities of the main currencies in the portfolio as of December 31, 2024:

	DEC. 31, 2024		DEC. 31, 2023	
€ million	+10%	-10%	+10%	-10%
Exchange rate				
EUR / GBP				
Hedging reserve	1,868	-1,871	1,176	-1,182
Earnings after tax	-113	110	-93	87
EUR / CNY				
Hedging reserve	689	-648	754	-644
Earnings after tax	-230	230	-542	542
EUR / SEK				
Hedging reserve	221	-221	191	-190
Earnings after tax	-678	673	-234	234
EUR / CHF				
Hedging reserve	810	-829	883	-909
Earnings after tax	10	-11	10	-10
EUR / USD				
Hedging reserve	-33	55	408	-393
Earnings after tax	-430	401	-978	978
EUR / PLN				
Hedging reserve	243	-243	187	-187
Earnings after tax	-38	38	-26	26
EUR / JPY				
Hedging reserve	170	-168	190	-188
Earnings after tax	-49	49	-33	33
EUR / AUD				
Hedging reserve	167	-167	169	-169
Earnings after tax	-27	27	-44	44
EUR / TWD				
Hedging reserve	134	-134	155	-155
Earnings after tax	-21	21	-19	19
EUR / CAD				
Hedging reserve	139	-139	205	-205
Earnings after tax	-12	12	-26	26
EUR / BRL				
Hedging reserve	16	-16	54	-54
Earnings after tax	112	-112	-219	219
EUR / KRW				
Hedging reserve	107	-106	184	-179
Earnings after tax	-20	19	-27	27
CAD / USD				
Hedging reserve	-55	55	-91	91
Earnings after tax	54	-54	-11	11
EUR / CZK				
Hedging reserve	-79	79	32	-32
Earnings after tax	-24	24	5	-5

4.2.2 INTEREST RATE RISK

Interest rate risk in the Volkswagen Group (excluding Volkswagen Group Mobility) results from changes in market interest rates, primarily for medium- and long-term variable interest receivables and liabilities. Interest rate swaps and cross-currency interest rate swaps are used to hedge against this risk, partially as fair value or cash flow hedge, and depending on market conditions. Intragroup financing arrangements are mainly structured to match the maturities of their refinancing. Departures from the Group standard are subject to centrally defined limits and monitored on an ongoing basis.

Interest rate risk within the meaning of IFRS 7 is calculated using sensitivity analyses. The effects of the risk-variable market rates of interest on the financial result and on equity are presented, net of tax.

If market interest rates had been 100 bps higher as of December 31, 2024, equity would have been €7 million (previous year: €21 million) lower. If market interest rates had been 100 bps lower as of December 31, 2024, equity would have been €3 million (previous year: €22 million) higher.

If market interest rates had been 100 bps higher as of December 31, 2024, earnings after tax would have been €294 million (previous year: €362 million) lower. If market interest rates had been 100 bps lower as of December 31, 2024, earnings after tax would have been €314 million (previous year: €382 million) higher.

4.2.3 COMMODITY PRICE RISK

Commodity price risk in the Volkswagen Group (excluding Volkswagen Group Mobility) primarily results from price fluctuations and the availability of ferrous and non-ferrous metals, precious metals and commodities required in connection with the Group's digitalization and electrification strategy, and of CO_2 certificates and rubber.

Commodity price risk is limited by entering into forward transactions and swaps.

However, not all commodities are suitable for these types of hedges, e.g. because of low market liquidity or a lack of correlation between hedged item and hedging instrument. Likewise, selected commodities were purchased on the spot market, which led to a corresponding increase in inventories. Commodity price risk within the meaning of IFRS 7 is presented using sensitivity analyses. These show what effect changes in the commodity price risk variable would have on earnings after tax and on equity.

If the commodity prices of the hedged non-ferrous metals and rubber had been 10% higher (lower) as of December 31, 2024, earnings after tax would have been €26 million (previous year: €648 million) higher (lower).

If commodity prices in hedging transactions to which hedge accounting is applied had been 10% higher (lower) as of December 31, 2024, equity would have been €450 million (previous year: €27 million) higher (lower).

4.2.4 EQUITY AND BOND PRICE RISK

The special funds launched using surplus liquidity and the equity interests measured at fair value are subject in particular to equity price and bond price risk, which can arise from fluctuations in quoted market prices, stock exchange indices and market rates of interest. The changes in bond prices resulting from variations in the market rates of interest are quantified in sections 4.2.1 and 4.2.2, as are the measurement of foreign currency and other interest rate risks arising from the special funds and the equity interests measured at fair value. As a rule, risks arising from the special funds are countered by ensuring a broad diversification of products, issuers and regional markets when investing funds, as stipulated by the Investment Guidelines of the Group. Furthermore, the Investment Guidelines define fixed minimum values, which are to be met by taking suitable risk management measures. In addition, hedging is carried out when market conditions are appropriate.

As part of the presentation of market risk, IFRS 7 requires disclosures on how hypothetical changes in risk variables affect the price of financial instruments. Potential risk variables here are in particular quoted market prices or indices, as well as interest rate changes as bond price parameters.

If share prices had been 10% higher as of December 31, 2024, earnings after tax would have been €478 million (previous year: €290 million) higher and equity would have been €134 million (previous year: €4 million) higher. If share prices had been 10% lower as of December 31, 2024, earnings after tax would have been €434 million (previous year: €270 million) lower and equity would have been €134 million (previous year: €4 million) lower.

4.3 MARKET RISK AT VOLKSWAGEN GROUP MOBILITY

Exchange rate risk in Volkswagen Group Mobility is mainly attributable to assets that are not denominated in the functional currency and from refinancing within operating activities. Interest rate risk relates to refinancing without matching maturities and the varying interest rate elasticity of individual asset and liability items. The risks are limited by the use of currency and interest rate hedges.

Microhedges are used for interest rate hedging. Fixed-rate assets and liabilities included in the hedging strategy are recognized at fair value, as opposed to their original subsequent measurement at amortized cost. The resulting effects in the income statement are offset by the corresponding gains and losses on the interest rate hedging instruments (swaps). Currency hedges (currency forwards and cross-currency interest rate swaps) are used to mitigate foreign currency risk. All cash flows in foreign currency are hedged.

As of December 31, 2024, the value at risk was €958 million (previous year: €976 million) for interest rate risk and €191 million (previous year: €133 million) for foreign currency risk.

The entire value at risk for interest rate and foreign currency risk at Volkswagen Group Mobility was €981 million (previous year: €893 million).

5. Methods for monitoring hedge effectiveness

The Volkswagen Group determines hedge effectiveness mainly on a prospective basis using the critical terms match method. Retrospective analysis of effectiveness uses a test for ineffectivities in the form of the dollar offset method. Under the dollar offset method, the changes in value of the hedged item expressed in monetary units are compared with the changes in value of the hedging instrument expressed in monetary units.

To this end, the accumulated changes in the fair value of the designated component of the hedging instrument and hedged item are compared. If the critical terms do not match, the same procedure is applied to the non-designated component.

Notional amount of derivatives

The summary below presents the remaining maturities profile of the notional amounts of the hedging instruments, which are accounted for under the Volkswagen Group's hedge accounting rules, and of derivatives to which hedge accounting is not applied:

NOTIONAL AMOUNT OF DERIVATIVES IN 2024

	REMAINING TERM			TOTAL NOTIONAL AMOUNT
€ million	up to one year	within one to five years	more than five years	Dec. 31, 2024
Notional amount of hedging instruments within hedge accounting				
Hedging interest rate risk				
Interest rate swap	14,498	45,796	5,714	66,008
Hedging currency risk				
Currency forwards/Cross-currency swaps				
Currency forwards/Cross-currency swaps in CNY	5,378	10,103	–	15,481
Currency forwards/Cross-currency swaps in GBP	15,919	17,015	–	32,933
Currency forwards/Cross-currency swaps in USD	14,675	21,404	123	36,202
Currency forwards/Cross-currency swaps in CHF	2,942	8,670	418	12,029
Currency forwards/Cross-currency swaps in other currencies	19,767	16,682	76	36,526
Currency options				
Currency options in CHF	1,204	2,281	–	3,485
Currency options in other currencies	2,835	2,001	–	4,836
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	2,272	854	–	3,127
Hedging commodity price risk				
Commodity forwards/swaps aluminium	1,366	1,901	–	3,267
Commodity forwards/swaps copper	527	1,330	7	1,865
Commodity forwards/swaps nickel	1,059	1,972	116	3,148
Commodity forwards/swaps other	706	170	–	876
Notional amount of other derivatives				
Hedging interest rate risk				
Interest rate swap	22,805	48,011	12,750	83,566
Hedging currency risk				
Currency forwards/Cross-currency swaps				
Currency forwards/Cross-currency swaps in USD	12,288	6,097	1,054	19,439
Currency forwards/Cross-currency swaps in other currencies	20,991	5,784	11	26,786
Currency options				
Currency options in USD	2,535	131	–	2,666
Currency options in other currencies	73	107	–	180
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	4,023	9,131	2,570	15,724
Hedging commodity price risk				
Commodity forwards/swaps	386	161	112	659

NOTIONAL AMOUNT OF DERIVATIVES IN 2023

	REMAINING TERM			TOTAL NOTIONAL AMOUNT
€ million	up to one year	within one to five years	more than five years	Dec. 31, 2023
Notional amount of hedging instruments within hedge accounting				
Hedging interest rate risk				
Interest rate swap	14,174	50,233	5,587	69,993
Hedging currency risk				
Currency forwards/Cross-currency swaps				
Currency forwards/Cross-currency swaps in CNY	5,708	10,032	62	15,802
Currency forwards/Cross-currency swaps in GBP	12,743	7,067	–	19,810
Currency forwards/Cross-currency swaps in USD	12,383	21,008	1,000	34,391
Currency forwards/Cross-currency swaps in CHF	2,790	8,726	60	11,576
Currency forwards/Cross-currency swaps in other currencies	19,346	18,877	86	38,309
Currency options				
Currency options in USD	1,264	1,174	–	2,437
Currency options in CNY	4,733	1,906	–	6,639
Currency options in CHF	1,274	2,462	–	3,736
Currency options in other currencies	583	836	–	1,419
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	1,174	872	–	2,046
Hedging commodity price risk				
Commodity forwards/swaps aluminium	146	87	–	234
Commodity forwards/swaps copper	43	102	–	145
Commodity forwards/swaps other	44	8	–	52
Notional amount of other derivatives				
Hedging interest rate risk				
Interest rate swap	21,553	37,648	17,178	76,379
Hedging currency risk				
Currency forwards/Cross-currency swaps				
Currency forwards/Cross-currency swaps in USD	10,370	8,605	218	19,193
Currency forwards/Cross-currency swaps in other currencies	16,184	3,095	0	19,279
Currency options				
Currency options in CNY	5,529	–	–	5,529
Currency options in other currencies	4,087	511	–	4,598
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	2,298	12,293	3,406	17,997
Hedging commodity price risk				
Commodity forwards/swaps aluminium	1,263	2,535	–	3,798
Commodity forwards/swaps copper	489	1,257	–	1,746
Commodity forwards/swaps nickel	1,021	2,564	218	3,803
Commodity forwards/swaps other	522	126	–	648

Both derivatives closed with offsetting transactions and the offsetting transactions themselves are included in the respective notional amount. The offsetting transactions cancel out the effects of the original hedging transactions. If the offsetting transactions were not included, the respective notional amount would be lower. In addition to the derivatives used for hedging foreign currency, interest rate and price risk, the Group held options and other derivatives on equity instruments at the reporting date, mainly in connection with fund investments. The notional volume with a remaining maturity of less than one year was €30.3 billion (previous year: €19.9 billion). The notional volume with a remaining maturity of more than one year was €3.1 billion (previous year: €4.2 billion) and relates primarily to options in connection with the acquisition of Europcar.

Also in connection with fund investments, the Group held credit default swaps with a notional amount of €17.4 billion (previous year: €32.2 billion).

Existing cash flow hedges in the notional amount of €3.2 billion (previous year: €5.2 billion) were discontinued because of a reduction in the projections. In addition, hedges were to be terminated due to internal risk regulations.

Items hedged under cash flow hedges are expected to be realized in accordance with the maturity buckets of the hedges reported in the table. For cash flow hedges, the Volkswagen Group achieved an average hedging interest rate of 3.33% for hedging interest rate risk. In addition, currency risk was hedged at the following hedging exchange rates for the major currency pairs: EUR/USD at 1.15; EUR/GBP at 0.88; EUR/CNY at 7.42.

The average hedging prices used in commodity price hedging were USD 2,533.41/tonne for aluminum, USD 8,520.09/tonne for copper and USD 19,263.03/tonne for nickel.

The fair values of the derivatives are estimated using market data at the balance sheet date as well as by appropriate valuation techniques. The following term structures were used for the calculation:

in %	EUR	CAD	CHF	CNY	CZK	GBP	JPY	PLN	SEK	USD
Interest rate for six months	2.3838	3.0150	0.2100	1.5790	3.7917	4.5613	0.3925	5.9282	2.5768	4.2404
Interest rate for one year	2.1230	2.8730	0.0500	1.4523	3.6030	4.4566	0.5150	5.6410	2.4234	4.1588
Interest rate for five years	2.0615	2.6900	0.1700	1.4150	3.6625	4.0488	0.7963	4.9970	2.5050	4.0075
Interest rate for ten years	2.2265	2.9190	0.3775	1.5350	3.8080	4.0712	1.0563	5.1550	2.7150	4.0299

37. Capital management

The Group's capital management ensures that its goals and strategies can be achieved in the interests of shareholders, employees and other stakeholders. In particular, management focuses on generating the minimum return on invested assets in the Automotive Division that is required by the capital markets, and on increasing the return on equity in the Financial Services Division. In the process, it aims overall to achieve the highest possible growth in the value of the Group and its divisions for the benefit of all the Company's stakeholder groups.

In order to ensure that resources are used as efficiently as possible in the Automotive Division and to measure the success of this, we apply return on investment (ROI).

The return on investment is defined as the return on invested capital for a particular period based on the operating result after tax. Invested capital is calculated by taking the operating assets reported in the balance sheet (property, plant and equipment, intangible assets, lease assets, inventories and receivables) and deducting non-interest-bearing liabilities (trade payables and payments on account received). Average invested capital is derived from the balance at the beginning and the end of the reporting period. If the return on investment exceeds the market cost of capital, there is an increase in the value of the invested capital. In the Group, a minimum required rate of return on invested capital of 9.0% is defined, which applies to both the business units and the individual products and product lines. The goal of generating a sustained return on investment of over 18.0% is anchored in the company's strategy. The return on investment therefore serves as a consistent target in operational and strategic management and is used to measure target attainment for the Automotive Division, the individual business units, and projects and products. The return on investment achieved for the Automotive Division was 9.7% in the reporting period, which is above the minimum rate of return on invested capital of 9.0%.

Due to the specific features of the Financial Services Division, its management focuses on return on equity, a special target linked to invested capital. This measure is calculated as the ratio of earnings before tax to average equity. Average equity is calculated from the balance at the beginning and the end of the reporting period. In addition, the goals of the Financial Services Division are to meet the banking supervisory authorities' regulatory capital requirements, to procure equity for the growth planned in the coming fiscal years and to support its external rating by ensuring capital adequacy. To ensure compliance with prudential requirements at all times, planning procedures integrated into internal reporting have been put in place for Volkswagen Financial Services AG and for Volkswagen Bank, allowing the equity required for each to be continuously determined on the basis of actual and expected business performance. In the reporting period, this again ensured that regulatory minimum capital requirements were always met both at Group level and at the level of subordinate companies' individual, specific capital requirements.

The return on investment in the Automotive Division as well as the return on equity and the equity ratio in the Financial Services Division are shown in the following table:

€ million	2024	2023[2]
Automotive Division[1]		
Operating result after tax	12,591	15,218
Invested capital (average)	129,618	123,887
Return on investment (ROI) in %	**9.7**	**12.3**
Financial Services Division		
Earnings before tax	2,994	3,764
Average equity	44,307	42,972
Return on equity before tax in %	**6.8**	**8.8**
Equity ratio in %	**14.4**	**14.8**

1 Including proportionate inclusion of the Chinese joint ventures and allocation of consolidation adjustments between the Automotive and Financial Services Divisions; excluding effects on earnings and assets from purchase price allocation.
2 Prior-year figures adjusted (see disclosures on IAS 8 in the "Prior-year corrections in accordance with IAS 8" section).

38. Contingent liabilities

€ million	Dec. 31, 2024	Dec. 31, 2023
Liabilities under guarantees	833	548
Liabilities under warranty contracts	63	65
Assets pledged as security for third-party liabilities	8	8
Other contingent liabilities	9,424	9,771
	10,329	**10,392**

In the case of liabilities from guarantees, the Group is required to make specific payments if the debtors fail to meet their obligations.

The other contingent liabilities primarily comprise potential liabilities arising from matters relating to taxes and customs duties, as well as litigation and proceedings relating to suppliers, dealers, customers, employees and investors. The contingent liabilities recognized in connection with the diesel issue totaled €4.0 billion (previous year: €4.0 billion), of which €3.8 billion (previous year: €3.8 billion) was attributable to investor lawsuits in Germany. Also included are certain elements of the class action lawsuits and proceedings/misdemeanor proceedings relating to the diesel issue as far as these can be quantified. As some of these proceedings are still at a very early stage, the plaintiffs have in a number of cases so far not specified the basis of their claims and/or there is insufficient certainty about the number of plaintiffs or the amounts being claimed. Where these lawsuits meet the definition of a contingent liability, no disclosure was normally required because it had not been possible to measure the amount involved.

