

VOLKSWAGEN

AKTIENGESELLSCHAFT

A person wearing a green short-sleeved shirt is kneeling on a sandy beach. They are pointing their right index finger towards a drawing of the Volkswagen logo, which has been drawn in the sand. The logo consists of a 'V' stacked on top of a 'W', both enclosed within a circle. The person's left hand is resting on the sand in front of them. The background is a vast, bright, sandy beach under a clear sky.

Driving ideas.


SUSTAINABILITY REPORT 2009/2010





Report profile

Ideas drive us forward. That's why we made "Driving ideas" the motto of this, the third Volkswagen Group Sustainability Report. As we strive for sustainable mobility, the three factors that shape our thoughts and activities are people, technology and the environment.

Environmental reporting at Volkswagen began in 1995. Since then, under the influence of ongoing reviews and detailed stakeholder dialogue, it has evolved into the Group's sustainability reporting activities. A printed report is published every two years, while the key indicators are updated annually on the Internet. The facts and figures in the current report relate to the period from January 1, 2006 to December 31, 2008 and, unless indicated otherwise, cover all companies included in our consolidated accounts. The key indicators section relating to the environmental, financial and social sectors has been substantially expanded and for the first time includes the CO₂ emissions of our European fleet of new vehicles. As in past reports, the goals that we indicate are linked to specific deadlines. For further information on the Group, our risk management, our model strategy and the development of our business, please consult the following links:

-  **IR PAGES** ► www.volkswagenag.com/ir
- ANNUAL REPORT 2008** ► annualreport2008.volkswagenag.com
- GROUP SUSTAINABILITY PORTAL** ► www.volkswagenag.com/sustainability

The importance of the Internet for our sustainability and CSR reporting is constantly increasing. At

-  ► www.SustainabilityReport2009.volkswagenag.com you will find the full text of this report, along with supplementary and more in-depth information (see below). The "InfoBasket" feature enables you to compile your own customised report on the Internet. As in the past, at
-  ► www.volkswagenag.com/sustainability

you will find the latest news and detailed articles on the subject of mobility and sustainability. And to round off the picture, all this information is closely linked to the sustainability reports and the latest information from the Volkswagen Group's various brands.

Our reporting is aligned with internationally recognised standards such as the principles and requirements of the Global Reporting Initiative (GRI), including the Automotive Sector Supplement (pilot version 2004). The GRI has confirmed that our reporting qualifies for Application Level A+. The indexes published in this report (see foldout section in back cover) and on the Internet document the extent to which we meet the reporting requirements. We also take account of the ten principles of the Global Compact.

The PricewaterhouseCoopers firm of auditors has inspected the thematic focus, the related corporate structure and processes, as well as specific indicators chosen by us. For the first time, their inspection was based on the AccountAbility AA1000 Assurance Standard (2008) and comprised two stages: evaluation of adherence to the principles of Materiality, Inclusivity and Responsiveness anchored in the AA1000 AccountAbility Principles Standard (Type 1), and appraisal of the reliability of the specified performance information (Type 2). The Independent Assurance Report appears on page 60. The individual quantitative sustainability information covered by their inspection can be found in this Sustainability Report on the folding cover C3 and on pages 1, 49, 50, 51 (excluding information on freshwater and wastewater), 52 to 55, 56 (excluding information on accidents, accident indexes and health indexes) and 57 (excluding information on occupational safety training).

Our Sustainability Report is also an invitation to engage in open and critical dialogue with us. Please address any questions and comments to


-  ► info@volkswagen-sustainability.com

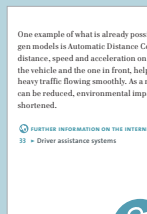
This report went to press on June 15, 2009.

Our next Sustainability Report is scheduled for publication in 2011.

Internet concept

You will find the full contents of this report in our online Sustainability Report along with more extensive and in-depth information covering the two-year reporting period. We have provided links to this content at the appropriate points in the report. To call up the online material, use the quick link list on the homepage:

-  ► www.SustainabilityReport2009.volkswagenag.com



where you will find the link to the article or document you require under the relevant number.



FURTHER INFORMATION ON THE INTERNET
2 ► Certified facilities




VOLKSWAGEN FINANCIAL SERVICES
AKTIENGESELLSCHAFT

VOLKSWAGEN GROUP

| Data | 2008 | 2007 |
|--|-------------|-------------|
| Vehicle sales (units) | 6,271,724 | 6,191,618 |
| Production (units) | 6,346,515 | 6,213,332 |
| Employees at Dec. 31 | 369,928 | 329,305 |
| Proportion of female employees (percent) | 14.0 | 13.7 |
| Health index (percent) | 97 | 97 |
| CO ₂ emissions, European new vehicle fleet (g/km) | 159 | 164 |
| Direct CO ₂ emissions (kg/vehicle) | 227.19 | 229.09 |
| Energy consumption (MWh/vehicle) | 2.78 | 2.72 |
| Financial data (IFRS), € million | 2008 | 2007 |
| Sales revenue | 113,808 | 108,897 |
| Operating profit | 6,333 | 6,151 |
| Profit before tax | 6,608 | 6,543 |
| Profit after tax | 4,688 | 4,122 |

Comments on the key sustainability indicators can be found in the Key Indicators section of this report (page 48). You will find revenue and profit figures broken down by brand and business field in our current annual report (pages 78-95) and at