In addition, other contingent liabilities include an amount of €0.5 billion for potential liabilities resulting from the risk of tax proceedings instituted by the Brazilian tax authorities against Volkswagen Truck & Bus (formerly: MAN Latin America).

Since 2016, the U.S. National Highway Traffic Safety Administration (NHTSA) has announced further extensions of the recalls of various models from a variety of manufacturers containing certain airbags produced by the Takata company. Recalls were also demanded by the local authorities in individual countries. The recalls also included models manufactured by the Volkswagen Group. Appropriate provisions have been recognized. Currently, the possibility of further extensions to the recalls that could also affect Volkswagen Group models cannot be ruled out. It is not possible at the moment to provide further disclosures in accordance with IAS 37.86 in relation to this matter because the technical investigations and consultations with the authorities are still ongoing.

In line with IAS 37.92, no further statements have been made concerning estimates of financial impact or regarding uncertainty as to the amount or maturity of provisions and contingent liabilities in relation to additional important legal cases. This is so as to not compromise the results of the proceedings or the interests of the Company. Further information can be found under the section entitled “Litigation”.

39. Litigation

Volkswagen AG and the companies in which it is directly or indirectly invested are involved in a substantial number of legal disputes and governmental proceedings in Germany and abroad. Such legal disputes and other proceedings occur, among other things, in connection with products and services or in relation to employees, public authorities, dealers, investors, customers, suppliers, or other contracting parties. For the companies in question, these disputes and proceedings may result in payments such as fines or in other obligations or consequences. In particular, substantial compensatory or punitive damages may have to be paid and cost-intensive measures may have to be implemented. In this context, specific estimation of the objectively likely consequences is often possible only to a very limited extent, if at all.

Various legal proceedings are pending worldwide in which customers are asserting purported product-related claims, either individually or in class actions. These claims are as a rule based on alleged vehicle defects, including defects alleged in vehicle parts supplied to the Volkswagen Group.

Compliance with legal or regulatory requirements is another area in which risks may arise. This is particularly true in gray areas where Volkswagen and the relevant public authorities may interpret the law differently.

In connection with their business activities, Volkswagen Group companies engage in constant dialogue with regulatory agencies, including the *Kraftfahrt-Bundesamt* (KBA – German Federal Motor Transport Authority). It is not possible to predict with assurance how government regulators will assess certain issues of fact and law in a particular situation. For this reason, the possibility that certain vehicle characteristics and/or type approval aspects may in particular ultimately be deemed deficient or impermissible cannot be ruled out. This is fundamentally a question of the regulatory agency's specific evaluation in a concrete situation.

A comparable challenge results from the tension between divergent national and international statutory or regulatory requirements regarding obligations to transfer information or documents, on the one hand, and privacy mandates under national and international data protection law on the other. Volkswagen is advised by outside law firms on these issues so as to preclude compliance violations as far as possible despite the sometimes unclear state of the law.

Litigation may furthermore result from demands for more extensive climate protection measures or from allegedly incomplete disclosures regarding the impact of climate change. The response of the Volkswagen Group to this risk includes, among other things, certification of its self-imposed decarbonization targets through independent and internationally respected organizations and systematic alignment of its non-financial reporting with the requirements of the law and the capital markets.

Risks may also result from actions for infringement of intellectual property, including infringement of patents, brands, or other third-party rights, particularly in Germany, before the Unified Patent Court and in the United States. If Volkswagen is alleged or determined to have violated third-party intellectual property rights, it may for instance have to pay damages, modify manufacturing processes, or redesign products, and may be barred from selling certain products; this may result in delivery and production restrictions or interruptions.

Criminal acts by individuals, which even the best compliance management system can never completely prevent, are another potential source of legal risks.

Appropriate insurance has been taken out to cover these risks where they were sufficiently definite and such coverage was economically sensible. Where necessary based on the information currently available, identified and correspondingly measurable risks have been reflected by recognizing provisions in amounts considered appropriate or disclosing contingent liabilities, as the case may be. As some risks cannot be assessed or can only be assessed to a limited extent, the possibility of material loss or damage not covered by the insured amounts or by provisions cannot be ruled out. This is, for instance, the case with regard to the legal risks assessed in connection with the diesel issue.

Unless otherwise explicitly stated, the amounts disclosed for the litigation being reported on refer only to the respective principal claim. Ancillary claims, such as for interest and litigation expense, are generally not considered.

DIESEL ISSUE

On September 18, 2015, the US Environmental Protection Agency (EPA) publicly announced in a "Notice of Violation" that irregularities in relation to nitrogen oxide (NO_x) emissions had been discovered in emissions tests on certain Volkswagen Group vehicles with 2.0 l diesel engines in the USA. In this context, Volkswagen AG announced that noticeable discrepancies between the figures recorded in testing and those measured in actual road use had been identified in type EA 189 diesel engines and that this engine type had been installed in roughly eleven million vehicles worldwide. On November 2, 2015, the EPA issued a "Notice of Violation" alleging that irregularities had also been discovered in the software installed in US vehicles with type V6 3.0 l diesel engines.

The so-called diesel issue is rooted in a modification of parts of the software of the relevant engine control units – which, according to Volkswagen AG's legal position, is only unlawful under US law – for the type EA 189 diesel engines that Volkswagen AG was developing at that time. This software function was developed and implemented from 2006 on without knowledge at the level of the Board of Management. Members of the Board of Management did not learn of the development and implementation of this software function until the summer of 2015.

There are furthermore no findings that, following the publication in May 2014 of the study by the International Council on Clean Transportation, an unlawful "defeat device" under US law was disclosed to the persons responsible for preparing the 2014 annual and consolidated financial statements as the cause of the high NO_x emissions in certain US vehicles with 2.0 l type EA 189 diesel engines. Rather, at the time the 2014 annual and consolidated financial statements were being prepared, the persons responsible for preparing these financial statements remained under the impression that the issue could be resolved with comparatively little expense. In the course of the summer of 2015, however, it became progressively apparent to individual members of Volkswagen AG's Board of Management that the cause of the discrepancies in the USA was a modification of parts of the software of the engine control unit that was later identified as an unlawful "defeat device" as defined by US law. This culminated in Volkswagen's disclosure of a "defeat device" to the EPA and the California Air Resources Board (CARB), a department of the Environmental Protection Agency of the State of California, on September 3, 2015. According to the assessment at the time by the responsible persons dealing with the matter, the magnitude of the costs expected to result for the Volkswagen Group (recall costs, retrofitting costs, and financial penalties) was not fundamentally dissimilar to that in previous cases involving other vehicle manufacturers. It therefore appeared to be manageable overall considering the business activities of the Volkswagen Group. This assessment by Volkswagen AG was based, among other things, on the advice of a law firm engaged in the USA for regulatory approval issues, according to which similar cases had in the past been amicably resolved with the US authorities. The EPA's publication of the "Notice of Violation" on September 18, 2015, which the Board of Management had not expected, especially at that time, then presented the situation in an entirely different light.

The AUDI AG Board of Management members in office at the time in question have likewise stated that they had no knowledge of the use of "defeat device" software that was prohibited by US law in the type V6 3.0 l TDI engines until the EPA issued its November 2015 "Notice of Violation."

Within the Volkswagen Group, Volkswagen AG has development responsibility for the four-cylinder diesel engines and AUDI AG has development responsibility for the six- and eight-cylinder diesel engines.

As a consequence of the diesel issue, numerous judicial and regulatory proceedings were initiated in various countries. Volkswagen has in the interim succeeded in making substantial progress and ending many of these proceedings. In the USA, Volkswagen AG and certain affiliates reached settlement agreements with various government authorities and private plaintiffs, the latter represented by a Plaintiffs' Steering Committee in a multidistrict litigation in the US state of California. The agreements in question include various partial consent decrees as well as a plea agreement that resolved certain civil claims as well as criminal charges under US federal law and the laws of certain US states in connection with the diesel issue. Although Volkswagen is firmly committed to fulfilling the obligations arising from these agreements, a breach of these obligations cannot be completely ruled out. In the event of a violation, significant penalties could be imposed as stipulated in the agreements, in addition to the possibility of further monetary fines, criminal sanctions and injunctive relief.

In agreement with the respective responsible authorities, the Volkswagen Group is making technical measures available worldwide for virtually all diesel vehicles with type EA 189 engines. For all clusters (groups of vehicles) within its jurisdiction, the KBA determined that implementation of the technical measures would not result in any adverse changes in fuel consumption, CO_2 emissions, engine output, maximum torque, and noise emissions.

Following the studies carried out by AUDI AG to check all relevant diesel concepts for possible irregularities and retrofit potential, measures proposed by AUDI AG have been adopted and mandated by the KBA in various recall orders pertaining to vehicle models with V6 and V8 TDI engines. AUDI AG continues to anticipate that the total cost, including recall expenses, of the ongoing largely software-based retrofit program that began in July 2017 will be manageable and has recognized corresponding balance-sheet risk provisions. AUDI AG has in the meantime developed software updates for affected powertrains and, after approval by the KBA, already installed these updates in the vehicles of a large number of affected customers.

In connection with the diesel issue, potential consequences for Volkswagen's results of operations, financial position and net assets could emerge primarily in the following legal areas:

1. Criminal and administrative proceedings worldwide (excluding the USA/Canada)

Criminal investigations, regulatory offense proceedings, and/or administrative proceedings have been commenced in some countries. Criminal investigations into the core factual issues are being conducted by the Offices of the Public Prosecutor in Braunschweig and Munich.

In September 2021, the Braunschweig Regional Court began hearing the indictment of several current or former employees of Volkswagen AG on charges that include fraud in connection with the diesel issue involving type EA 189 engines. How long the trial will take is currently unclear. Proceedings against a former Chair of the Board of Management of Volkswagen AG were severed from the above case and then joined for joint trial by the Braunschweig Regional Court with separate proceedings, that were initially terminated on a provisional basis, against the same former Chair of the Board of Management on charges of market manipulation relating to capital market disclosure obligations. Shortly after beginning in the third quarter of 2024, the main trial proceedings were again suspended. It is not possible to predict when the main trial proceedings will be resumed again. The Braunschweig Office of the Public Prosecutor is no longer conducting any investigations against Volkswagen AG in connection with the aforementioned proceedings.

In June 2020, the Munich II Regional Court accepted the substantially unchanged indictment of the Munich II Office of the Public Prosecutor, which also named a former Chair of the Board of Management of AUDI AG, and opened the main trial proceedings on charges of, among other things, fraud in connection with the diesel issue involving 3.0 l and 4.2 l TDI engines. The trial before the Munich II Regional Court concluded in June 2023; the former Chair of the Board of Management of AUDI AG and the other two defendants were sentenced to prison terms, the enforcement of which was in each case suspended subject to probation. The conditions of probation include the payment of sums set by the court. The judgment is not yet final. All three defendants have filed appeals on issues of law. The Office of the Public Prosecutor has likewise appealed the judgment against one of the defendants.

In August 2020, the Munich II Office of the Public Prosecutor issued a further indictment charging three former members of the Board of Management of AUDI AG and others with, among other things, fraud in connection with the diesel issue involving 3.0 l and 4.2 l TDI engines. The Munich II Regional Court, which must decide whether to accept the indictment, has since definitively terminated the proceedings against one of the three defendant former members of the Board of Management of AUDI AG subject to payment of a sum set by the court. The Munich II Regional Court has not yet decided whether to accept the indictment against the other two former members of the Board of Management of AUDI AG.

As the type approval authority of proper jurisdiction, the KBA is moreover continuously testing Audi, Volkswagen, and Porsche brand vehicles for problematic functions. If certain functions are deemed impermissible by the KBA, the affected vehicles are recalled pursuant to a recall order or they are brought back into compliance by means of a voluntary service measure.

In judgments rendered in July and November 2022, the European Court of Justice (ECJ) ruled that a so-called thermal window (i.e. a temperature-dependent exhaust gas recirculation) in the range of 15°C and 33°C outside temperature represents a defeat device. In this context, the ECJ developed a new, unwritten criterion according to which a thermal window, even if it serves to prevent sudden and extraordinary damage, is impermissible if it is active "for most of the year under real driving conditions prevalent in the territory of the European Union." The KBA commenced formal administrative proceedings relating to certain first and second generation type EA 896 engines that were installed in certain older vehicle models as well as to individual vehicle models with type EA 189 engines. In July and October 2023, the KBA issued two administrative rulings against AUDI AG in which it ruled that the originally incorporated thermal window version failed to meet the ECJ's new vehicle engineering criterion in some of the affected vehicles. AUDI AG has appealed the rulings, and they are therefore not final. The KBA issued corresponding administrative rulings against Porsche AG in December 2023 and against Volkswagen AG in January 2024. Porsche AG and Volkswagen AG have appealed the rulings. The Volkswagen Group had previously already begun rolling out software updates that modify the thermal window in accordance with the ECJ's new vehicle engineering criterion and will continue to do so.

In a trial level decision rendered in late February 2023, the Schleswig Administrative Court upheld a lawsuit brought by *Deutsche Umwelthilfe* (DUH – Environmental Action Germany) against the KBA and invalidated the notice of approval for a software update for certain older Golf Plus model vehicles to the extent this notice classified the thermal window feature, the altitude correction feature, and the taxi switch feature as permissible deactivation devices (defeat devices). Altitude correction refers to altitude-dependent exhaust gas recirculation. The taxi switch modifies exhaust gas recirculation when a vehicle with a running engine stands motionless for a certain period of time. Volkswagen AG is involved in the litigation as an interested party summoned. In late April 2023, Volkswagen AG and the KBA filed appeals against the judgment of the Schleswig Administrative Court. This decision is thus not legally final. DUH has filed two additional lawsuits with the Schleswig Administrative Court. The first action contests the notices of approval for further Audi and Porsche brand vehicles equipped with type EA 189 engines as well as with selected V-TDI engines; the second action is directed against all Group diesel vehicles with the Euro-5 and Euro-6b/c exhaust emission standard. In the first action, the Schleswig Administrative Court issued a judgment in January 2024 that extended its initial February 2023 decision to additional vehicles with type EA 189 engines and invalidated the KBA's notices of approval for these vehicles. The court granted both leave to appeal (on points of fact and law) and to leap-frog appeal (on points of law). This decision is thus not legally final.

Moreover, additional administrative proceedings relating to the diesel issue are ongoing in other jurisdictions. The companies of the Volkswagen Group are cooperating with the government authorities.

Risks may furthermore result from possible decisions by the ECJ construing EU type approval provisions.

Whether the criminal and administrative proceedings will ultimately result in fines or other consequences for the Company, and if so what amounts these may entail, is currently subject to estimation risks. According to Volkswagen's estimates, the likelihood that a sanction will be imposed is 50 % or less in the majority of these proceedings. Contingent liabilities have therefore been disclosed where the amount of such liabilities could be measured and the likelihood of a sanction being imposed was assessed at not less than 10 %.

2. Product-related lawsuits worldwide (excluding the USA/Canada)

A general possibility exists that customers in the affected markets will file civil lawsuits or that importers and dealers will assert recourse claims against Volkswagen AG and other Volkswagen Group companies. Besides individual lawsuits, various forms of collective actions (i.e. assertion of individual claims by plaintiffs acting jointly or as representatives of a class) are available in various jurisdictions. Furthermore, in a number of markets it is possible for consumer and/or environmental organizations to bring suit to enforce alleged rights to injunctive relief, declaratory judgment, or damages.

Customer class action lawsuits and actions brought by consumer and/or environmental organizations were pending in the reporting year against Volkswagen AG and other Volkswagen Group companies in a number of countries including Belgium, Brazil, England and Wales, France, Germany, Italy, the Netherlands, and South Africa. These actions asserted alleged rights to damages and other relief. The pending actions included in particular the following:

In Belgium, a settlement agreement completely resolving all claims in the class action brought by the Belgian consumer organization *Test Aankoop VZW* was entered into in December 2024. In the settlement, *Test Aankoop VZW* and Volkswagen AG agreed to refrain from appealing the July 2023 trial level judgment and to implement the terms thereof. This judgment ordered Volkswagen AG to pay 5 % of the purchase price, or 5 % of the difference between the purchase price and the resale price, if a consumer had purchased a vehicle with a type EA 189 engine between September 1, 2014 and September 22, 2015, had not installed the software update, and was able to produce the relevant evidentiary documentation.

In Brazil, two consumer protection class actions are pending. In the first class action, which pertains to some 17 thousand Amarok vehicles, the Superior Court of Justice in August 2022 rejected in part the appeal filed by Volkswagen do Brasil against the May 2019 judgment at the first appeals level that had initially reduced the damage liability of Volkswagen do Brasil considerably to around BRL 172 million. Following Volkswagen do Brasil's appeal, the Superior Court of Justice vacated its own prior decision in its entirety. The case was remanded to the lower appellate court for rehearing of certain issues. Volkswagen do Brasil is permitted to introduce new evidence. The judgment is enforceable, but remains non-final. In the second class action, which pertains to roughly 67 thousand later generation Amarok vehicles, the Superior Court of Justice rejected the appeal filed by the plaintiff against the June 2023 appellate court decision in April 2024. Subsequently, the plaintiff filed an interlocutory appeal against this decision with the Superior Court of Justice at the end of April 2024.

financialright GmbH had originally filed approximately 45 thousand consolidated actions before various German courts asserting claims assigned to it by customers in Germany, Slovenia, and Switzerland against Volkswagen Group companies. The proceedings have since been fully resolved following the withdrawal of numerous requests for relief and complaints as well as various settlement agreements. Objectively valuable claims that were withdrawn and then raised again have likewise already been resolved for the most part; otherwise, provisions have been recognized.

Actions have been filed in courts in England, Wales, and Scotland against Volkswagen AG, Volkswagen Group United Kingdom Limited, Volkswagen Financial Services (UK) Limited, and other Volkswagen Group companies in connection with various other diesel vehicles. So-called "outline generic particulars of claim," which provide a rough overview of the grounds of the complaint, were served in England and Wales in September 2024. In Scotland, motions for commencement of a class action and appointment of a representative were formally served, starting in October 2024, on Volkswagen Group United Kingdom Limited, Volkswagen Financial Services (UK) Limited, Volkswagen AG, SEAT S.A., and Škoda Auto a.s. The details of the respective complaints remain uncertain.

In France, a class action is pending that was filed by the French consumer organization *Confédération de la Consommation, du Logement et du Cadre de Vie* (CLCV) against Volkswagen Group Automotive Retail France, Volkswagen Group France, and Volkswagen AG for up to 1 million French owners and lessees of vehicles with type EA 189 engines. This is an opt-in class action in which CLCV is primarily seeking rescission without compensation for use of the vehicle or, in the alternative, damages amounting to 20-30% of the purchase price.

In Italy, the parties to the class action brought by the consumer organization *Altroconsumo* signed a settlement agreement in May 2024 completely resolving all claims for roughly 60 thousand customers validly registered in the class action who had purchased VW, Audi, Škoda, or SEAT vehicles from 2009 to 2015 with type EA 189 engines that were affected by the diesel issue. Both sides refrained from appealing last year's judgment at the first appellate level by the Venice appeals court, thus terminating the proceedings. Provisions totaling roughly €50 million were recognized for the settlement and its implementation.

In the Netherlands, an opt-out class action is pending that was brought by *Stichting Volkswagen Car Claim* seeking declaratory rulings for up to 201 thousand customers. A declaratory judgment partially granting the relief sought was issued in July 2021. In the opinion of the court, Volkswagen AG and the other defendant Group companies acted unlawfully with respect to the original engine management software. The court moreover held that consumers are entitled to a purchase price reduction from the defendant dealerships. No specific payment obligations result from the declaratory judgment. Any individual claims would then have to be established afterwards in separate proceedings. Volkswagen AG and the other defendant Group companies appealed the decision. Furthermore, an opt-out class action lawsuit brought by the Diesel Emissions Justice Foundation (DEJF) seeking monetary damages on behalf of Dutch consumers is also pending; the action involves vehicles with type EA 189 engines, among others. The trial court rendered an interlocutory judgment in March 2022 holding the new class action regime – which permits damage awards in addition to declaratory judgment on the existence of claims – to be inapplicable to the instant lawsuit. On appeal by DJEF, the appellate court in August 2024 modified the interlocutory judgment and held that the new class action regime is applicable to vehicles in the Euro 6 emissions category. However, the court held the new class action regime to be inapplicable to vehicles in lower emissions categories (such as Euro 5). The decision is not yet final.

In South Africa, an opt-out class action seeking damages is pending; the action pertains to some 80 thousand vehicles, including vehicles with type EA 189 engines.

Furthermore, individual lawsuits and similar proceedings are pending against Volkswagen AG and other Volkswagen Group companies in various countries; most of these lawsuits are seeking damages or rescission of the purchase contract.

In Germany, roughly 10 thousand individual lawsuits relating to various diesel engine types are currently pending against Volkswagen AG or other Group companies, with the plaintiffs suing for damages or rescission of the contract in most cases. Fundamental judgments handed down by the BGH in previous years resolve legal issues of major importance for the litigation still pending. Details on these decisions can be found in the chapter entitled "Litigation" in the Annual Report of the Volkswagen Group for the fiscal year in which the respective fundamental judgment was issued.

Volkswagen estimates the likelihood that the plaintiffs will prevail to be 50 % or less in the great majority of cases: customer class actions, complaints filed by consumer and/or environmental organizations, and individual lawsuits. Contingent liabilities are disclosed for these proceedings where the amount of such liabilities can be measured and the chance that the plaintiff will prevail was assessed as not remote. Given the early stage of the proceedings, it is in some cases not yet possible to quantify the realistic risk exposure. Furthermore, provisions were recognized to the extent necessary based on the current assessment.

At this time, it cannot be estimated how many customers will choose to file lawsuits in the future in addition to those already pending and what prospect of success such lawsuits might have.

3. Lawsuits filed by investors worldwide (excluding the USA/Canada)
Investors from Germany and abroad have filed claims for damages against Volkswagen AG – in some cases along with Porsche Automobil Holding SE (Porsche SE) as joint and several debtors – based on purported losses due to alleged misconduct in capital market communications in connection with the diesel issue.

Almost all investor lawsuits are now pending before the Braunschweig Regional Court or the Braunschweig Higher Regional Court. In August 2016, the Braunschweig Regional Court issued an order referring common questions of law and fact relevant to the investor lawsuits pending in Braunschweig to the Higher Regional Court in Braunschweig for binding declaratory rulings pursuant to the *Kapitalanleger-Musterverfahrensgesetz* (KapMuG – German Capital Investor Model Declaratory Judgment Act). The investor lawsuits pending against Volkswagen AG in Germany are stayed pending resolution of the common issues, unless the cases can be dismissed for reasons independent of the common issues that are to be adjudicated in the model case proceedings. The resolution in the model case proceedings of the common questions of law and fact will be binding for the pending cases that have been stayed as described. The model case plaintiff is Deka Investment GmbH. Oral argument in the model case proceedings before the Braunschweig Higher Regional Court began in September 2018. The Braunschweig Higher Regional Court issued several notification rulings stating its position on certain legal issues of fundamental importance for the litigation. In July 2023, the Braunschweig Higher Regional Court issued an order for the taking of evidence including the examination of numerous persons as well as the production and consultation of documents and records. The mandated taking of evidence focuses initially on whether the Board of Management of Volkswagen AG or individual members thereof and/or individual members of Volkswagen AG's Ad Hoc Disclosure Clearing Office (the persons with ad hoc disclosure responsibility in the court's view) had or, as Volkswagen AG's state of knowledge indicates, lacked knowledge of the installation of deactivation devices prohibited under US law in Volkswagen AG vehicles, as well as on the conceptions of these persons regarding the potential share price impact of the information that each respectively possessed. Volkswagen AG has the burden of proof on some issues. The taking of testimony commenced in September 2023 and will also continue in 2025. Several witnesses invoked a privilege against giving testimony. In some cases (not as to persons with ad hoc disclosure responsibility), the Braunschweig Higher Regional Court affirmed a comprehensive right to refuse to testify. In other cases, the decision was deferred in light of ongoing criminal investigations against the individuals in question. A large number of witnesses have testified since mid-September 2023. To date, none of the witnesses heard has testified that members of the Board of Management or persons with ad hoc disclosure responsibility at Volkswagen AG had knowledge prior to September 18, 2015 of any information relating to the diesel issue that Volkswagen AG considered to have share price relevance. Pursuant to § 286 of the Code of Civil Procedure, the Braunschweig Higher Regional Court must decide at its discretion and conviction, taking account of the entire content of the hearings and the results of the evidence taken.

Further investor lawsuits are pending before the Stuttgart Regional Court against Volkswagen AG, in some cases along with Porsche SE as joint and several debtor. An additional investor action for model declaratory judgment was filed with the Stuttgart Higher Regional Court against Porsche SE; Volkswagen AG is involved in this action as a third party intervening in support of a party to the dispute. The Wolverhampton City Council, Administrating Authority for the West Midlands Metropolitan Authorities Pension Fund, was appointed model case plaintiff. The Stuttgart Higher Regional Court rendered a model declaratory judgment in late March 2023. Based on the determinations made in the model declaratory judgment and the current substantive status of the underlying actions, all of the suspended investor lawsuits against Porsche SE would in effect have to be dismissed. The model declaratory judgment is not yet final. The model case plaintiff, several interested parties summoned, and Porsche SE petitioned the BGH for review on points of law. Volkswagen AG joined the proceedings as a third-party supporting the petition for review of Porsche SE.

Excluding the United States and Canada, the amount of the claims being asserted worldwide against Volkswagen AG in connection with the diesel issue in the form of investor lawsuits, judicial applications for dunning and conciliation procedures, and claims registered under the KapMuG declined to approximately €8.7 billion in the reporting year due to the withdrawal and legally final dismissal of lawsuits. Since the beginning of the proceedings, investor lawsuits in excess of €1 billion have thus been withdrawn or finally and conclusively dismissed.

Volkswagen AG remains of the opinion that it duly complied with its capital market obligations. Therefore, no provisions have been recognized for these investor lawsuits. Contingent liabilities have been disclosed where the chance of success was estimated to be not less than 10 %.

4. Proceedings in the USA/Canada

In the USA and Canada, the matters described in the EPA's "Notices of Violation" remain the subject of various types of lawsuits and requests for information that have been filed against Volkswagen AG and other Volkswagen Group companies, in particular by customers, investors, and various government agencies in the United States and Canada.

In November 2023, Volkswagen reached a settlement agreement resolving the environmental claims brought by the Attorney General of the State of Texas and various Texas municipalities against Volkswagen AG, Volkswagen Group of America, Inc., and certain affiliates. The settlement agreement became final in January 2024 after it was approved by the court.

In March 2019, the US Securities and Exchange Commission (SEC) filed a lawsuit against, among others, Volkswagen AG, Volkswagen Group of America Finance, LLC (VWGoAF), and VW Credit, Inc., asserting claims under US federal securities law based, among other things, on alleged misstatements and omissions in connection with the offer and sale of certain bonds and asset-backed securities. In August 2020, the US District Court for the Northern District of California dismissed, among other things, all claims against VW Credit, Inc. relating to asset-backed securities. In September 2020, the SEC filed an amended complaint that, among other things, removed the dismissed claims. In March 2024, VWGoAF submitted to the SEC an executed consent to enter into a final judgment, without admitting or denying the allegations of the SEC's amended complaint filed in September 2020, which requires, among other things, payment in the amount of about USD 49 million. Subsequently, the SEC and VWGoAF filed a motion for entry of final judgment as to VWGoAF requesting the U.S. District Court for the Northern District of California to enter final judgment that would fully resolve the SEC's claims against VWGoAF. In April 2024, the court granted the motion and entered final judgment as to VWGoAF, and issued an order dismissing with prejudice all claims against Volkswagen AG and a former Chair of the Board of Management of Volkswagen AG. Accordingly, the SEC's claims against all defendants in this lawsuit have been fully resolved.

5. Special audit

In a November 2017 ruling, the Higher Regional Court of Celle ordered, upon the request of three US funds, the appointment of a special auditor for Volkswagen AG. The special auditor was supposed to examine whether the members of the Board of Management and Supervisory Board of Volkswagen AG breached their duties in connection with the diesel issue from June 22, 2006 onwards and, if so, whether this resulted in damages for Volkswagen AG. Volkswagen AG had filed a constitutional complaint with the German Federal Constitutional Court against this decision, which was originally unappealable as a formal matter. Volkswagen AG also filed a constitutional complaint against the subsequent (and likewise formally unappealable) decision by the Higher Regional Court of Celle to appoint a special auditor other than the one initially appointed. Following November 2022 rulings by the Federal Constitutional Court that upheld both of the constitutional complaints and remanded the cases to the Celle Higher Regional Court, this court dismissed the motion for appointment of a special auditor as well as the petitioners' motion in the action for replacement of the special auditor by rulings of November 2024 and December 2024 respectively. The petitioners have filed appeals on points of law with the BGH against both decisions. Volkswagen AG had in addition previously filed an action before the Braunschweig Regional Court seeking to enjoin the special auditor from performing the audit as long as he had not furnished sufficient proof of his independence. The Braunschweig Regional Court dismissed the action for injunctive relief in the summer of 2022; Volkswagen AG then appealed this decision to the Braunschweig Higher Regional Court.

A second motion seeking appointment of a special auditor for Volkswagen AG to examine matters relating to the diesel issue was filed with the Regional Court of Hanover. The proceedings in this matter were resumed after initially being stayed pending the decision of the Federal Constitutional Court in the first special audit case.

6. Risk assessment regarding the diesel issue

An amount of around €0.6 billion (previous year: €0.9 billion) has been included in the provisions for litigation and legal risks as of December 31, 2024 to account for the currently known legal risks related to the diesel issue based on the presently available information and the current assessments. Where adequately measurable at this stage, contingent liabilities relating to the diesel issue have been disclosed in the notes in an aggregate amount of €4.0 billion (previous year: €4.0 billion), whereby roughly €3.8 billion (previous year: €3.8 billion) of this amount results from lawsuits filed by investors in Germany. The provisions recognized, the contingent liabilities disclosed, and the other latent legal risks in the context of the diesel issue are in part subject to substantial estimation risks given the complexity of the individual relevant factors, the ongoing coordination with the authorities, and the fact that the fact-finding efforts have not yet been concluded. Should these legal or estimation risks materialize, this could result in further substantial financial charges. In particular, adjustment of the provisions recognized in light of knowledge acquired or events occurring in the future cannot be ruled out.

In line with IAS 37.92, no further statements have been made concerning estimates of financial impact or regarding uncertainty as to the amount or maturity of provisions and contingent liabilities in relation to the diesel issue. This is so as to not compromise the results of the proceedings or the interests of the Company.

ADDITIONAL IMPORTANT LEGAL CASES

In 2011, *ARFB Anlegerschutz UG (haftungsbeschränkt)* filed a claim for damages against Volkswagen AG and Porsche SE for allegedly violating disclosure requirements under capital market law in connection with the acquisition of ordinary shares in Volkswagen AG by Porsche SE in 2008. The damages being sought based on allegedly assigned rights currently amount to approximately €2.26 billion. In late September 2022 the 1st Antitrust Chamber of the Higher Regional Court of Celle issued a model case ruling by which all of the plaintiffs' objects of declaratory judgment were either dismissed or declared to be irrelevant. The legal positions of the model case defendants were thus upheld in their entirety. Two appeals alleging error of law in the model case ruling have been received, one of which is also directed against Volkswagen AG.

In Brazil, the Brazilian tax authorities commenced tax proceedings against Volkswagen Truck & Bus (formerly: MAN Latin America); at issue in these proceedings are the tax consequences of the acquisition structure chosen for Volkswagen Truck & Bus in 2009. In December 2017, an adverse administrative appeal ruling was rendered against Volkswagen Truck & Bus. Volkswagen Truck & Bus challenged this ruling before the regular court in 2018. In 2024, new legislation led to significant reductions in the penalties. Estimation of the risk in the event the tax authorities prevail on all points is subject to uncertainty because of differences in the amount of penalties and interest that might then apply under Brazilian law. However, a positive outcome for Volkswagen Truck & Bus remains the expectation. Should this not occur, a risk of about BRL 3.1 billion could result for the contested period from 2009 onwards; this amount has been included in contingent liabilities in the notes.

The Indian customs authorities have initiated investigations into the question of the application of local customs duties at ŠKODA AUTO Volkswagen India Private Limited and have issued a "Show Cause Notice". A final decision by the Indian authorities has not yet been made. However, due to the early stage of the investigations and the resulting uncertainty surrounding information currently available, risks in this regard cannot be conclusively quantified.

After Volkswagen do Brasil had successfully brought an action in the Brazilian courts against what was held to constitute unconstitutional double taxation of vehicles on the part of the Brazilian federal government, Volkswagen do Brasil received a refund of the excess amount paid from the state of Brazil. In December 2023, the Brazilian dealership association *Associação Brasileira Dos Distribuidores Volkswagen* (Assobrav) and individual dealers, among others, filed lawsuits against Volkswagen do Brasil alleging that the dealers were at least partially entitled to the refunded amount. Eight such actions are pending. The lawsuit brought by Assobrav with a provisionally estimated amount in dispute of roughly BRL 2.4 billion is by far the largest of these actions. In January 2024, the court dismissed the dealership association's lawsuit in its entirety. Assobrav subsequently appealed the dismissal; the judgment is not yet final.

In 2011, the European Commission conducted searches at European truck manufacturers for suspected unlawful exchange of information during the period from 1997 to 2011; in November 2014, the Commission issued a statement of objections to MAN, Scania, and the other truck manufacturers concerned. In its settlement decision of July 2016, the European Commission assessed fines against five European truck manufacturers. MAN's fine was waived in full as the company had informed the European Commission about the irregularities as a key witness. In September 2017, the European Commission fined Scania €0.88 billion. In a judgment rendered in February 2022, the European General Court (Court of First Instance) rejected in its entirety the appeal filed by Scania in this connection. Scania's April 2022 appeal against this judgment was rejected in full by the ECJ, the court of last resort, in February 2024. Furthermore, antitrust lawsuits seeking damages have been received from customers. As is the case in any antitrust proceedings, this may result in further lawsuits for damages. No provisions have been recognized for a large number of these legal disputes as they are not expected to result in final damage awards at the highest appeals level. For those actions in which, after reassessing the risks, the final outcome at the highest appeals level appears more likely than not to result in the payment of damages by MAN or Scania, provisions have been recognized in an amount of €162 million.