 **1** ▶ Annual Report 2008: information on the main brands, products and fields of business

INDEXES – RANKINGS – AWARDS

The Volkswagen Group's commitment to sustainability is being rewarded: our position in the most important sustainability indexes has improved. After returning to the renowned Dow Jones Sustainability Index World in 2007, the Volkswagen Group also succeeded in requalifying for the more stringent Dow Jones Sustainability Index STOXX in 2008 – the only automaker to do so. At present we are represented in the following sustainability or CSR indexes: ASPI

– Advanced Sustainability Performance Indices, Dow Jones Sustainability Index STOXX, Dow Jones Sustainability Index World, ECPI Ethical Index Euro, Ethibel Sustainability Index, FTSE4Good and FTSE4Good Environmental Leaders Europe 40. Further proof of our performance came in 2009 with the Good Company Ranking by Kirchhoff Consult and *manager magazin*. In this CSR ranking of the 90 largest European corporations, the Volkswagen Group leapt from 47th to 13th

61 PRODUCTION FACILITIES

Worldwide, the Volkswagen Group has 61 production facilities in 21 countries, 97 percent of which are certified according to international environmental management standards or are currently preparing for certification.

The complete list of certified facilities (as of 31 Dec. 2008) can be found in the Internet at

- 2 ▶ Certified facilities
- 3 ▶ Production facilities

342 GROUP COMPANIES

342 Group companies that produce vehicles or offer related services are included in Volkswagen's consolidated financial statements.

6.3 MILLION VEHICLES SOLD

In 2008, the Volkswagen Group delivered some 6.3 million vehicles to customers worldwide, exceeding the previous year's figure by 1.1 percent.



35 MODELS WITH LESS THAN 120 g/km OF CO₂

35 of the Group's models have CO₂ emissions of less than 120 g/km (as of June 2009). Additional new models in 2009 and 2010 will also increase the number of vehicles that emit less than 100 g/km of CO₂.

370,000 EMPLOYEES

The Volkswagen Group employs just under 370,000 employees all over the world.

97 PERCENT HEALTH INDEX

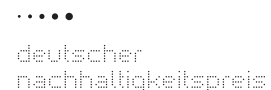
Since 2003, our health index has been at a consistently high level of at least 97 percent.

99 g/km OF CO₂

In 2006, the Polo BlueMotion became the first five-seater to consume only 3.8 litres of diesel and emit a mere 99 g/km of CO₂. In 2010, the second generation Polo BlueMotion with CO₂ emissions of 87 g/km will be launched as the highlight of the BlueMotion series.

place, and was far and away the best ranked automotive company. In 2008 Volkswagen received the German Sustainability Award in the Most Sustainable Brand category. Our 2007/2008 Sustainability Report was ranked best in the automotive industry by the Institute for Ecological Economy Research (IÖW).

- 4 ▶ Indexes and awards



Portrait of the Group

The Volkswagen Group based in Wolfsburg is one of the world's leading automobile manufacturers and the largest automaker in Europe. In 2008, the Group increased the number of vehicles delivered to customers to 6.257 million (2007: 6.190 million), which equates to a global market share of 10.3 percent. In Western Europe, the world's largest passenger car market, more than one fifth of all new cars (20.3 percent) were manufactured by the Volkswagen Group. The Group's sales revenue rose from €108.9 billion in 2007 to €113.8 billion in 2008. Profit after tax in fiscal year 2008 totalled €4.69 billion (2007: €4.12 billion).


On July 22, 2008, the Volkswagen Group increased its share of the voting rights of the Swedish commercial vehicle manufacturer Scania to 68.6 percent. The resultant consolidation of the Scania brand brought the Volkswagen Group's total to nine brands from seven European countries: Volkswagen, Audi, Bentley, Bugatti, Lamborghini, Scania, Seat, Škoda and Volkswagen Commercial Vehicles. Each brand has its own distinctive character and operates autonomously in the marketplace. The passenger car portfolio extends from economical compact cars to luxury high-end models. In the commercial vehicle sector, the range starts with pick-up trucks and extends all the way to buses and heavy-duty trucks. With its customised selection of customer services above and beyond vehicle sales, the Volkswagen Group is also Europe's largest automotive financial services provider. Sales revenue at Volkswagen Financial Services continues to increase and in 2008 rose 7.7 percent to €10.9 billion.

In 15 European countries and six countries in the Americas, Asia and Africa the Volkswagen Group operates 61 production facilities (per December 31, 2008). Around the world, almost 370,000 employees produce over 26,600 vehicles per working day or offer vehicle-related services. The Volkswagen Group's sales operations cover more than 150 countries across the globe. The Group's aim is to offer attractive, safe and environmentally compatible vehicles that remain competitive in an increasingly hard-fought market and set the global benchmark in their respective classes.