In July 2021, the European Commission assessed a fine totaling roughly € 502 million against Volkswagen AG, AUDI AG, and Dr. Ing. h.c. F. Porsche AG pursuant to a settlement decision. Volkswagen declined to file an appeal, hence the decision became final in 2021. The subject matter scope of the decision was limited to the cooperation of German automobile manufacturers on individual technical questions in connection with the development and introduction of SCR (selective catalytic reduction) systems for passenger cars that were sold in the European Economic Area. The manufacturers were not charged with any other misconduct such as price fixing or allocating markets and customers. Following the European Commission's July 2021 administrative fine decision, several class actions were filed in the United Kingdom beginning in late 2021 against Volkswagen AG, among others. Neither provisions nor contingent liabilities have been reported as a realistic estimate of risk exposure is not possible at the present stage of the proceedings. After analyzing potential violations based on the facts of the EU case, the Korean competition authority KFTC issued its administrative fine decision in April 2023. No fine was imposed on Volkswagen AG, and Porsche AG is not affected by the decision. A fine equaling just under €3 million was assessed against AUDI AG. AUDI AG and Volkswagen AG have appealed the decision to the relevant court in Seoul/Korea. The Turkish competition authorities, who investigated similar matters, issued a final decision in January 2022 in which they determined anticompetitive behavior to allegedly exist, but found that it had no effect on Türkiye, for which reason they refrained from imposing fines on the German automakers. The written grounds of the final decision are not yet available. Volkswagen AG, AUDI AG, and Porsche AG have filed appeals. Based on comparable matters, the Chinese competition authority has instituted proceedings against Volkswagen AG, AUDI AG, and Porsche AG, among others, and issued requests for information. On the basis of comparable matters, the Brazilian competition authority Conselho Administrativo de Defesa Econômica (CADE) likewise opened proceedings in July 2024 against Volkswagen AG, AUDI AG, Porsche AG, and others.

In March 2022, the European Commission and the Competition and Markets Authority (CMA), the English antitrust authorities, searched the premises of various automotive manufacturers and automotive industry organizations and/or served them with formal requests for information. In the Volkswagen Group, the investigation affects Volkswagen Group UK, which was searched by the CMA, and Volkswagen AG, which has received a Group-wide information request from the European Commission. The investigation relates to European, Japanese, and Korean manufacturers as well as national organizations operating in such countries and the European organization European Automobile Manufacturers' Association (ACEA), which are suspected of having agreed from 2001/2002 to the initiation of the proceedings to avoid paying for the services of recycling companies that dispose of end-of-life vehicles (ELV) (specifically passenger cars and light utility vehicles). Also alleged is an agreement to refrain from competitive use of ELV issues, that is, not to publicize relevant recycling data (recyclates, recyclability, recovery) for competitive purposes. The violation under investigation is alleged to have taken place in particular in the ACEA Working Group Recycling and related sub-groups thereof. Volkswagen AG is responding to the European Commission's information requests. In June 2024, the Chinese competition authorities also served Volkswagen AG with a request for information in this matter. The Korean competition authority KFTC also carried out a search of Volkswagen Group Korea in the same context. Volkswagen Group UK is cooperating with the CMA. In this matter, CMA furthermore issued requests for information to Volkswagen AG. In July 2022, Volkswagen AG filed an action for judical review challenging the CMA's requests for information in particular because Volkswagen AG believes that they exceed the CMA's jurisdiction. In February 2023, the court granted the claim. The CMA appealed this judgment in April 2023, and in January 2024 the appellate court ruled in the CMA's favor. Volkswagen AG has appealed this decision to the Supreme Court. Concurrent therewith, Volkswagen AG continues to examine the possibilities for reasonable cooperation with the CMA.

In October 2024, the Brazilian competition authority CADE opened proceedings against numerous companies on charges of improper anti-competitive exchange of human resources information. Within the Volkswagen Group, Volkswagen do Brasil is party to the proceedings.

In addition, a few national and international authorities initiated antitrust investigations. Volkswagen is cooperating closely with the responsible authorities in these investigations. An assessment of the underlying situation is not possible at this early stage.

In the lawsuit that Greenpeace is supporting in Braunschweig, the Braunschweig Higher Regional Court rejected the plaintiffs' appeal in June 2024 and upheld the Braunschweig Regional Court's February 2023 dismissal of the complaint. In their complaint filed in November 2021, the plaintiffs in the action had sought, among other things, to compel Volkswagen AG to initially reduce in stages, and by 2029 completely cease, its production and placement into the stream of commerce of vehicles with internal combustion engines, as well as to reduce greenhouse gas emissions from development, production, and marketing (including third party vehicle use). The lawsuit further sought to compel Volkswagen to exercise influence over Group companies, subsidiaries, and joint ventures so as to cause them to fulfill these demands as well. The appellate court's June 2024 decision is final and terminates the Braunschweig lawsuit. In addition, another action with similar requests for relief and by and large the same rationale has been filed against Volkswagen AG by an organic farmer, again with the support of Greenpeace, before the Detmold Regional Court. This action was likewise dismissed as unfounded by the Detmold Regional Court in February 2023. In April 2023, the plaintiffs appealed this decision to the Hamm Higher Regional Court.

In Russia, Automobile Plant GAZ LLC (GAZ) had initially filed actions against Volkswagen AG and others in 2023 alleging damage claims totaling around RUB 44 billion. In fulfillment of a court-confirmed settlement, GAZ withdrew one of its lawsuits, thus terminating these proceedings. In July 2024, the trial court in the remaining lawsuit alleging claims of roughly RUB 28.5 billion ordered Volkswagen AG to pay damages in an amount of roughly RUB 16.9 billion. In December 2024, the appellate court hearing the appeal of Volkswagen AG affirmed the trial court's judgment. Volkswagen AG has appealed this decision and will continue to mount a comprehensive defense.

In line with IAS 37.92, no further statements have been made concerning estimates of financial impact or regarding uncertainty as to the amount or maturity of provisions and contingent liabilities in relation to additional important legal cases. This is so as to not compromise the results of the proceedings or the interests of the Company.

40. Other financial obligations

€ million	PAYABLE 2025	PAYABLE 2026 - 2029	PAYABLE from 2030	TOTAL Dec. 31, 2024
Purchase commitments in respect of				
property, plant and equipment	9,424	2,557	1	11,982
intangible assets	804	158	1	963
investment property	42	–	–	42
Obligations from loan commitments and irrevocable credit commitments	12,790	1,170	32	13,992
Obligations from leasing and rental contracts	599	264	22	885
Miscellaneous other financial obligations	9,471	6,082	1,232	16,785
	33,130	**10,232**	**1,287**	**44,650**

€ million	PAYABLE 2024	PAYABLE 2025 - 2028	PAYABLE from 2029	TOTAL Dec. 31, 2023
Purchase commitments in respect of				
property, plant and equipment	9,932	1,750	4	11,686
intangible assets	1,117	117	1	1,235
investment property	13	–	–	13
Obligations from loan commitments and irrevocable credit commitments	11,267	152	24	11,443
Obligations from leasing and rental contracts	502	295	186	983
Miscellaneous other financial obligations	6,816	4,782	1,282	12,880
	29,648	**7,097**	**1,497**	**38,241**

Compared with the prior year, other financial obligations increased by €6.5 billion to €44.7 billion as of December 31, 2024. The rise was due largely to the equity investment in Rivian, an increase in the obligation from irrevocable credit commitments in the Financial Services Division and higher purchase commitments for property, plant, equipment and services.

In addition to the other financial obligations shown in the table, purchase commitments exist for inventories with a short turnover period, which arise primarily from the Master Collaboration Agreement with Ford Motor Company for the joint development of vans and mid-sized pickups for the global market. Furthermore, there are long-term purchase obligations under battery purchase agreements.

41. Total fee of the Group auditor

Under the provisions of the Handelsgesetzbuch (HGB – German Commercial Code), Volkswagen AG is obliged to disclose the total fee charged for the fiscal year by the Group auditor, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft.

€ million	2024	2023
Financial statement audit services	30	35
Other assurance services	4	2
Tax advisory services	–	–
Other services	1	1
	35	**38**

The financial statement audit services mainly related to the audit of the consolidated financial statements of Volkswagen AG and of the annual financial statements of German Group companies, as well as to reviews of the interim consolidated financial statements of Volkswagen AG and of the interim financial statements of German Group companies. Other assurance services mainly related to statutory and non-statutory audits as well as non-statutory assurance services.

42. Personnel expenses

€ million	2024	2023
Wages and salaries	40,009	40,642
Social security	7,406	7,041
Post-employment and other employee benefit costs	2,371	2,072
	49,786	**49,755**

43. Average number of employees during the year

	2024	2023
Performance-related wage-earners	257,511	261,731
Salaried staff	340,790	330,284
	598,301	**592,016**
of which in the passive phase of partial retirement	13,845	12,358
Vocational trainees	16,222	15,803
	614,523	**607,818**
Employees of Chinese joint ventures	68,201	71,007
	682,724	**678,825**

44. Events after the balance sheet date

There were no events with a significant effect on net assets, financial position and results of operations after December 31, 2024.

45. Remuneration based on performance shares

Selected beneficiaries within the Group receive remuneration based on performance share plans. The structure of these plans varies depending on the awarding Group companies or their reference shares, and on the hierarchy levels of the beneficiaries.

Performance share plans on the basis of Volkswagen preferred shares

The members of the Board of Management, top management and management, as well as selected participants below management level, are granted performance share plans based on Volkswagen's preferred shares that are largely functionally equivalent and settled in cash in full by Volkswagen AG or the awarding Group company.

BOARD OF MANAGEMENT AND TOP MANAGEMENT

Each performance period of the performance share plan for members of the Group Board of Management has a term of four years. At the grant date, the annual target amount under the LTI is converted into performance shares on the basis of the initial reference price of Volkswagen's preferred shares and allocated to the beneficiaries as a purely mathematical figure. This annual target amount is allocated to the respective beneficiaries as a pure calculation position. Based on the degree of target achievement for the annual earnings per Volkswagen preferred share, the number of performance shares is definitively determined on the basis of a four-year, forward-looking performance period. After the end of the performance period, a cash settlement is made. The payment amount corresponds to the number of determined performance shares, multiplied by the closing reference price at the end of the period plus a dividend equivalent. For members of the Board of Management, the payment amount from the performance share plan is limited to 200% (250% from 2023) of the target amount. Penalty and clawback rules apply at the same time: if there is relevant misconduct during the assessment period, payments under the performance share plan can be reduced or demanded back. More information on the structure and objectives of the performance share plan for members of the Group Board of Management can be found in the remuneration report.

The performance period for beneficiaries in top management is three years and the payment amount under the performance share plan is limited to 200% of the target amount.

		Dec. 31, 2024	Dec. 31, 2023
Total expense of the reporting period	€ million	54	144
Carrying amount of the obligation	€ million	259	254
Intrinsic value of the obligation	€ million	100	145
Fair value on granting date	€ million	117	110
Granted performance shares	Shares	2,706,206	2,362,443
of which granted during the reporting period	Shares	1,096,012	943,003

MEMBERS OF MANAGEMENT AND SELECTED PARTICIPANTS BELOW MANAGEMENT LEVEL

The payment amount for members of management and selected participants below management level is determined by multiplying the target amount by the degree of target achievement for the annual earnings per Volkswagen preferred share and the ratio of the closing reference price at the end of the period, plus a dividend equivalent, to the initial reference price. Target achievement is determined on the basis of a three-year performance period with a forward-looking horizon of one year.

In the fiscal year, beneficiary members of management and selected participants below management level were allocated a target amount of €623 million (previous year: €714 million) on which target achievement of 100% is based. As of December 31, 2024, the total carrying amount of the obligation, which corresponded to the intrinsic value of the liabilities, was €565 million (previous year: €986 million). A total expense of €576 million (previous year: €998 million) was recognized for this commitment in the reporting period.

Other performance share plans

Group companies also have their own performance share plans, which are largely based on Volkswagen AG's performance share plans.

The performance share plans of Porsche AG is different in that the level of target achievement is determined on the basis of the annual earnings and share price performance of Porsche preferred shares. For Board of Management members and top management, the performance share plan is applied with a forward-looking four-year horizon in each case. For members of management, the performance share plan is generally applied with a four-year term and a forward-looking horizon of one year.

For the performance share plans of the TRATON Group, the level of target achievement is determined on the basis of the annual earnings and share price performance of TRATON shares. For the members of the Board of Management and of the brand boards of management of the TRATON Group who are not members of the Board of Management of TRATON SE as defined under stock corporation law, and for members of management at International Motors, the performance share plans are applied with a forward-looking horizon of three or four years. For members of management and selected beneficiaries below the TRATON Group's management, a performance share plan is generally applied with a four-year term and a forward-looking horizon of one year.

As of December 31, 2024, the total carrying amount of the obligation resulting from these plans was €160 million (previous year: €131 million) and the intrinsic value of the liabilities was €89 million (previous year: €92 million). A total expense of €115 million (previous year: €119 million) was recognized in the reporting period.

46. Related party disclosures in accordance with IAS 24

Related parties as defined by IAS 24 are natural persons and entities on which Volkswagen AG can exercise significant influence, or which have the ability to exercise significant influence on Volkswagen AG, or that are influenced by another related party of Volkswagen AG.

All transactions with related parties are regularly conducted on an arm's length basis.

Porsche SE held the majority of the voting rights in Volkswagen AG as of the reporting date. The creation of rights of appointment for the State of Lower Saxony was resolved at the extraordinary General Meeting of Volkswagen AG on December 3, 2009. This means that Porsche SE cannot elect all of shareholder representatives on the Supervisory Board of Volkswagen AG via the general meeting for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche SE has the power to participate in the operating policy decisions of the Volkswagen Group and is therefore classified as a related party as defined by IAS 24.

According to a notification dated January 2, 2025, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft Niedersachsen mbH, Hanover, held 20.00% of the voting rights of Volkswagen AG on December 31, 2024. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment).

Contribution of Porsche SE's holding company operating business

The contribution of Porsche SE's holding company operating business to Volkswagen AG on August 1, 2012 has the following effects on the agreements between Porsche SE, Volkswagen AG and companies of the Porsche Holding Stuttgart GmbH Group that existed prior to the contribution and were entered into on the basis of the Comprehensive Agreement and its related implementation agreements:

> Volkswagen AG continues to indemnify Porsche SE internally against claims by the Einlagensicherungsfonds (German deposit protection fund) after Porsche SE submitted an indemnification agreement required by the Bundesverband Deutscher Banken (Association of German Banks) to the Einlagensicherungsfonds in August 2009. Volkswagen AG has also undertaken to indemnify the Einlagensicherungsfonds against any losses caused by measures taken by the latter in favor of a bank in which Volkswagen AG holds a majority interest.

Under the terms of the Comprehensive Agreement, Porsche SE and Volkswagen AG had granted each other put and call options with regard to the remaining 50.1% interest in Porsche Holding Stuttgart GmbH held by Porsche SE until the contribution of its holding company operating business to Volkswagen AG. Both Volkswagen AG (if it had exercised its call option) and Porsche SE (if it had exercised its put option) had undertaken to bear the tax burden resulting from the exercise of the options and any subsequent activities in relation to the equity investment in Porsche Holding Stuttgart GmbH (e.g. from recapture taxation on the spin-off in 2007 and/or 2009). If tax benefits had accrued to Volkswagen AG, Porsche Holding Stuttgart GmbH, Porsche AG, or their respective subsidiaries as a result of recapture taxation on the spin-off in 2007 and/or 2009, the purchase price to be paid by Volkswagen AG for the transfer of the outstanding 50.1% equity investment in Porsche Holding Stuttgart GmbH if the put option had been exercised by Porsche SE would have been increased by the present value of the tax benefit. This arrangement was taken over under the terms of the contribution agreement to the effect that Porsche SE has a claim against Volkswagen AG for payment in the amount of the present value of the realizable tax benefits from any recapture taxation of the spin-off in 2007 as a result of the contribution. It was also agreed under the terms of the contribution that Porsche SE will indemnify Volkswagen AG, Porsche Holding Stuttgart GmbH and their subsidiaries against taxes if measures taken by or not taken by Porsche SE result in recapture taxation for 2012 at these companies in the course of or following implementation of the contribution. In this case, too, Porsche SE is entitled to assert a claim for payment against Volkswagen AG in the amount of the present value of the realizable tax benefits that arise at the level of Volkswagen AG or one of its subsidiaries as a result of such a transaction.

Further agreements were entered into and declarations were issued in connection with the contribution of Porsche SE's holding company operating business to Volkswagen AG, in particular:

> Porsche SE indemnifies the subsidiaries it contributed as part of the business contribution as well as Porsche Holding Stuttgart GmbH, Porsche AG and their subsidiaries against certain liabilities to Porsche SE that relate to the period up to and including December 31, 2011 and that exceed the obligations recognized in the financial statements of those companies for that period.
> Moreover, Porsche SE indemnifies Volkswagen AG, Porsche Holding Stuttgart GmbH , Porsche AG and their subsidiaries against half of the taxes (other than taxes on income) arising at those companies in conjunction with the contribution that would not have been incurred in the event of the exercise of the call options on the shares of Porsche Holding Stuttgart GmbH that continued to be held by Porsche SE until the contribution. Volkswagen AG therefore indemnifies Porsche SE against half of such taxes that the company incurs.
> Additionally, Porsche SE and Porsche AG agreed to allocate any subsequent VAT receivables or liabilities from transactions in the period up to December 31, 2009 to the company entitled to the receivable or incurring the liability.
> A range of information, conduct and cooperation obligations were agreed by Porsche SE and the Volkswagen Group in the contribution agreement.

Volkswagen AG and Porsche SE have agreed in connection with the IPO of Porsche AG and sale of ordinary shares to Porsche SE that representatives of Porsche SE will have a significant presence on the Supervisory Board of Porsche AG. Ultimate decision rights of the shareholder representatives determined by Volkswagen on the Supervisory Board with regard to the ability to direct the relevant activities at Porsche AG within the meaning of IFRS 10 will ensure continued control by Volkswagen AG.

Under the share purchase agreement, Volkswagen AG as warrantor provided several warranties to Porsche SE, which essentially put Porsche SE in the same position as buyers of the preferred shares sold under the IPO. In addition, Volkswagen AG assumes a small number of other standard market guarantees, most of them limited to positive knowledge of Volkswagen AG. The sale by Porsche SE of ordinary shares from the IPO of Porsche AG is subject to restrictions until 2027.

As part of the IPO of Porsche AG and the sale of ordinary shares to Porsche SE in fiscal year 2022, Porsche SE and Volkswagen AG also entered, among other arrangements, into a "procedural and amendment agreement and agreement to amend the Comprehensive Agreement". The latter led to amendments to some provisions, including those on appointments to governing bodies of Porsche AG, contained in the Comprehensive Agreement.

Other related party disclosures in accordance with IAS 24

The following tables present the amounts of supplies and services transacted, as well as outstanding receivables and liabilities, between consolidated companies of the Volkswagen Group and related parties:

€ million	SUPPLIES AND SERVICES RENDERED 2024	SUPPLIES AND SERVICES RENDERED 2023	SUPPLIES AND SERVICES RECEIVED 2024	SUPPLIES AND SERVICES RECEIVED 2023
Porsche SE and its majority interests	4	4	0	0
Supervisory Board members	3	2	5	4
Board of Management members	0	1	0	0
Unconsolidated subsidiaries	1,065	1,401	2,168	2,138
Joint ventures and their majority interests	18,606	17,355	1,447	1,573
Associates and their majority interests	425	422	2,897	3,086
Pension plans	2	2	3	3
Other related parties	0	0	1	1
State of Lower Saxony, its majority interests and joint ventures	4	10	5	4

€ million	RECEIVABLES FROM Dec. 31, 2024	RECEIVABLES FROM Dec. 31, 2023	LIABILITIES (INCLUDING OBLIGATIONS) TO Dec. 31, 2024	LIABILITIES (INCLUDING OBLIGATIONS) TO Dec. 31, 2023
Porsche SE and its majority interests	0	0	2	0
Supervisory Board members	0	0	123	187
Board of Management members	0	0	79	66
Unconsolidated subsidiaries	2,575	1,780	2,334	2,332
Joint ventures and their majority interests	17,710	15,687	4,984	4,864
Associates and their majority interests	403	775	9,179	8,647
Pension plans	2	2	0	0
Other related parties	–	0	4	13
State of Lower Saxony, its majority interests and joint ventures	1	1	1	1

The tables above do not contain the dividend payments (net of withholding tax) of €2,614 million (previous year: €2,450 million) received from joint ventures and associates. The tables likewise do not contain the dividends of €1,703 million paid to Porsche SE (previous year: €1,529 million) or the dividend of €531 million (previous year: €1,638 million) paid to the State of Lower Saxony.

The changes in supplies and services rendered to and received from joint ventures and their majority interests relate primarily to supplies to and from the Chinese joint ventures.

Receivables from joint ventures are primarily attributable to loans granted in an amount of €11,941 million (previous year: €12,068 million) as well as trade receivables in an amount of €3,770 million (previous year: €3,234 million). Receivables from non-consolidated subsidiaries also result primarily from loans granted in an amount of €2,920 million (previous year: €1,266 million) as well as trade receivables in an amount of €157 million (previous year: €199 million).

In addition to the liabilities to associates and their majority interests, long-term purchase obligations exist under battery purchase agreements.

Outstanding related party receivables include doubtful receivables on which impairment losses of €142 million (previous year: €26 million) were recognized. This incurred expenses of €445 million (previous year: €14 million) in fiscal year 2024. The change is primarily attributable to loans granted to an associate.

In addition, the Volkswagen Group has furnished guarantees to external banks on behalf of related parties in the amount of €73 million (previous year: €150 million).

In the fiscal year, the Volkswagen Group made capital contributions of €1,492 million (previous year: €1,456 million) at related parties.

As in the previous year, obligations to members of the Supervisory Board and other related parties relate primarily to interest-bearing bank balances of Supervisory Board members and related parties that were invested at standard market terms and conditions at Volkswagen Group companies.

Obligations to members of the Board of Management include balances outstanding on the annual bonus, the fair values of performance shares granted to the members of the Board of Management and pension provisions of €70.4 million (previous year: €59.8 million).

In addition to the amounts shown above, the following expenses were recognized for benefits and remuneration granted to members of the Board of Management and Supervisory Board of the Volkswagen Group in the course of their activities as members of these bodies:

€	2024	2023
Short-term benefits	37,042,203	39,794,902
Benefits based on performance shares and virtual shares	11,781,129	19,064,922
Post-employment benefits (service cost only)	5,548,098	5,382,815
Termination benefits	–	10,408,232
	54,371,430	**74,650,871**

Employee representatives on the Supervisory Board who are employed by the company continue to be entitled to a regular salary under their contract. This applies accordingly to the representative of senior executives on the Supervisory Board.

The post-employment benefits relate to additions to pension provisions for current members of the Board of Management.

47. Notices and disclosure of changes regarding the ownership of voting rights in Volkswagen AG in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)

Porsche

1) Porsche Automobil Holding SE, Stuttgart, Germany has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the threshold of 50% on January 5, 2009 and amounted to 50.76% (149,696,680 voting rights) at this date.

2) The following persons notified us in accordance with article 21, section 1 of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 50.76% (149,696,680 voting rights) at this date. All of the above-mentioned 149,696,680 voting rights are attributable to each of the persons making the notification in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG. The voting rights attributed to the persons making the notifications are held via subsidiaries within the meaning of article 22, section 3 of the WpHG, whose attributed share of the voting rights amounts to 3% or more and whose names are given in brackets:

Mag. Josef Ahorner, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mag. Louise Kiesling, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Prof. Ferdinand Alexander Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Oliver Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Kai Alexander Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mark Philipp Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Anton Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ing. Hans-Peter Porsche, Austria
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Peter Daniell Porsche, Austria
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Wolfgang Porsche, Germany
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Wolfgang Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Porsche Privatstiftung, Salzburg/Austria
(Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Privatstiftung, Salzburg/Austria
(Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Porsche Holding GmbH, Salzburg/Austria
(Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Holding GmbH, Salzburg/Austria
(Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Louise Daxer-Piëch GmbH, Salzburg/Austria
(Louise Daxer-Piech GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany),

Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria
(Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/ Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Anton Porsche GmbH, Salzburg/Austria
(Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Louise Daxer-Piech GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/ Germany),

Ferdinand Alexander Porsche GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/ Germany),

Gerhard Porsche GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ing. Hans-Peter Porsche GmbH, Salzburg/Austria
(Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Hans-Peter Porsche GmbH, Grünwald/Germany
(Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Wolfgang Porsche GmbH, Grünwald/Germany
(Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Porsche GmbH, Stuttgart/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Hans Michel Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piech GmbH, Grünwald/Germany; Dr. Hans Michel Piëch GmbH, Salzburg/Austria),

Dr. Hans Michel Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piech GmbH, Grünwald/Germany),

Hans Michel Piech GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piech GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria; Ferdinand Karl Alpha Privatstiftung, Vienna/Austria),

Ferdinand Karl Alpha Privatstiftung, Vienna/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piech GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piech GmbH, Grünwald/Germany),

Ferdinand Piech GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany).

3) Porsche Holding Gesellschaft m.b.H., Salzburg/Austria, and Porsche GmbH, Salzburg/Austria, notified us in accordance with article 21, section 1 of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 53.13% (156,702,015 voting rights) at this date.

All the above-mentioned 156,702,015 voting rights are attributable to Porsche Holding Gesellschaft m.b.H. in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributed share of the voting rights amounts to 3% or more are:
– Porsche GmbH, Salzburg/Austria;
– Porsche GmbH, Stuttgart/Germany;
– Porsche Automobil Holding SE, Stuttgart/Germany.

Of the above-mentioned 156,702,015 voting rights, 50.76% of the voting rights (149,696,753 voting rights) are attributable to Porsche GmbH, Salzburg/Austria, in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributed share of the voting rights amounts to 3% or more are:
– Porsche GmbH, Stuttgart/Germany;
– Porsche Automobil Holding SE, Stuttgart/Germany.

4) Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, Germany has notified us in accordance with article 21, section 1 of the WpHG that its (indirect) share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 29, 2010 and amounted to 50.74% of the voting rights (149,696,680 voting rights) at this date.

Of this figure, 50.74% of the voting rights (149,696,680 voting rights) are attributable to Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG are held via the following enterprises controlled by it, whose share of the voting rights in Volkswagen Aktiengesellschaft amounts to 3% or more in each case: Wolfgang Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart.

These voting rights were not reached by exercise of purchase rights resulting from financial instruments according to article 25, section 1, sentence 1 of the WpHG.

5) On August 12, 2013, LK Holding GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on August 10, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date.

Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to LK Holding GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to LK Holding GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Porsche Automobil Holding SE, Stuttgart; Familien Porsche-Kiesling Beteiligung GmbH, Grünwald; Louise Daxer-Piech GmbH, Grünwald.

6) On September 11, 2013, Ahorner Alpha Beteiligungs GmbH, Grünwald, Germany, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 11, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ahorner Alpha Beteiligungs GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Ahorner Alpha Beteiligungs GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Porsche Automobil Holding SE, Stuttgart.

7) On September 11, 2013, Ahorner Beta Beteiligungs GmbH, Grünwald, Germany, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 11, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ahorner Beta Beteiligungs GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Ahorner Beta Beteiligungs GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

8) On September 11, 2013, Louise Daxer-Piech GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 11, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Louise Daxer-Piech GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Louise Daxer-Piech GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Ahorner Beta Beteiligungs GmbH, Grünwald; Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

9) On September 11, 2013, Ahorner Holding GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 11, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ahorner Holding GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Ahorner Holding GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Louise Daxer-Piech GmbH, Salzburg, Austria; Ahorner Beta Beteiligungs GmbH, Grünwald; Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

10) On December 16, 2014, Porsche Wolfgang 1. Beteiligungsverwaltungs GmbH, Stuttgart, Germany, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights on December 15, 2014 and amounted to 0% of the voting rights (0 voting rights) at this date.

11) On December 17, 2014, Dr. Wolfgang Porsche Holding GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on December 15, 2014 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Dr. Wolfgang Porsche Holding GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Dr. Wolfgang Porsche Holding GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Wolfgang Porsche GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

12) On July 15, 2015, the following persons in each case have notified us in accordance with article 21, section 1 of the WpHG that their share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on July 14, 2015 and in each case amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date:

- Dipl.-Design. Stephanie Porsche-Schröder, Austria,
- Dr. Dr. Christian Porsche, Austria,
- Ferdinand Rudolf Wolfgang Porsche, Austria

Of this figure, in each case 50.73% of the voting rights (149,696,681 voting rights) are attributable to each of the above-mentioned notifying persons in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG. The voting rights attributed to the notifying persons in each case are held via the following enterprises controlled by the notifying persons, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case:

Dr. Wolfgang Porsche Holding GmbH, Salzburg; Wolfgang Porsche GmbH, Grünwald; Ferdinand Porsche Familien-Privatstiftung, Salzburg; Familie Porsche Holding GmbH, Salzburg; Ing. Hans-Peter Porsche GmbH, Salzburg; Hans-Peter Porsche GmbH, Grünwald; Ferdinand Porsche Holding GmbH, Salzburg; Prof. Ferdinand Alexander Porsche GmbH, Salzburg; Ferdinand Alexander Porsche GmbH, Grünwald; Gerhard Anton Porsche GmbH, Salzburg; Gerhard Porsche GmbH, Grünwald; LK Holding GmbH, Salzburg; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

13) On July 15, 2015, Familie Porsche Privatstiftung, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights on July 14, 2015 and amounted to 0% of the voting rights (0 voting rights) at this date.

14) On July 15, 2015, Ferdinand Porsche Privatstiftung, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights on July 14, 2015 and amounted to 0% of the voting rights (0 voting rights) at this date.

15) On July 15, 2015, Ferdinand Porsche Familien-Privatstiftung, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on July 14, 2015 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ferdinand Porsche Familien-Privatstiftung in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Ferdinand Porsche Familien-Privatstiftung are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case:

Familie Porsche Holding GmbH, Salzburg; Ing. Hans-Peter Porsche GmbH, Salzburg; Hans-Peter Porsche GmbH, Grünwald; Ferdinand Porsche Holding GmbH, Salzburg; Prof. Ferdinand Alexander Porsche GmbH, Salzburg; Ferdinand Alexander Porsche GmbH, Grünwald; Gerhard Anton Porsche GmbH, Salzburg; Gerhard Porsche GmbH, Grünwald; LK Holding GmbH, Salzburg; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

16) On July 20, 2015, the following persons in each case have notified us in accordance with article 21, section 1 of the WpHG that their share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on July 14, 2015 and in each case amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date:

– Dr. Geraldine Porsche, Austria,
– Diana Porsche, Austria,
– Felix Alexander Porsche, Germany.

Of this figure, in each case 50.73% of the voting rights (149,696,681 voting rights) are attributable to each of the above-mentioned notifying persons in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG. The voting rights attributed to the notifying persons in each case are held via the following enterprises controlled by the notifying persons, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case:

Ferdinand Porsche Familien-Privatstiftung, Salzburg; Familie Porsche Holding GmbH, Salzburg; Ing. Hans-Peter Porsche GmbH, Salzburg; Hans-Peter Porsche GmbH, Grünwald; Ferdinand Porsche Holding GmbH, Salzburg; Prof. Ferdinand Alexander Porsche GmbH, Salzburg; Ferdinand Alexander Porsche GmbH, Grünwald; Gerhard Anton Porsche GmbH, Salzburg; Gerhard Porsche GmbH, Grünwald; LK Holding GmbH, Salzburg; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

17) On August 4, 2015, Ferdinand Porsche Familien- Holding GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on July 31, 2015 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ferdinand Porsche Familien- Holding GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Ferdinand Porsche Familien- Holding GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Hans-Peter Porsche GmbH, Grünwald; Ferdinand Alexander Porsche GmbH, Grünwald; Gerhard Porsche GmbH, Grünwald; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

18) Release according to article 26, section 1 of the WpHG of June 3, 2016

1. Details of issuer
VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Reason for notification
[ ] Acquisition/disposal of shares with voting rights
[X] Acquisition/disposal of instruments
[ ] Change of breakdown of voting rights
[ ] Other reason:

3. Details of person subject to the notification obligation

Name:	City and country of registered office:
Dr. Dr. Christian Porsche, Dipl.- Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.
Porsche Automobil Holding SE

5. Date on which treshold was crossed or reached
June 1, 2016

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	52.22%	52.22%	52.22%	295089818
Previous notification	50.73%	n/a%	0.00%	

7. Notified details of the resulting situation a. Voting rights attached to shares (articles 21, 22 WpHG)				
ISIN	absolute		in %	
	direct (article 21 WpHG)	indirect (article 22 WpHG)	direct (article 21 WpHG)	indirect (article 22 WpHG)
DE0007664005	0	154093681	0%	52.22%
Total	154093681		**52.22%**	

b.1. Instruments according to article 25, section 1, no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to article 25, section 1, no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contribution Agreement	n/a	n/a	physical	154093681	52.22%
			Total	**154093681**	**52.22%**

8. Information in relation to the person subject to the notification obligation

[ ] Person subject to the notification obligation (3.) is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

[X] Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Familie WP Holding GmbH	%	52.22%	52.22%
Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Dr. Wolfgang Porsche Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%
Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Ferdinand Porsche Familien-Privatstiftung	%	%	%
Ferdinand Porsche Familien- Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%

9. In case of proxy voting according to article 22, section 3 WpHG
(only possible when attributable according to article 22, section 1, sentence 1 no. 6 of the WpHG)
Date of general meeting:
Holding position after general meeting: % (equals voting rights)

19) Release according to article 26, section 1 of the WpHG of June 3, 2016

1. Details of issuer
VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Reason for notification
[ ] Acquisition/disposal of shares with voting rights
[X] Acquisition/disposal of instruments
[ ] Change of breakdown of voting rights
[ ] Other reason:

3. Details of person subject to the notification obligation	
Name:	City and country of
Mr. Dr. Wolfgang Porsche	registered office:

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.
Porsche Automobil Holding SE

5. Date on which treshold was crossed or reached
June 1, 2016

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	52.22%	52.22%	52.22%	295089818
Previous notification	50.76%	n/a %	0.00%	

7. Notified details of the resulting situation a. Voting rights attached to shares (articles 21, 22 WpHG)				
ISIN	absolute		in %	
	direct (article 21 WpHG)	indirect (article 22 WpHG)	direct (article 21 WpHG)	indirect (article 22 WpHG)
DE0007664005	0	154093681	0%	52.22%
Total	**154093681**		**52.22%**	

b.1. Instruments according to article 25, section 1, no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to article 25, section 1, no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contribution Agreement	n/a	n/a	physical	154093681	52.22%
			Total	**154093681**	**52.22%**

8. Information in relation to the person subject to the notification obligation			
[ ] Person subject to the notification obligation (3.) is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).			
[X] Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:			
Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Dr. Wolfgang Porsche	%	%	%
Familie WP Holding GmbH	%	52.22%	52.22%
Dr. Wolfgang Porsche	%	%	%
Dr. Wolfgang Porsche Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%
Dr. Wolfgang Porsche	%	%	%
Ferdinand Porsche Familien-Privatstiftung	%	%	%
Ferdinand Porsche Familien- Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%

9. In case of proxy voting according to article 22, section 3 WpHG
(only possible when attributable according to article 22, section 1, sentence 1 no. 6 of the WpHG)
Date of general meeting:
Holding position after general meeting: % (equals voting rights)

20) Release according to article 26, section 1 of the WpHG of June 17, 2016

1. Details of issuer
VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Reason for notification
[ ] Acquisition/disposal of shares with voting rights
[X] Acquisition/disposal of instruments
[ ] Change of breakdown of voting rights
[X] Other reason: Group notification due to intra group restructuring

3. Details of person subject to the notification obligation	
Name:	City and country of registered office:
Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.
Porsche Automobil Holding SE

5. Date on which treshold was crossed or reached
June 15, 2016

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	52.22%	0.00%	52.22%	295089818
Previous notifcation	52.22%	52.22%	52.22%	

7. Notified details of the resulting situation a. Voting rights attached to shares (articles 21, 22 WpHG)				
ISIN	absolute		in %	
	direct (article 21 WpHG)	indirect (article 22 WpHG)	direct (article 21 WpHG)	indirect (article 22 WpHG)
DE0007664005	0	154093681	0%	52.22%
Total	**154093681**		**52.22%**	

b.1. Instruments according to article 25, section 1, no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to article 25, section 1, no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		**%**

8. Information in relation to the person subject to the notification obligation

[ ] Person subject to the notification obligation (3.) is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

[X] Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Familie WP Holding GmbH	%	%	%
Dr. Wolfgang Porsche Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%
Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Ferdinand Porsche Familien-Privatstiftung	%	%	%
Ferdinand Porsche Familien- Holding-GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%

9. In case of proxy voting according to article 22, section 3 WpHG
(only possible when attributable according to article 22, section 1, sentence 1 no. 6 of the WpHG)
Date of general meeting:
Holding position after general meeting: % (equals voting rights)

21) Release according to article 26, section 1 of the WpHG of November 10, 2017

1. Details of issuer
VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Reason for notification
[ ] Acquisition/disposal of shares with voting rights
[ ] Acquisition/disposal of instruments
[ ] Change of breakdown of voting rights
[X] Other reason: Disposal of subsidiary

3. Details of person subject to the notification obligation	
Name:	City and country of registered office:
Mr Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand Karl Piëch, Date of birth: April 17, 1937	

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.

5. Date on which treshold was crossed or reached
November 8, 2017

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	0.00%	0.00%	0.00%	295089818
Previous notification	50.76%	n/a%	n/a%	

7. Notified details of the resulting situation **a. Voting rights attached to shares (articles 21, 22 WpHG)**				
ISIN	absolute		in %	
	direct (article 21 WpHG)	indirect (article 22 WpHG)	direct (article 21 WpHG)	indirect (article 22 WpHG)
DE0007664005	0	0	0.00%	0.00%
Total	**0**		**0.00%**	

b.1. Instruments according to article 25, section 1, no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to article 25, section 1, no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		**%**

8. Information in relation to the person subject to the notification obligation

[X] Person subject to the notification obligation (3.) is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

[ ] Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)

9. In case of proxy voting according to article 22, section 3 WpHG
(only possible when attributable according to article 22, section 1, sentence 1 no. 6 of the WpHG)
Date of general meeting:
Holding position after general meeting: % (equals voting rights)

10. Other explanatory remarks:
This voting rights notification is made with releasing effect also for Dipl.Ing. Dr. h.c. Ferdinand K. Piech GmbH, Salzburg, and Ferdinand Karl Alpha Privatstiftung, Salzburg. Due to the sale and transfer of the participation in Auto 2015 Beteiligungs GmbH by Dipl.-Ing. Dr. h.c. Ferdinand K. Piech GmbH, Salzburg, voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT are also no longer attributed to Dipl.Ing. Dr. h.c. Ferdinand K. Piech GmbH, Salzburg, and Ferdinand Karl Alpha Privatstiftung, Salzburg.

22) Release according to article 40, section 1 of the WpHG of December 18, 2024

1. Details of issuer
VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany, 529900NNUPAGGOMPXZ31

2. Reason for notification
[ ] Acquisition/disposal of shares with voting rights
[ ] Acquisition/disposal of instruments
[ ] Change of breakdown of voting rights
[X] Other reason: Disposal of subsidiary

3. Details of person subject to the notification obligation
Natural person (first name, surname): Hans-Peter Ing. Porsche
Date of birth: 29 Oct 1940

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.

5. Date on which treshold was crossed or reached
18 Dec 2024

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instru-ments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
New	0.00%	0.00%	0.00%	295089818
Previous notification	50.73%	0%	n/a%	/

7. Notified details of the resulting situation a. Voting rights attached to shares (Sec. 33, 34 WpHG)				
ISIN	absolute		in %	
	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)
DE0007664005	0	0	0.00%	0.00%
Total	**0**		**0.00%**	

b.1. Instruments according to Sec. 38 (1) no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
			0	0.00%
		Total	**0**	**0.00%**

b.2. Instruments according to Sec. 38 (1) no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
				0	0.0%
			Total	0	**0.0%**

8. Information in relation to the person subject to the notification obligation

[X] Person subject to the notification obligation is not controlled nor does it control any other undertaking(s) that directly or indirectly hold(s) an interest in the (underlying) issuer (1.)

[ ] Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)

9. In case of proxy voting according to Sec. 34 para. 3 WpHG
(only in case of attribution of voting rights in accordance with Sec. 34 para. 1 sent. 1 No. 6 WpHG)
Date of general meeting:
Holding total positions after general meeting (6.) after annual general meeting:

Proportion of voting rights	Proportion of instruments	Total of both
%	%	%

10. Other explanatory remarks:

Qatar

We have received the following notification:

(1) Pursuant to article 21, section 1 of the WpHG we hereby notify for and on behalf of the State of Qatar, acting by and through the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of article 25, section 1, sentence 1 of the WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the State of Qatar pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of article 25, section 1, sentence 1 of the WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the State of Qatar pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

Voting rights that are attributed to the State of Qatar pursuant to lit. (a) and (b) above are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

(aa) Qatar Investment Authority, Doha, Qatar;
(bb) Qatar Holding LLC, Doha, Qatar;
(cc) Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Luxembourg;
(dd) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands.

(2) Pursuant to article 21, section 1 of the WpHG we hereby notify for and on behalf of the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of article 25, section 1, sentence 1 of the WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of article 25, section 1, sentence 1 of the WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

Voting rights that are attributed to the Qatar Investment Authority pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (bb) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

(3) Pursuant to article 21, section 1 of the WpHG we hereby notify for and behalf of Qatar Holding LLC, Doha, Qatar, that its direct and indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of article 25, section 1, sentence 1 of the WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of article 25, section 1, sentence 1 of the WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

Voting rights that are attributed to Qatar Holding LLC pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (cc) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

We have received the following notification:

(1) Pursuant to article 21, section 1 of the WpHG we hereby notify for and on behalf of Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Luxembourg, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to article 22, section 1, sentence 1 no.1 of the WpHG.

Voting rights that are attributed to Qatar Holding Luxembourg II S.à.r.l. are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:
(a) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands;
(b) Qatar Holding Germany GmbH, Frankfurt am Main, Germany.

(2) Pursuant to article 21, section 1 of the WpHG we hereby notify for and on behalf of Qatar Holding Netherlands B.V., Amsterdam, The Netherlands, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG

Voting rights that are attributed to Qatar Holding Netherlands B.V. are held via the entity as set forth in (1) (b) which is controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amounts to 3% or more.

(3) Pursuant to article 21, section 1 of the WpHG we hereby notify for and on behalf of Qatar Holding Germany GmbH, Frankfurt am Main, Germany, that its direct voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 3%, 5%, 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date.

State of Lower Saxony

The State of Lower Saxony notified us on January 2, 2025 that it held a total of 59,022,670 ordinary shares and 50 preferred shares of Volkswagen AG as of December 31, 2024. Of the ordinary shares, it held 800 VW ordinary shares directly and 59,021,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft Niedersachsen mbH (HanBG), which is owned by the State of Lower Saxony.

48. German Corporate Governance Code

The Board of Management and Supervisory Board of Volkswagen AG issued the declaration of conformity with the German Corporate Governance Code in accordance with section 161 of the AktG on November 15, 2024. It has been made permanently available to the shareholders of Volkswagen AG on the Company's website at www.volkswagen-group.com/declaration.

In December 2024, the Board of Management and Supervisory Board of TRATON SE also issued their declaration of conformity with the German Corporate Governance Code and made it permanently available to the shareholders at https://ir.traton.com/websites/traton/English/5000/corporate-governance.html.

The Executive Board and Supervisory Board of Dr. Ing. h.c. F. Porsche AG also issued their declaration of conformity with the German Corporate Governance Code in December 2024. It has been made permanently available to shareholders on the company's website at https://investorrelations.porsche.com/en/corporate-governance.

49. Remuneration of the Board of Management and the Supervisory Board

Total remuneration granted to the members of the Board of Management amounted to €49.2 million (previous year: €51.1 million).

Under the performance share plan, a total of 201,434 performance shares (previous year: 169,465) were granted to active members of the Bord of Management for fiscal year 2024; their value at the grant date was €19.9 million (previous year: €18.8 million).

Total remuneration granted to the members of the Supervisory Board amounted to €7.8 million (previous year: €7.5 million).

Pension entitlements and benefits to retired members of the board of management

The former members of the Board of Management and their surviving dependents were granted €0.0 million (previous year: €10.4 million). Pension provisions for this group of individuals amounted to €265.2 million (previous year: €290.3 million).

The individual remuneration of the members of the Board of Management and the Supervisory Board is explained in the remuneration report. A comprehensive assessment of the individual remuneration components can also be found there.

Wolfsburg, February 25, 2025

Volkswagen Aktiengesellschaft
The Board of Management

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Wolfsburg, February 25, 2025

Volkswagen Aktiengesellschaft
The Board of Management

Oliver Blume	Arno Antlitz	Ralf Brandstätter
Gernot Döllner	Manfred Döss	Gunnar Kilian
Thomas Schäfer	Thomas Schmall-von Westerholt	Hauke Stars

Independent auditor's report

On completion of our audit, we issued an unqualified auditor's report dated March 7, 2025 in German language. The following text is a translation of this auditor's report. The German text is authoritative:

To VOLKSWAGEN AKTIENGESELLSCHAFT

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Opinions

We have audited the consolidated financial statements of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January to 31 December 2024, and the consolidated balance sheet as at 31 December 2024, consolidated statement of changes in equity and consolidated cash flow statement for the fiscal year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of VOLKSWAGEN AKTIENGESELLSCHAFT, which is combined with the Company's management report, for the fiscal year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of the parts of the group management report listed in the appendix and the company information stated therein that is provided outside of the annual report and is referenced in the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards) and adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the fiscal year from 1 January to 31 December 2024, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an opinion on the parts of the group management report listed in the appendix.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. ACCOUNTING TREATMENT OF THE RISK PROVISIONS FOR THE DIESEL ISSUE

Reasons why the matter was determined to be a key audit matter

Due to indications of irregularities in connection with exhaust gas emissions from diesel engines in certain vehicles of the Volkswagen Group, regulatory authorities in numerous countries (particularly in Europe, the USA and Canada) commenced investigations in the past few years, some of which are still ongoing.

On the basis of its own findings and those of the authorities, the Volkswagen Group implemented various measures, which differed according to the country in some cases and included hardware and software measures, vehicle buybacks and early termination of leases as well as compensation payments to vehicle owners in some instances. The hardware and software measures had largely been completed as of the reporting date. The risk provisions for the diesel issue mainly include provisions for administrative and civil proceedings. Furthermore, there are legal risks from other criminal and administrative proceedings as well as civil actions, particularly by customers and holders of securities.

The provisions recognized as of 31 December 2024 and the contingent liabilities disclosed in the notes to the consolidated financial statements are subject to a significant estimation risk in view of the extensive ongoing criminal and administrative investigations and proceedings, the complexity of the different issues, developments in court rulings and market conditions for used diesel vehicles. Whether provisions need to be recognized or contingent liabilities disclosed for the legal risks from the diesel issue, and in what amount, depends to a large extent on the assessments and assumptions made by the executive directors. As described in the notes to the consolidated financial statements, the executive directors considered in their assessments in particular the fact that, based on the various measures taken and meanwhile largely concluded to resolve the diesel issue, there is still no confirmation that members of the Board of Management were aware of any deliberate manipulation of the engine control unit software prior to the summer of 2015.

In light of the significance of the risk provisions and the extent of the assumptions and scope for judgment by the executive directors, this matter was a key audit matter.

Auditor's response

To assess the recognition and measurement of the provisions for legal risks and the disclosure of contingent liabilities arising from the diesel issue, we considered, in particular, work and opinions by experts engaged by the executive directors of the Volkswagen Group in addition to available official notices and court judgments as part of a risk-based selection of significant transactions. Moreover, with the involvement of our own legal and forensic specialists, we held regular meetings with the Legal department and the external lawyers engaged by the executive directors of the Volkswagen Group to obtain oral explanations about the current developments and reasons leading to the assessments of the ongoing proceedings. We compared confirmations received from external lawyers with the risk assessment by the executive directors. We also regularly reviewed publicly available information, such as media reports, to assess the completeness of the provisions and contingent liabilities.

In addition, we reviewed on a sample basis the input factors (quantity and value) of the provisions and contingent liabilities for individual matters using statements of claims received, settlement agreements and court judgments. With regard to the valuation, we also compared the current assessments by the executive directors with past experience, where observable. For significant additions to provisions, we examined whether they were due to new matters or to changes in the estimation inputs and obtained corresponding evidence. To analyze significant utilizations of the provisions, we obtained an understanding of the procedural controls implemented and examined a sample to determine whether they were based on settlement agreements or court judgments and whether corresponding payments were made.

Our audit procedures did not lead to any reservations relating to the accounting treatment of the risk provisions for the diesel issue.

Reference to related disclosures

The information presented and the statements made in connection with the diesel issue, including the comments on the underlying causes, on when the members of the Board of Management became aware of the issue and on the effects on the accompanying financial statements are contained in the "Key events" and "Accounting policies" sections on "Estimates and assessments by management" and "Balance sheet disclosures," note 30, "Noncurrent and current provisions," note 38, "Contingent liabilities" and note 39, "Litigation" of the notes to the consolidated financial statements and in the "Report on Risks and Opportunities" chapter of the group management report, "Legal risks" section, subsection "Diesel issue."

2. RECOVERABILITY OF GOODWILL AND ACQUIRED BRAND NAMES

Reasons why the matter was determined to be a key audit matter

The result of the impairment testing of goodwill and the acquired brand names is highly dependent on the executive directors' estimate of future cash flows and which discount rates they use. The recoverable amount of the cash-generating units is calculated on the basis of their value in use, applying discounted cash flow models.

The ongoing transformation of the core business toward electromobility and digitalization, the transition to autonomous vehicles and growing environmental regulation lead to uncertainties that have to be factored into the estimation of future market shares of the Volkswagen Group, the margins achievable on battery electric vehicles as well as the long-term growth rates. Uncertainties regarding a possible delay in the rollout of electromobility and the high intensity of competition in China must also be taken into account. The estimates by the executive directors are subject to risk and may be revised in response to changes in environmental regulation and market conditions.

In addition, the executive directors have scope for judgment in determining the cash-generating units for impairment testing, in determining the discount rates used and the long-term growth rates assumed.

In view of the foregoing, the materiality of goodwill and the acquired brand names in relation to total assets, the complexity of the valuation and the judgment exercised during valuation, the impairment testing of goodwill and the acquired brands was a key audit matter.

Auditor's response

During our audit, we involved valuation specialists to assess among other things the methodology used to perform the impairment tests in light of the provisions of IAS 36. We also checked the arithmetical accuracy of the valuation models used.