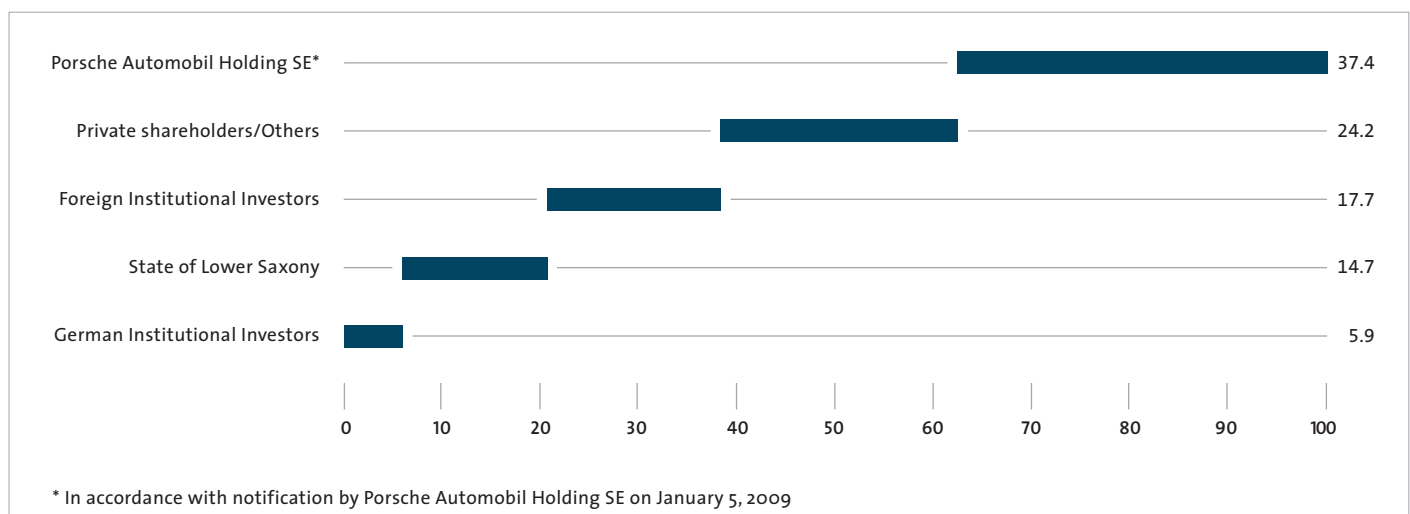
 **2** ▶ Certified facilities


Due to the exercise of conversion rights under the stock option plan, the number of shares increased by 0.9 percent. At the end of 2008, the subscribed capital of Volkswagen AG thus comprised 294,920,207 ordinary shares and 105,238,280 preferred shares. On December 31, 2008, the State of Lower Saxony held 20.01 percent of the ordinary shares. On January 5, 2009, Porsche Automobil Holding SE gave notification that its share of the voting rights of Volkswagen AG had reached 50.76 percent. The remainder of the shares are held by institutional and private investors.

Information on production and deliveries of the main Volkswagen Group products can be found in the Annual Report 2008 on pages 81-93.

 **1** ▶ Annual Report 2008: information on the main brands, products and fields of business

SHAREHOLDER STRUCTURE AT DECEMBER 31, 2008 (as a percentage of subscribed capital)



For a list of the current majority and minority holdings of Volkswagen Group companies, see pages 276-278 of the Annual Report 2008 or  **5** ▶ Group companies

On January 5, 2009, Porsche Automobil Holding SE provided notification that its share of the voting rights of Volkswagen AG had exceeded the 50 percent threshold and amounted to 50.76 percent as of that date.



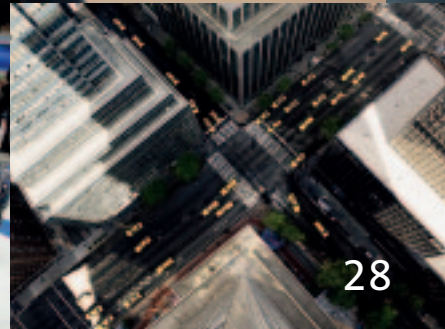
6



18



24



28



30

Driving ideas.

6 Preparing for global challenges

The financial and economic crisis, climate change, job security, mobility and demographics are among the issues to which the Volkswagen Group responds with far-sighted answers.

18 Greater efficiency

CO₂ emissions need to be cut back drastically and energy supplies secured in the long term. That is the only way to ensure sustainable personal mobility.

24 Sustainability in blue

The Volkswagen Group offers environmentally efficient and advanced technologies worldwide to meet the automotive requirements of the future.

28 The future needs intelligent mobility

Networked cars and effective traffic management are becoming more important than ever. Innovative technologies hold the key.

30 Global standards – local production

Around the world the Volkswagen Group safeguards its future through local production operations with integrated environmental protection – not least in growth markets such as China, India and Russia.



Contents

4 Forewords

STRATEGY AND MANAGEMENT

6 Global challenges
8 “18plus” strategy
11 Structures, processes and instruments
12 Compliance
15 Supplier concept

AMBITIONS

16 Economic and financial crisis
18 Climate and energy
23 Powertrain and Fuel Strategy
24 Energy-efficient vehicles
26 Recycling
27 New Small Family
28 Mobility research
30 Production plants
34 Employees
38 Occupational health and safety
41 Report: Commitment to South Africa
44 Corporate citizenship

KEY INDICATORS

48 Environmental
53 Financial
55 Social

58 Highlights and Lowlights
59 Goals
60 Assurance Report

Contacts and Credits

The full contents of this report as well as additional articles can be found in our online Sustainability Report at:

 www.SustainabilityReport2009.volkswagenag.com

The Sustainability Report 2009/2010 was published on September 1, 2009



34 Destination: best employer

Volkswagen aims to be the most successful and the most popular employer – which calls for a top-class team that stars through its commitment and competence, fitness and excellence.

41 More than just football

To mark the 2010 World Cup, the Volkswagen Group Works Council is supporting “A chance to play” – a programme that helps disadvantaged children. But our commitment to South Africa doesn’t stop there.

48 Key indicators

A review of the key facts and figures provides insight into the sustainability performance of the Volkswagen Group.



“Our goal is to systematically strengthen our position as the world’s leading manufacturer of economical, ecological automobiles.”

Dear Reader,

At the Volkswagen Group, we view sustainability as a fundamental principle of corporate management. Commercial success, environmental protection and social responsibility: these three elements must be brought into balance around the globe and in a sustainable manner.

As the largest automobile manufacturer in Europe, we have a unique role to play. The automobile is one of the principal drivers of economic development – especially in the new, emerging markets. At the same time, this rapidly growing mobility brings its own set of challenges, from the need to continue reducing emissions to the finite nature of fossil fuel resources and the looming threat of total gridlock in many megacities.

The Volkswagen Group is working to meet all these challenges. Our goal is to systematically strengthen our position as the world’s leading manufacturer of economical, ecological automobiles. When we look at our range of models, it is clear just how ‘green’ the Volkswagen Group has already become: our Group offers its customers 134 models that emit less than 140 grams of CO₂ per kilometre; 35 of them are even under 120 grams. In the sixth-generation Golf, we have reduced fuel consumption by as much as 28 percent. The energy-efficient model ranges of Volkswagen, Škoda, SEAT and Audi demonstrate what can be achieved with technology today – while still remaining affordable. The Polo BlueMotion II is an especially attractive example of our environmental credentials. Consuming 3.3 litres of fuel over 100 kilometres and with CO₂ emissions of 87 grams, this will be the most economical five-seater in the world.

Despite the financial crisis, we are continuing our progress along the path to sustainable mobility – without sacrificing emotional appeal or driving pleasure. This is why the Volkswagen Group will keep investing over €8 billion per year in the development of new models and environmental technologies. At the top of our agenda: continuing to optimise our combustion engines, hybrid powertrains and electric drive systems.

For a global player, sustainable corporate management practices are multilayered and complex. However, we are certain that in difficult times, sustainability is the key to long-term success. So we have not wavered in our commitment to the principles of the United Nations’ Global Compact. And we are delighted that our strategy of sustainability has been so widely recognised. The Volkswagen Group is listed on all leading indexes for sustainability and CSR, including the Dow Jones Sustainability Index (World and STOXX) and the FTSE4Good.

In this Sustainability Report, you will once again find numerous examples of how the Volkswagen Group takes seriously its responsibility to its customers, shareholders, employees, business partners and society as a whole. This form of transparency is important to us – which is why we started having this report certified in line with the AA1000 AS standard. And by attaining Application Level A+, we have achieved the highest possible ranking from the Global Reporting Initiative (GRI).

This year we have selected “Driving ideas” as the theme of our report. This motto is a conscious recognition of the energy and passion that our almost 370,000 employees around the world are investing in the future of the automobile.

On behalf of my fellow board members, I invite you to read the report and form your own opinion. I hope you enjoy this window into the exciting world of the Volkswagen Group.

Prof. Dr. rer. nat. Martin Winterkorn
Chairman of the Board of Management of Volkswagen Aktiengesellschaft

“Economic efficiency and job security
are equally important corporate
objectives for the Volkswagen Group.”



Dear Reader,

As employees, we have a major interest in our company paying special attention to the economic, environmental and social aspects of sustainability. All three dimensions of sustainability are of central importance to the almost 370,000 employees of the Volkswagen Group when it comes to the question of safeguarding jobs or the future of particular locations and thus of entire regions around the world.

After all, it is the employees who have the greatest interest in the long-term commercial success of the company. That is why we agreed with the Board of Management that economic efficiency and job security are equally important corporate objectives for the Volkswagen Group. For the employees this means that we must always keep the economic impact of our decisions in mind. And when the Board of Management takes strategic decisions, it must in turn consider how the outcomes will affect the employment situation at the company. Especially in light of the current financial crisis – in which our company is holding its own far better than many others – it is clear that this principle has helped to ensure the long-term success of the Volkswagen Group and given us the strength to overcome tough times. Today, sustainable business practices are only possible when economy and ecology go hand in hand. In our role as European Group Works Council, we have worked closely with legislators to actively promote environmentally friendly powertrain technology. The result of this process is engines with significantly lower fuel consumption – which are popular with customers on account of their economic advantages, while at the same time the environment benefits from a substantial reduction in CO₂ emissions.

The culture of codetermination that has evolved over the decades at the Volkswagen Group has ensured that goals which are agreed by the Board of Management and the Works Council are ultimately embraced by all of the Group's employees. That is why the Board of Management and the European and World Works Councils are currently working to finalise an Industrial Relations Charter that will apply around the world. The Volkswagen Group has long had a Social Charter that sets out the minimum standards for all social rights and industrial relationships across the Group. In addition, we expect responsible behaviour from all our suppliers around the world. The standards that apply in this case are anchored in our Agreement on Sustainability in the Supply Chain. All these agreements will also be applied at our new locations. Within the World Works Council we are currently helping to establish employee representation bodies in these locations, in keeping with our corporate culture.