On the basis of the Volkswagen Group's internal reporting, we assessed for the acquired brands whether the brands represent the lowest level within the Volkswagen Group at which largely independent cash inflows are generated and whether goodwill is monitored at brand level for internal management purposes.

We analyzed the planning process established in the Volkswagen Group as well as the impairment testing process and tested the operating effectiveness of the controls implemented in each process. In this context, we obtained an understanding of the controls implemented to reconcile the planning of the cash-generating units to the group planning. As a starting point, we compared the Volkswagen Group's five-year operational plan prepared by the executive directors with the forecast figures in the underlying impairment tests. We also assessed the extent to which measures adopted after the reporting date and included in the Group planning were to be included in the determination of the value in use. We discussed the key planning assumptions for selected brands to which significant goodwill and acquired brand names are allocated with the executive directors and compared them with past earnings and cash inflows to assess the planning accuracy.

We based plausibility testing of the inputs for the impairment tests among other things on a comparison with general and industry-specific market expectations underlying the expected cash inflows. We also investigated the expectations regarding the development of market shares for battery electric vehicles, the expectations for the development of the market shares of the Volkswagen Group as a whole as well as the effects on the planned investments and their indirect effects on the long-term cash inflows expected by the executive directors.

With respect to the rollforward from the medium-term plan to the long-term forecast, we assessed the plausibility of the assumed growth rates by comparing them with observable data. To assess the discount rates and growth rates applied, we analyzed the inputs used to determine them on the basis of publicly available information and obtained an understanding of the methods used with regard to the relevant requirements of IAS 36.

We also assessed the sensitivity analyses performed by the executive directors in order to estimate any potential impairment risk associated with a reasonably possible change in one of the significant assumptions used in the valuation.

Our procedures did not lead to any reservations relating to the recoverability of goodwill and the acquired brand names.

Reference to related disclosures

With regard to the recognition and measurement policies applied for goodwill and the acquired brand names, refer to the disclosure on intangible assets in the "Accounting policies" section of the notes to the consolidated financial statements. For the related disclosures on judgments by the executive directors and sources of estimation uncertainty as well as the disclosures on goodwill and the acquired brand names, refer to the disclosure in the "Accounting policies" section on "Estimates and assumptions by management" and note 12, "Intangible assets" in the "Balance sheet disclosures" section of the notes to the consolidated financial statements. In the group management report, refer to the "Report on Risks and Opportunities" chapter, "Risks and opportunities" section, subsection "Risks arising from the recoverability of goodwill or brand names and from equity investments."

3. CAPITALIZATION AND RECOVERABILITY OF DEVELOPMENT COSTS

Reasons why the matter was determined to be a key audit matter

Key criteria for capitalizing development costs are the ability to implement the development projects (including their technical feasibility, the intention to complete them and the ability to use them) as well as the realization of an expected future economic benefit. The complexity of research and development projects is mounting in view of the technological transformation of the Volkswagen Group and the resulting new development areas (including high investments in electromobility, software and autonomous driving). Assessments of project feasibility are playing an ever greater role in this connection and entail the use of considerable judgment.

Where capitalized development costs are not yet subject to amortization, they must be tested for impairment as part of the related cash-generating unit at least annually at the level of the brands defined as cash-generating units. The assumption of realizing future economic benefits and the result of testing the recoverability of capitalized development costs during the analyses and impairment tests performed are highly dependent on the executive directors' estimate of future cash flows and which discount rates they use. The recoverable amount of the cash-generating units is calculated on the basis of their value in use, applying discounted cash flow models.

The ongoing transformation of the core business toward electromobility and digitalization, the transition to autonomous vehicles and growing environmental regulation lead to uncertainties that have to be factored into the estimation of future market shares of the Volkswagen Group, the margins achievable on battery electric vehicles as well as the long-term growth rates. Uncertainties regarding a possible delay in the rollout of electromobility and the high intensity of competition in China must also be taken into account. The estimates by the executive directors are subject to risk and may be revised in response to changes in environmental regulation and market conditions.

In addition, the executive directors have scope for judgment in determining the cash-generating units for impairment testing, in determining the discount rates used and the long-term growth rates assumed.

In light of the foregoing, the materiality of the capitalized development costs in relation to total assets, the total amount of research and development costs and the judgment exercised in the valuation process, the capitalization of development costs and the impairment test were a key audit matter.

Auditor's response

During our audit, we examined the process for identifying the research and development costs, particularly with reference to the criteria for capitalization. In this connection, we carried out analytical audit procedures such as comparisons of project budgets and capitalization rates, inspected documentation on project feasibility and tested process-related controls in some areas. We also assessed the future economic benefit criterion for capitalization based on the assumptions regarding the cash inflows of the cash-generating unit to which the capitalized development work is allocated.

Moreover, we involved valuation specialists to assess among other things the methodology used to determine the relevant cash-generating units and perform the impairment tests in light of the provisions of IAS 36. We also checked the arithmetical accuracy of the valuation models used.

We analyzed the planning process established in the Volkswagen Group and tested the operating effectiveness of the controls implemented therein. As a starting point, we compared the Volkswagen Group's five-year operational plan prepared by the executive directors with the forecast figures in the underlying impairment tests. We also assessed the extent to which measures adopted after the reporting date and included in the Group planning were to be included in the determination of the value in use. We discussed with the executive directors the key planning assumptions for a sample we selected of brands with significant capitalized development costs and compared them with past earnings and cash inflows to assess the planning accuracy. We based plausibility testing of the inputs for the impairment tests among other things on a comparison with general and industry-specific market expectations underlying the expected cash inflows. We also investigated the expectations regarding the development of market shares for battery electric vehicles, the effects on the planned investments and their indirect effects on the long-term cash inflows expected by the executive directors.

With respect to the rollforward from the medium-term plan to the long-term forecast, we assessed the plausibility of the assumed growth rates by comparing them with observable data. To assess the discount rates and growth rates applied, we analyzed the inputs used to determine them on the basis of publicly available information and obtained an understanding of the methods used with regard to the relevant requirements of IAS 36.

We also assessed the sensitivity analyses performed by the executive directors in order to estimate any potential impairment risk associated with a reasonably possible change in one of the significant assumptions used in the valuation.

Our procedures did not lead to any reservations relating to the recognition and recoverability of the capitalized development costs.

Reference to related disclosures

With regard to the recognition and measurement policies applied for capitalized development costs, refer to the disclosure on intangible assets in the "Accounting policies" section of the notes to the consolidated financial statements. For the related disclosures on judgments by the executive directors and sources of estimation uncertainty as well as the disclosures on capitalized development costs, refer to the disclosures in the "Accounting policies" section on "Estimates and assumptions by management" and note 12, "Intangible assets" in the "Balance sheet disclosures" section of the notes to the consolidated financial statements.

4. COMPLETENESS AND MEASUREMENT OF PROVISIONS FOR WARRANTY OBLIGATIONS

Reasons why the matter was determined to be a key audit matter

Obligations for warranty claims are calculated on the basis of estimated warranty costs and ex gratia arrangements. Where unusual individual technical risks are anticipated, an individual assessment is made whether and, if so, to what extent measures are required to remediate them and provisions need to be recognized.

The amount of provisions for warranty claims is significant overall. Besides the general use of judgment in selecting the valuation methods and assessing the obligations, increasing estimation uncertainty stems from the growing proportion of hybrid and battery electric vehicles entering the market and a lack of experience of their susceptibility to faults. In light of the amount of the provisions and the judgment exercised during valuation, the completeness and measurement of provisions for warranty obligations was a key audit matter.

Auditor's response

With regard to the accounting for the provisions for warranty obligations, we examined the underlying processes for recording previous claims, calculating and valuing the estimated future warranty costs and recognizing the provisions, and tested controls in some areas.

In light of the uncertainty in relation to the estimated future warranty costs, we assessed the underlying valuation assumptions, especially the expected claim rate per vehicle and the cost thereof, using analyses of historical data. Where there was a lack of past experience, we obtained an understanding of the assumptions made by the executive directors and tested their plausibility using historical data for comparable items. Using the calculation bases derived from these historical data, we checked the estimated costs for expected claims per vehicle. To assess the completeness of the provisions, we also reconciled the number of sold vehicles used to recognize the provision with the sales volumes. We obtained an understanding of the method used for calculating the provisions, including the discounting, and reperformed the calculations.

For significant individual technical risks, we assessed the expected incidence of technical faults and the calculation of expected costs per claim/vehicle using documentation on previous claims, inspecting resolutions passed by technical committees and holding discussions with the departments responsible.

Our audit procedures did not lead to any reservations relating to the completeness and valuation of provisions for warranty obligations.

Reference to related disclosures

With regard to the recognition and measurement policies applied in accounting for provisions for warranty obligations, refer to the disclosures in the "Accounting policies" section on "Estimates and assessments by management" and note 30, "Noncurrent and current other provisions" in the "Balance sheet disclosures" section of the notes to the consolidated financial statements.

5. DETERMINATION OF THE EXPECTED RESIDUAL VALUES OF LEASE ASSETS DURING IMPAIRMENT TESTING

Reasons why the matter was determined to be a key audit matter

The lease assets balance sheet item comprises vehicles under operating leases. The recoverability of the lease assets depends in particular on the expected residual value of the leased vehicles after expiration of the contractual term. The expected residual values are reviewed by the Company on a quarterly basis. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars. This requires management to make, in particular, assumptions about vehicle supply and demand in the future, as well as about vehicle price trends.

The residual values of vehicles are particularly influenced by the development of purchasing power in the respective markets and thus by demand driven by economic conditions and, in the case of electric vehicles, by a high pace of innovation. Due to the ongoing geopolitical tensions, conflicts and protectionist tendencies as well as the resulting risk of negative effects on the global economy, the estimation uncertainty in relation to the determination of the expected residual values remained heightened in the fiscal year. In this light, the determination of the expected residual values of assets leased under operating leases during impairment testing was a key audit matter.

Auditor's response

During our audit, we analyzed the process implemented by the executive directors of the Company for determining and monitoring the residual values to identify any risks of material misstatement and obtained an understanding of the process steps and controls. On this basis, we tested the operating effectiveness of the implemented controls over the determination and monitoring of the expected residual values. To assess the forecasting models used to determine the residual values, we analyzed the validation plans on the basis of the respective model designs to determine whether the validation procedures described in the plans allow an assessment of the models' forecast quality. We investigated whether the validation procedures and the backtesting performed led to any indications of model weaknesses or any need to adjust the models. Furthermore, we assessed whether the assumptions underlying the forecasting model and the inputs used for determining the expected residual values were clearly documented. To this end, we obtained evidence for the main inputs and assumptions used for mileage, age and lifecycle phase of the vehicles to determine the residual values and examined them for currentness and transparency. We assessed whether the marketing assumptions used reflect industry-specific and general market expectations as well as, in particular, current marketing results.

Our audit procedures did not lead to any reservations relating to the determination of the expected residual values of the assets leased under operating leases during impairment testing.

Reference to related disclosures

With regard to the recognition and measurement policies applied for lease assets, refer to the disclosure on lease assets in the "Accounting policies" section of the notes to the consolidated financial statements. For the related disclosures on judgments by the executive directors and sources of estimation uncertainty, refer to the disclosures in the "Accounting policies" section on "Estimates and assumptions by management" and note 14, "Lease assets and investment property" in the "Balance sheet disclosures" section of the notes to the consolidated financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the German Corporate Governance Code, which is part of the Group Corporate Governance Declaration, and for the Remuneration Report pursuant to Sec. 162 AktG. In all other respects, the executive directors are responsible for the other information. The other information comprises the parts of the annual report listed in the appendix.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control and of such arrangements and measures.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the work performed for the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH SEC. 317 (3A) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the file VWAG_JFB_Konzern-2024-12-31-DE.zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January to 31 December 2024 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on 29 May 2024. We were engaged by the Supervisory Board on 5 July 2024. We have been the group auditor of VOLKSWAGEN AKTIENGESELLSCHAFT since fiscal year 2020.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the *Unternehmensregister* [German Company Register] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Martin Matischiok.

Appendix to the auditor's report:

1. PARTS OF THE GROUP MANAGEMENT REPORT WHOSE CONTENT IS UNAUDITED

We have not audited the content of the following parts of the group management report:

- The Group Corporate Governance Declaration which is published on the website stated in the group management report and is part of the group management report.
- The Group Sustainability Statement included in the "Sustainability Report" section.
- The disclosures extraneous to management reports contained in the "Report on Risks and Opportunities" chapter in the section entitled "Monitoring the effectiveness of the risk management system and the internal control system."

Disclosures extraneous to management reports are such disclosures that are not required pursuant to Secs. 315, 315a HGB or Secs. 315b to 315d HGB or GAS 20.

2. FURTHER OTHER INFORMATION

The other information also comprises other parts to be included in the annual report, of which we obtained a copy prior to issuing this auditor's report, in particular the sections:

- Report of the Supervisory Board
- To our Shareholders
- Divisions
- Group Corporate Governance Declaration
- Remuneration Report
- Responsibility Statement; and
- Additional Information

but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor's report thereon.

3. COMPANY INFORMATION OUTSIDE OF THE ANNUAL REPORT REFERENCED IN THE GROUP MANAGEMENT REPORT

The group management report contains other cross-references to webpages of the Group. We have not audited the content of the information to which these cross-references refer.

Hanover, 7 March 2025

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Meyer	Matischiok
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Assurance report of the independent German public auditor on a limited and reasonable assurance engagement in relation to the group sustainability statement

To VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg

ASSURANCE CONCLUSION AND OPINION

We have conducted a limited assurance engagement on the group sustainability statement included in the "Sustainability Report" section of the group management report, taking into account, as set forth in the subsequent paragraph, the reasonable assurance engagement on the disclosures on the EU Taxonomy included in the "EU Taxonomy" section of the group sustainability statement, of Volkswagen Aktiengesellschaft, Wolfsburg, for the fiscal year from 1 January 2024 to 31 December 2024. The group sustainability statement was prepared to fulfill the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Art. 8 of Regulation (EU) 2020/852 as well as Secs. 289b to 289e and Secs. 315b and 315c HGB ["Handelsgesetzbuch": German Commercial Code] for a group nonfinancial statement which is combined with the parent company's nonfinancial statement.

Based on the particular engagement, we have conducted a reasonable assurance engagement on the disclosures on the EU Taxonomy included in the "EU Taxonomy" section of the group sustainability statement. A reasonable assurance engagement on these disclosures fulfills the requirements for a limited assurance engagement and, in accordance with Recital 60 to the CSRD, thereby complies with the requirements of the CSRD relating to assurance of the group sustainability statement.

The prior year's disclosures marked as unassured are not subject to our assurance engagement.

Based on the procedures performed and the evidence obtained as part of our limited assurance engagement, nothing has come to our attention that causes us to believe that the accompanying group sustainability statement, taking into account the disclosures on the EU Taxonomy included in the "EU Taxonomy" section of the group sustainability statement and subject to a reasonable assurance engagement, is not prepared, in all material respects, in accordance with the requirements of the CSRD and Art. 8 of Regulation (EU) 2020/852, Secs. 289b to 289e and Secs. 315b and 315c HGB for a group nonfinancial statement which is combined with the parent company's nonfinancial statement and the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe that:

- The accompanying group sustainability statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify information to be included in the group sustainability statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in "General information (ESRS 2)" section of the group sustainability statement, or
- The disclosures on the EU Taxonomy included in the "EU Taxonomy" section of the group sustainability statement do not comply, in all material respects, with Art. 8 of Regulation (EU) 2020/852.

In our opinion, on the basis of our reasonable assurance engagement, the disclosures on the EU Taxonomy included in the "EU Taxonomy" section of the group sustainability statement were prepared, in all material respects, in accordance with the requirements applicable to these disclosures and the supplementary criteria presented by the executive directors of the Company.

We do not express an assurance conclusion on the prior year's disclosures marked as unassured.

BASIS FOR THE ASSURANCE CONCLUSION AND OPINION

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section "German public auditor's responsibilities for the assurance engagement on the group sustainability statement."

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) and International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion and opinion.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE GROUP SUSTAINABILITY STATEMENT

The executive directors are responsible for the preparation of the group sustainability statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of a group sustainability statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the group sustainability statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the group sustainability statement, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the group sustainability statement.

INHERENT LIMITATIONS IN PREPARING THE GROUP SUSTAINABILITY STATEMENT

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the executive directors have disclosed their interpretations of such wording and terms in "EU Taxonomy" section of the group sustainability statement. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the group sustainability statement.

GERMAN PUBLIC AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE ENGAGEMENT ON THE GROUP SUSTAINABILITY STATEMENT

Our objectives are

a) to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the accompanying group sustainability statement, taking into account the disclosures on the EU Taxonomy included in the "EU Taxonomy" section of the group sustainability statement has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the supplementary criteria presented by the Company's executive directors, and to issue an assurance report that includes our assurance conclusion on the group sustainability statement, taking into account the disclosures on the EU Taxonomy included in the "EU Taxonomy" section of the group sustainability statement and subject to a reasonable assurance engagement.

b) to express a reasonable assurance opinion, based on the assurance engagement we have conducted, on whether the disclosures on the EU Taxonomy included in the "EU Taxonomy" section of the group sustainability statement are prepared, in all material respects, in accordance with the requirements applicable to these disclosures and the supplementary criteria presented by the executive directors of the Company.