For us as employees, social responsibility has never stopped at the factory gates. As part of the “One hour for the future” aid project, Volkswagen Group employees around the globe have started a special initiative that ties into the 2010 World Cup in South Africa. Hosting the World Cup holds great opportunities for the country, but at the same time there is concern that many people will be left out and will not enjoy any of the benefits. This is the backdrop to “A Chance to Play”, a special programme launched by the Volkswagen Group Works Council and the child relief organisation Terre des Hommes. Its goal is to reach out to girls and boys from disadvantaged backgrounds, setting up educational programmes and building playgrounds and sports facilities. Volkswagen Group employees have donated over €1.3 million to the initiative. In addition to this special programme, the Group Works Council is active in many other projects designed to help children around the world achieve a sustainable future.

Today, sustainability is not just a catchphrase, but an integral part of corporate strategies. And we aim to play our part.

A handwritten signature in black ink that reads "Bernd Osterloh". The signature is written in a cursive, flowing style.

Bernd Osterloh
Chairman of the General and Group Works Councils

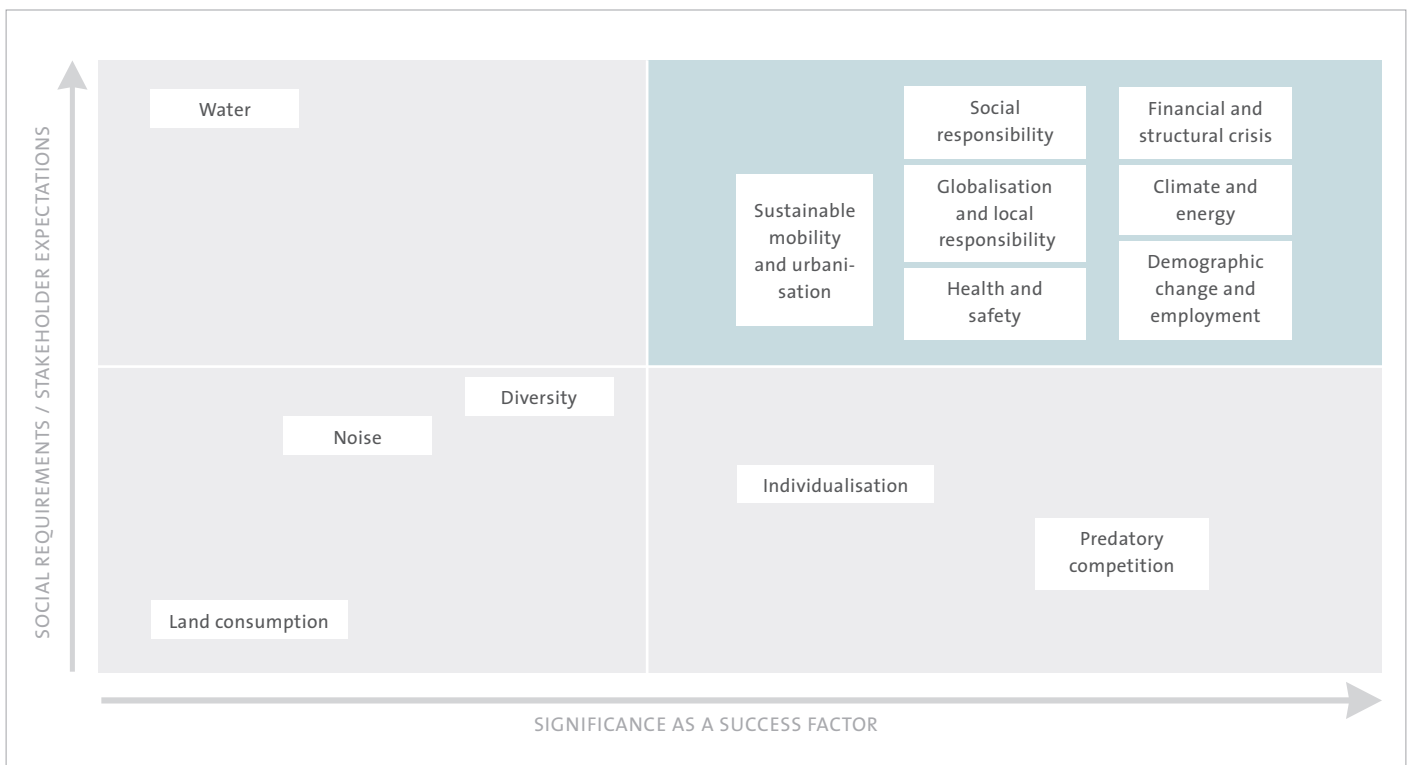
Preparing for global challenges

The Volkswagen Group puts its faith in skilled employees, technology and new ideas.

Global challenges such as climate change and the scarcity of resources demand solutions from industry that go beyond the usual boundaries of sectors and segments. As a globally active Group, Volkswagen is addressing these issues with a commitment to contributing its technological and social expertise towards the development of future-proof solutions.

We are constantly looking into new challenges, which we subject to a wide-reaching process of analysis. As part of this approach, we employ methods such as future research, market research and our Environmental Radar, to evaluate global developments at an early stage and use the findings in our strategic positioning.

CHALLENGES FOR THE VOLKSWAGEN GROUP





At the Volkswagen Management Conference in Dresden, around 1,800 managers discussed the upcoming challenges with the Board of Management. The message was that every crisis also represents an opportunity – one that Volkswagen is going to exploit.

The financial and economic crisis has been affecting the automotive markets since the third quarter of 2008. Issues such as climate change, globalisation, safeguarding the future of production facilities, mobility, employment, and health and safety are of great importance – both for society at large and for the Volkswagen Group. This, then, is the frame of reference of our sustainability reporting.

You will find our responses to these issues under “Ambitions”, starting on page 20. A more in-depth look at the various challenges can be found in our online Sustainability Report.

 www.SustainabilityReport2009.volkswagenag.com

 **FURTHER INFORMATION ON THE INTERNET**

6 ▶ Presentation and detailed explanation of the challenges



More entrepreneurial thinking, more synergies, more ecology

The Volkswagen Group's "18plus" strategy

The Volkswagen Group has charted a clear course with our "18plus" strategy, building consistently on the company's strengths and setting new goals. The company is being equipped to face the future: attractive new models and vehicle segments, as well as innovative environmental technologies point the way forward for increasingly economical internal combustion engines and gearboxes, for hybrid and electric vehicles and for second generation biofuels.

As we move ahead, the Volkswagen Group can build on firm foundations, including a long tradition and a strong corporate culture centred on social and ecological innovation. Through our corporate values we are committed to a sustainable and socially responsible course of action. For us, commercial success must invariably go hand-in-hand with an intact environment and good corporate citizenship.



Audi's "e" badge, SEAT's "ECOMOTIVE", Škoda's "GreenLine" and Volkswagen's "BlueMotionTechnologies" appear on the models that are designed for minimum fuel consumption. They feature all the technologies and components that help cut consumption and CO₂ emissions, making these energy-efficient models far more economical than comparable conventional cars.



Our basic position remains that, as the Volkswagen Group, we act responsibly towards our customers, our shareholders, our employees and towards society.

Through our Strategy 2018 we are pursuing the long-term goal of firmly anchoring the Volkswagen Group among the most successful automakers in the world. This applies in terms of profitability, customer satisfaction and quality, of accessing

new markets and increasing our production output, and of our attractiveness as an employer. With "18plus" the Volkswagen Group is holding true to its strategic course. The "plus" element stands for more entrepreneurial thinking, more synergies and more ecology.

"We aim to be the most eco-friendly automaker in the world!"

With a model portfolio geared to ecological principles and the strong position of its nine brands in the global marketplace, the Volkswagen Group will be systematically building on its competitive advantages. Our growth strategy is based on attractive vehicles that appeal to customers in all parts of the world and meet the different regional requirements and cost targets. The modular transverse matrix (MQB, see page 10) and the modular longitudinal matrix (MLB) will be a great help in this respect. In conjunction with our TSI and TDI engines, the innovative DSG dual-clutch gearbox and future electric powertrains, the MQB and MLB will play their part in ensuring that the Volkswagen Group meets its ambitious fuel consumption and emissions targets. This role will also be taken up in future by the models in the New Small Family that feature compact dimensions, environmentally compatible powertrains and low weight.

Above and beyond this, we also apply our technological expertise in the interests of other products and services with the aim of safeguarding jobs, protecting the environment and boosting our profitability. These include for example projects focused on the development and use of industrial engines or boat engines that combine superior motive power with excellent fuel consumption figures and low emissions.

We can only attain our ambitious goals if, in addition to our existing customer base, we succeed in attracting many new customers all over the world. With this in mind, Volkswagen will be providing increasing support for its dealers as the vital link to the customer and expanding its marketing measures. The greatest growth potential in this respect is to be found in Brazil, China, India, Russia and the USA.

The competence of our employees provides the basis for our business. If they are to master the challenges of the automobile manufacturing sector, our employees must be supported in their development and given the intellectual freedom they need to come up with new ideas. The key elements here are the promotion of high potentials, continuing professional development, and training measures tailored to the various professions. The advancement and professional development of women in particular is a central principle of personnel work at Volkswagen. We are keen

Development of the modular transverse matrix (MQB)

– a new platform architecture for future model generations – has laid the technical foundations for a large number of new vehicles, not only cutting development costs but also helping to build high-volume models in a way that makes economic and ecological sense.



standards in automobile manufacturing in order to put the cleanest, most economical and at the same time most fascinating cars on the road. To this end, under the heading of BlueMotion Technologies Volkswagen brings together the best available contemporary environmental technologies. In the next few years we will be investing over eight billion euros in developments such as the optimisation of our existing TSI, TDI and DSG technology, as well as the ongoing enhancement of our TSI technology to run on natural gas or as a flex-fuel powertrain. We will also be forging ahead with progress in the field of second-generation biofuels. And finally we will be investing a great deal of funds and effort in the electrification of the powertrain. For us, electric drive systems take priority over fuel cells, but the success of electric powertrains depends to a very large extent on the batteries employed, and this is an area in which much progress still needs to be made.

In other words, it will still be a considerable time before the paradigm shift to electric cars takes place. Here too, Volkswagen’s credo remains unchanged: we will settle for nothing less than offering our customers the best solution.

to encourage even more female graduates to commit to engineering and scientific professions and play their part in shaping the car of the future. One example of our initiatives here is the “Woman Driving Award” that targets precisely these groups (see page 36).