As part of an assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

a) For the limited assurance engagement
   - Obtain an understanding of the process used to prepare the group sustainability statement, including the materiality assessment process carried out by the Company to identify the disclosures to be reported in the group sustainability statement.
   - Identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources in the value chain not within the Company's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the Company's control, as both the Company's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
   - Consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

b) For the reasonable assurance engagement

- perform risk assessment procedures, including obtaining an understanding of the internal controls that are relevant to the assurance engagement on the disclosures on the EU Taxonomy included in the "EU Taxonomy" section of the group sustainability statement in order to identify and assess the risks of material misstatement at the assertion level due to fraud or error, but not for the purpose of expressing an assurance opinion on the effectiveness of these internal controls of the Company. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources in the value chain not within the Company's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the Company's control, as both the Company's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- Evaluate the appropriate derivation of the forward-looking disclosures from the significant assumptions and the appropriateness of these assumptions. We do not express a separate assurance opinion either on the forward-looking disclosures nor on the assumptions on which they are based. There is a substantial unavoidable risk that future events will differ materially from the forward-looking disclosures.

SUMMARY OF THE PROCEDURES PERFORMED FOR THE LIMITED ASSURANCE ENGAGEMENT BY THE GERMAN PUBLIC AUDITOR

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we:

- Gained an understanding of the structure of the sustainability organization and stakeholder engagement
- Obtained an understanding of the process used to prepare the subject matter, including the materiality assessment process carried out by the Company to identify the disclosures to be reported, and about the internal controls relating to this process.
- Evaluated the suitability of the criteria as a whole presented by the executive directors in the group sustainability statement.
- Inquired of the executive directors and relevant management personnel involved in the preparation of the group sustainability statement about the preparation process, including the materiality assessment process carried out by the Company to identify the disclosures to be reported in the group sustainability statement, and about the internal controls relating to this process.
- Inquired of the executive directors and relevant management personnel responsible for data capture and consolidation as well as the preparation of the subject matter, to evaluate the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the disclosures in the subject matter.
- Evaluated the reporting policies used by the executive directors to prepare the group sustainability statement.
- Evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.
- Inspected relevant documentation on the systems and processes for the collection, aggregation and validation of data in the relevant areas during the reporting period.
- Performed selective testing and obtained evidence relating to the collection and reporting of selected disclosures in the subject matter.
- Considered the implementation of key management requirements, processes and data collection requirements through site visits to selected locations of Volkswagen AG.
- Performed analytical procedures and made inquiries in relation to selected information in the group sustainability statement.
- Compared selected disclosures with the corresponding disclosures in the group management report of Volkswagen AG, Wolfsburg.
- Considered the presentation of the information in the group sustainability statement.
- Considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the group sustainability statement.
- Considered the existence of the CO2 compensation certificates but not their effectiveness.

RESTRICTION OF USE

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the assurance report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the assurance report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

GENERAL ENGAGEMENT TERMS AND LIABILITY

The "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2024 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (https://www.ey.com/content/dam/ey-unified-site/ey-com/de-de/legal/documents/ey-idw-aab-en-2024.pdf).

In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the assurance report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Hanover, 7 March 2025

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Matischiok Wirtschaftsprüfer [German Public Auditor]	Hinderer Wirtschaftsprüfer [German Public Auditor]

Independent auditor's report on the remuneration report

To VOLKSWAGEN AKTIENGESELLSCHAFT

We have audited the attached remuneration report of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, prepared to comply with Sec. 162 AktG ["Aktiengesetz": German Stock Corporation Act] for the fiscal year from 1 January to 31 December 2024 and the related disclosures. We have not audited the content of the disclosures on appropriateness and market alignment in section "1. Principles of Board of Management remuneration" of the remuneration report where they go beyond the scope of Sec. 162 AktG.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD

The executive directors and the Supervisory Board of VOLKSWAGEN AKTIENGESELLSCHAFT are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, the executive directors and the Supervisory Board are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on this remuneration report and the related disclosures based on our audit. We conducted our audit in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report and the related disclosures are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts in the remuneration report and the related disclosures. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the remuneration report and the related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report and the related disclosures in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the accounting policies used and the reasonableness of accounting estimates made by the executive directors and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report and the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the fiscal year from 1 January to 31 December 2024 and the related disclosures comply, in all material respects, with the financial reporting provisions of Sec. 162 AktG. We do not express an opinion on the content of the abovementioned disclosures of the remuneration report that go beyond the scope of Sec. 162 AktG.

OTHER MATTER – FORMAL AUDIT OF THE REMUNERATION REPORT

The audit of the content of the remuneration report described in this auditor's report comprises the formal audit of the remuneration report required by Sec. 162 (3) AktG and the issue of a report on this audit. As we are issuing an unqualified opinion on the audit of the content of the remuneration report, this also includes the opinion that the disclosures pursuant to Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects.

LIMITATION OF LIABILITY

The "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" as issued by the IDW on 1 January 2024, which are attached to this report, are applicable to this engagement and also govern our responsibility and liability to third parties in the context of this engagement (https://www.ey.com/content/dam/ey-unified-site/ey-com/de-de/legal/documents/ey-idw-aab-en-2024.pdf).

Hanover, 7 March 2025

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Matischiok Wirtschaftsprüfer [German Public Auditor]	Hantke Wirtschaftsprüfer [German Public Auditor]

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Additional Information

Five-Year Review

	2024	2023[1]	2022[2]	2021	2020
Volume Data (thousands)					
Vehicle sales (units)	**9,037**	**9,362**	**8,481**	**8,576**	**9,157**
Germany	1,195	1,178	1,005	973	1,108
Abroad	7,842	8,184	7,476	7,603	8,049
Production (units)	**8,954**	**9,309**	**8,717**	**8,283**	**8,900**
Germany	1,686	1,914	1,648	1,483	1,633
Abroad	7,267	7,395	7,069	6,800	7,267
Employees (yearly average)	**683**	**676**	**669**	**668**	**668**
Germany	295	293	289	294	294
Abroad	388	383	380	373	373
Financial Data (in € million)					
Income Statement					
Sales revenue	**324,656**	**322,284**	**279,050**	**250,200**	**222,884**
Cost of sales	-265,184	-261,299	-226,866	-202,959	-183,937
Gross profit	**59,472**	**60,985**	**52,184**	**47,241**	**38,947**
Distribution expenses	-22,320	-21,345	-19,840	-19,228	-18,407
Administrative expenses	-12,754	-12,729	-11,655	-10,420	-9,399
Net other operating result	-5,338	-4,382	1,421	1,682	-1,466
Operating result	**19,060**	**22,528**	**22,109**	**19,275**	**9,675**
Financial result	-2,255	570	-40	851	1,991
Earnings before tax	**16,806**	**23,099**	**22,070**	**20,126**	**11,667**
Income tax expense	-4,411	-5,237	-6,217	-4,698	-2,843
Earnings after tax	**12,394**	**17,861**	**15,852**	**15,428**	**8,824**
Personnel expenses	**49,786**	**49,755**	**47,002**	**43,677**	**40,516**
Balance Sheet (at December 31)					
Non-current assets	387,674	361,005	339,853	328,261	302,170
Current assets	245,231	239,644	224,159	200,347	194,944
Total assets	**632,905**	**600,649**	**564,013**	**528,609**	**497,114**
Equity	196,731	189,186	178,328	146,154	128,783
of which: noncontrolling interests	14,437	14,218	12,952	1,705	1,734
Non-current liabilities	219,134	205,427	202,961	218,062	202,921
Current liabilities	217,039	206,036	182,723	164,393	165,410
Total equity and liabilities	**632,905**	**600,649**	**564,013**	**528,609**	**497,114**
Cash flows from operating activities	**17,151**	**19,356**	**28,496**	**38,633**	**24,901**
Cash flows from investing activities attributable to operating activities	**28,853**	**28,031**	**25,454**	**24,181**	**18,372**
Cash flows from financing activities	**11,140**	**16,008**	**4,225**	**-7,754**	**7,637**

1 The year 2023 was adjusted (see disclosures on IAS 8).
2 The year 2022 was adjusted.

Financial Key Performance Indicators

%	2024	2023[1]	2022[2]	2021	2020
Volkswagen Group					
Gross margin	18.3	18.9	18.7	18.9	17.5
Personnel expense ratio	15.3	15.4	16.8	17.5	18.2
Operating return on sales	5.9	7.0	7.9	7.7	4.3
Return on sales before tax	5.2	7.2	7.9	8.0	5.2
Return on sales after tax	3.8	5.5	5.7	6.2	4.0
Equity ratio	31.1	31.5	31.6	27.6	25.9
Automotive Division[3]					
Change in unit sales year-on-year[4]	-3.5	+10.4	–1.1	-6.3	–16.4
Change in sales revenue year-on-year	-0.8	+15.4	+12.7	+13.3	–14.3
Operating return on sales	6.0	7.0	7.1	6.4	3.7
EBITDA (in € million)[5]	36,796	36,472	37,325	31,609	24,462
Return on investment (ROI)[6]	9.7	12.3	12.0	10.4	6.5
Cash flows from operating activities as a percentage of sales revenue	12.4	14.1	12.9	15.7	13.6
Cash flows from investing activities attributable to operating activities as a percentage of sales revenue	10.5	10.1	10.8	11.5	10.1
Net liquidity as a percentage of sales revenue	11.1	12.5	15.4	10.7	12.0
Ratio of capex to sales revenue in %	6.4	5.4	5.5	5.1	6.1
Research and development costs as a percentage of sales revenue	7.9	8.1	8.1	7.6	7.6
Automotive investment ratio	14.3	13.5	13.6	12.6	13.7
Cash conversion rate	31.4	57.1	29.2	65.1	95.4
Equity ratio	47.4	47.5	45.1	40.1	38.1
Financial Services Division					
Increase in total assets	6.4	12.0	2.6	5.6	0.7
Return on equity before tax[7]	6.8	8.8	14.1	17.3	8.8
Equity ratio	14.4	14.8	16.1	14.5	13.2

1 The year 2023 was adjusted (see disclosures on IAS 8).
2 The year 2022 was adjusted.
3 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
4 Including the equity-accounted Chinese joint ventures.
5 Operating result plus net depreciation/amortization and impairment losses/reversals of impairment as reported in the cash flow statement.
6 For details, see the section entitled "Return on investment (ROI)" in the chapter entitled "Results of Operations, Financial Position and Net Assets".
7 Earnings before tax as a percentage of average equity.

Glossary

Selected terms at a glance

End-to-end electronics architecture
A scalable platform developed by CARIAD for secure and rapid processing of data in the digitally connected vehicle. This platform improves communication between the vehicle and the cloud, thereby enhancing vehicle performance.

Hybrid drive
Drive combining two different types of engine and energy storage systems (usually an internal combustion engine and an electric motor).

Hybrid notes
Hybrid notes issued by Volkswagen are classified in their entirety as equity. The issuer has call options at defined dates during their perpetual maturities. They pay a fixed coupon until the first possible call date, followed by a variable rate depending on their terms and conditions.

Liquefied Natural Gas (LNG)
LNG is needed so that natural gas engines can be used in long-distance trucks and buses, since this is the only way of achieving the required energy density.

Modular Electric Drive Toolkit (MEB)
The modular system is for the manufacturing of electric vehicles. The MEB establishes parameters for axles, drive systems, high-voltage batteries, wheelbases and weight ratios to ensure a vehicle optimally fulfills the requirements of e-mobility. The production of the first vehicles based on the MEB started into series production in 2020.

Modular Transverse Toolkit (MQB)
As an extension of the modular strategy, this platform can be deployed in vehicles whose architecture permits a transverse arrangement of the engine components. The modular perspective enables high synergies to be achieved between the vehicles in the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, SEAT and Škoda brands.

Net carbon neutrality
Net carbon neutrality will be achieved if anthropogenic CO_2 (carbon dioxide) emissions are offset globally through avoidance, reduction and compensation over a specified period of time. This encompasses all other relevant greenhouse gases as well. Avoidance and reduction of such gases is a priority for the Volkswagen Group.

Plug-in hybrid
Performance levels of hybrid vehicles. Plug-in hybrid electric vehicles (PHEVs) have a larger battery with a correspondingly higher capacity that can be charged via the combustion engine, the brake system, or an electrical outlet. This increases the range of the vehicle.

Premium Platform Electric (PPE)
A new vehicle platform for all-electric premium, sport and luxury class vehicles. The components and functions of this platform are especially tailored to meet the high demands of this segment. This platform enables high synergies to be achieved particularly between the Audi, Porsche and Bentley brands.

Rating
Systematic assessment of companies in terms of their credit quality. Ratings are expressed by means of rating classes, which are defined differently by the individual rating agencies.

Scalable Systems Platform (SSP)
The Scalable Systems Platform (SSP) is a future-oriented and industry-leading mechatronics platform for all-electric and fully digitalized vehicles based on a standardized software architecture. Innovative technologies and scalability enable high synergies from the smallest vehicles all the way up to the premium segment with the necessary differentiation between the brand groups Volume, Premium and Sport & Luxury, while at the same time enabling low investment requirements.

Software Defined Vehicles (SDV)
Vehicles designed and developed with a focus on software. Highly digitalized with high-performance computers and modern, embedded computer systems. Their functions can be centrally controlled and updated and extended over the vehicle's life. Their software docks flexibly with all kinds of hardware – from control units to sensors such as cameras and lidar. SDVs are considered the basis for safe, intelligently communicating vehicle fleets, a new customer experience in infotainment and highly automated driving functions.

Test procedure
Levels of fuel consumption and exhaust gas emissions for vehicles registered in Europe were previously measured on a chassis dynamometer with the help of the "New European Driving Cycle (NEDC)". Since fall 2017, the existing test procedure for emissions and fuel consumption used in the EU is being gradually replaced by the Worldwide Harmonized Light Vehicles Test Procedure (WLTP). This has been in place for new vehicle types since fall 2017 and for all new vehicles since fall 2018. The aim of this new test cycle is to state CO_2 emissions and fuel consumption in a more practice-oriented manner. A further important European regulation is the Real Driving Emissions (RDE) for passenger cars and light commercial vehicles, which also monitors emissions using portable emission measuring technology in real road traffic.

Turntable concept
Concept of flexible manufacturing enabling the production of different models in variable daily volumes within a single plant, as well as offering the facility to vary daily production volumes of one model between two or more plants.

Vehicle-Lifetime-Value
The value a vehicle generates for the Volkswagen Group including the dealer organization over its entire life cycle, starting with income from the sale, through income during the operational life, up to the recycling at the end of the vehicle life cycle.

Vocational groups
For example, electronics, logistics, marketing, or finance. A new teaching and learning culture is gradually being established by promoting training in the vocational groups. The specialists are actively involved in the teaching process by passing on their skills and knowledge to their colleagues.

Zero-Emissions Vehicle (ZEV)
Vehicles that operate without exhibiting any harmful emissions from combustion gases. Examples of zero-emissions vehicles include purely battery-powered electric vehicles (BEV) or fuel cell vehicles.

Capitalization ratio
The capitalization ratio is defined as the ratio of capitalized development costs to total research and development costs in the Automotive Division. It shows the proportion of primary research and development costs subject to capitalization.

Cash Conversion Rate
The cash conversion rate is the ratio of net cash flow to the operating result in the Automotive Division. It shows the relationship between excess funds and operating profit.

Distribution ratio
The distribution ratio is the ratio of total dividends attributable to ordinary and preferred shares to earnings after tax attributable to the shareholders of Volkswagen AG. The distribution ratio provides information on how earnings are distributed.

Dividend yield
The dividend yield is the ratio of the dividend for the reporting year to the closing price per share class on the last trading day of the reporting year; it represents the interest rate earned per share. The dividend yield is used in particular for measuring and comparing shares.

Equity ratio
The equity ratio measures the percentage of total assets attributable to shareholders' equity as of a reporting date. This ratio indicates the stability and financial strength of the company and shows the degree of financial independence.

Gross margin
Gross margin is the percentage of sales revenue attributable to gross profit in a period. Gross margin provides information on profitability net of cost of sales.

Price-earnings ratio
The price-earnings ratio is calculated by dividing the share price per share class at the end of the year by the earnings per share. It reflects a company's profitability per share; a comparison over several years shows how its performance has developed over time.

Return on equity before tax
The return on equity shows the ratio of profit before tax to average shareholders' equity of a period, expressed as a percentage. It reflects the company's profitability per share and indicates the interest rate earned on equity.

Return on sales before tax
The return on sales is the ratio of profit before tax to sales revenue in a period, expressed as a percentage. It shows the level of profit generated for each unit of sales revenue. The return on sales provides information on the profitability of all business activities before deducting income tax expense.

Tax rate
The tax rate is the ratio of income tax expense to profit before tax, expressed in percent. It shows what percentage of the profit generated has to be paid over as tax.

Scheduled Dates 2025

→ **March 11**

Volkswagen AG Annual Media Conference and Investor Conference

→ **April 30**

Interim Report January – March 2025

→ **May 16**

Volkswagen AG Annual General Meeting

→ **July 25**

Half-Yearly Financial Report 2025

→ **October 30**

Interim Report January – September 2025

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