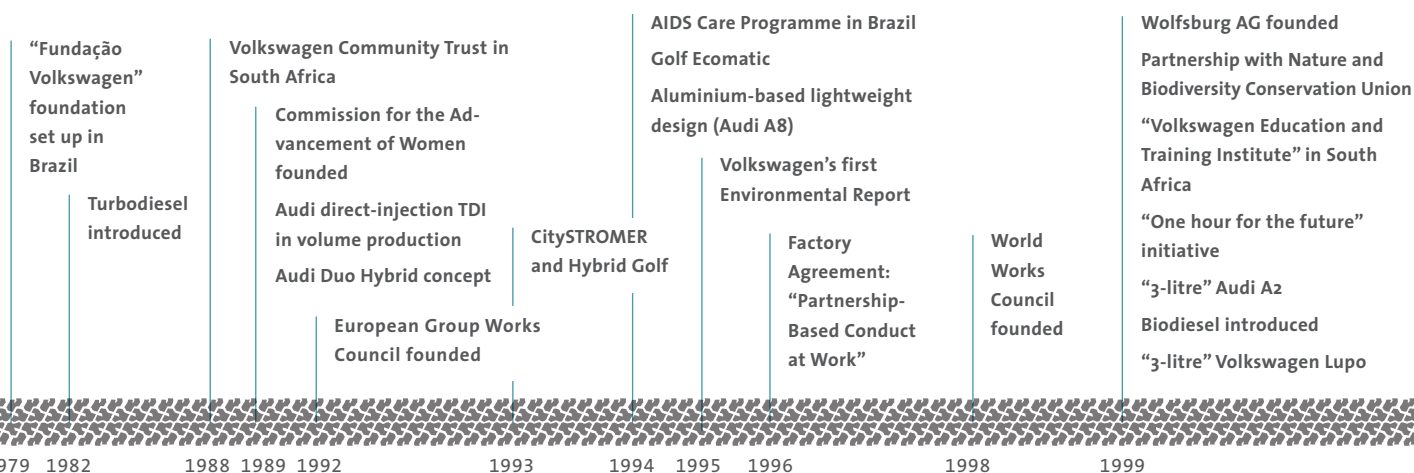
The “18 plus” strategy takes us forward along our charted course despite the tough economic times. In this context we assign top priority to the topics of ecological relevance and profitability. The initiatives that we already triggered to boost productivity and quality are continuing unabated. By also applying rigorous discipline in terms of costs and capital expenditure, we thereby put the necessary conditions in place to attain our long-term earnings targets and ensure a sustainable high level of liquidity. For Volkswagen, “green mobility” means setting new ecological

When developing new vehicles, carbon dioxide emissions are a key parameter. Consequently, at every stage of the product creation process, the CO₂ emissions are determined and every decision in favour of a specific product is made with a view to its impact on the climate. That way we can ensure that the objectives laid down in the Group’s Environmental Principles and in the Environmental Goals of the Technical Development department are attained.

“We aim to be the most eco-friendly automaker in the world!” For Volkswagen, this goal, which was formulated at the 2008 Management Conference, is both a challenge and an obligation.

MILESTONES

Milestones from the last 30 years of our corporate history document the Volkswagen Group’s commitment to sustainability.



Trust is gained through performance and transparency

The structures and tools of a sustainable strategy

Sustainability and responsibility

Living up to social responsibility (Corporate Social Responsibility, CSR) and operating in a sustainable way serve to increase the value of a company and secure this value over the long term. For the Volkswagen Group, CSR means that social and ecological concerns constitute an integral component of what we do. Linked in closely with the Group's core economic processes, CSR is responsible for preventing risks, identifying growth opportunities at an early stage and enhancing the company's reputation.

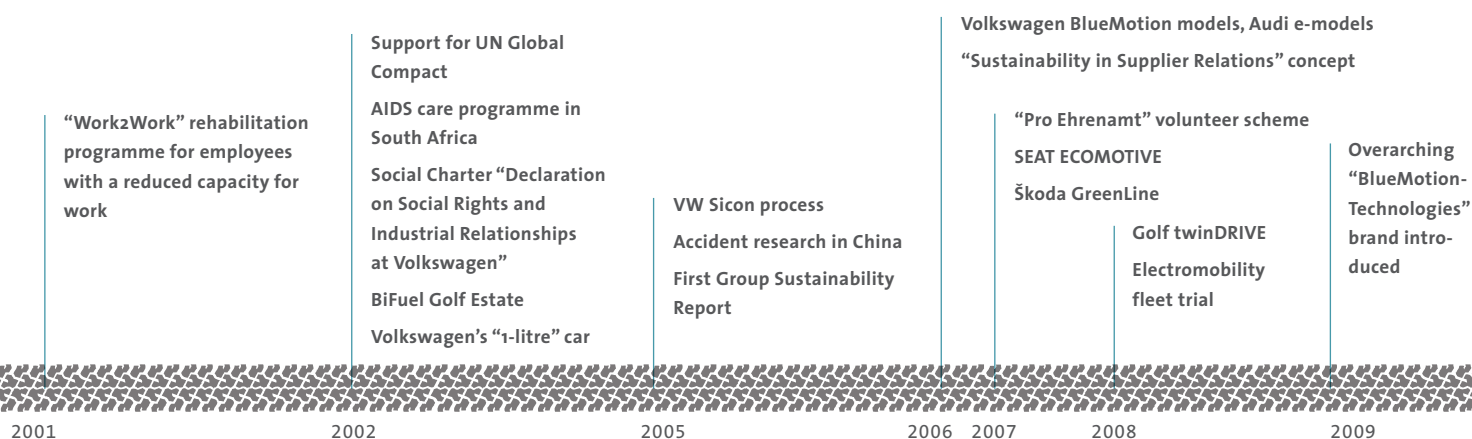
Model of Sustainable Development

We have formulated the principles of sustainable business in our Model of Sustainable Development. For us this is the benchmark for a corporate strategy focused on the long term, squaring up to challenges which are ecological and social as well as economic in nature. The Volkswagen Group develops, manufactures and markets automobiles and services worldwide in order to provide its customers with attractive solutions for their personal mobility. Throughout these processes we constantly pursue the goal of making advanced technologies available across the globe while giving due consideration to environmental protection and social compatibility.

The Volkswagen Group is a company with German roots and global responsibility. The rights, personal development, social security and economic participation of our employees are core elements of our corporate policy. A culture of cooperation and partnership therefore forms the basis of successful collaboration between management and employee representatives – in Germany, in Europe and around the world. The maxim of environmentally and socially responsible business practices also applies in our collaboration with our suppliers. Wherever it operates, the Volkswagen Group considers itself a partner to society and the political sphere.

Global scenarios and early warning systems show the way

In 2008 Volkswagen Group research formulated its "research visions", covering the themes of energy, driving experience, mobility, product life cycle, safety, environment and cost-effectiveness. As part of its World Scenario Check the Volkswagen Group analyses national and international studies, scenarios and reports on mobility-related themes in technology and society.



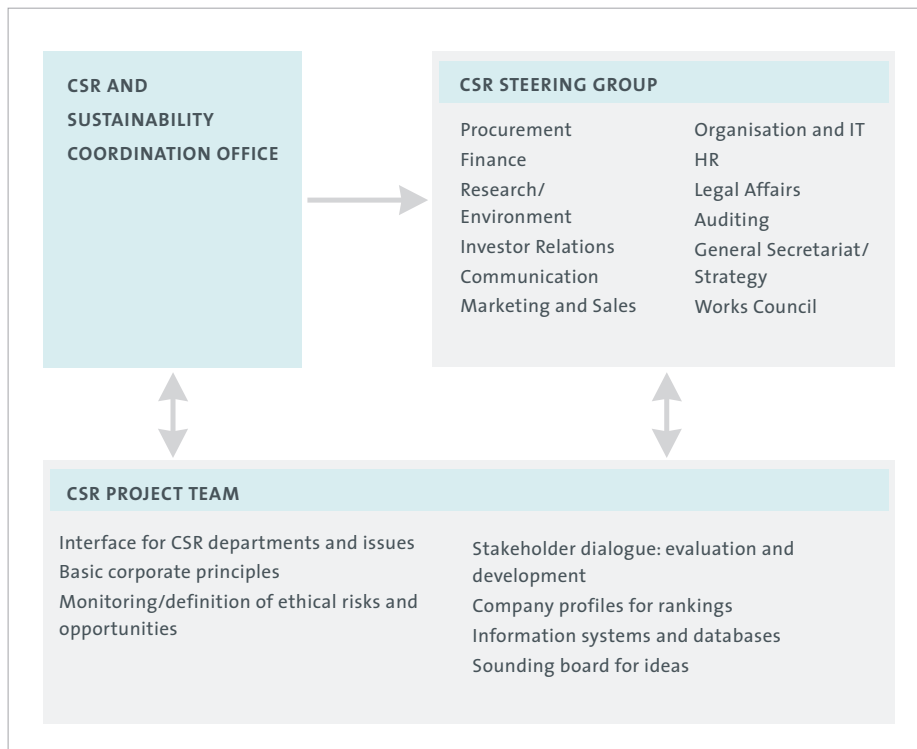
The “2018plus” global scenarios aim to identify trends at an early stage, highlight their impacts on the automotive sector, and offer appropriate recommendations for action. In the context of sustainability, climate change, raw materials and energy, environmental regulations and consumer behaviour are taken into account.

One concrete example of the analysis of environmental influences is the assessment of raw materials risks. Using our specially developed methodology, our aim is to safeguard innovative technology paths such as electromobility or lightweight design by ensuring the availability of the required raw materials. Indicators such

“We will achieve improved management efficiency and transparency through the IT-based key indicator system currently under construction.”

Dr. Gerhard Prätorius,
Head of Coordination CSR and Sustainability

COORDINATION CSR AND SUSTAINABILITY



as “geopolitical risk in supply countries” or “market power through industry concentration” clearly signal potential raw material shortages that the company can counter through appropriate measures at an early stage.

Through its risk management system, the Volkswagen Group identified the serious impacts of the global financial and economic crisis (see page 16) and responded with its specially adapted “18plus” corporate strategy. Risk indicators and early warning systems are constantly refined – for example regarding the danger of supplier insolvency, which could have an adverse effect on entire production lines.

Equally important is the management of ecological risks, and here we have created our own independent early warning system: the Environmental Radar team. In

Raising awareness, ensuring compliance

For a globally active company, value creation, sustainability and reputation are now more than ever dependent on the consistency with which everyone involved observes legal requirements, agreed guidelines, and social and ecological minimum standards.

In line with the provisions of the German Corporate Governance Code, the Board of Management ensures the observance of legal requirements and internal corporate guidelines, working to achieve compliance throughout the Group.

Values to guide our conduct, actions and decisions

The Volkswagen Group has always considered itself bound by more than just legal and internal regulations. We also see voluntary commitments and ethical principles as an integral

component of our corporate culture, providing a frame of reference we can use to guide our decision-making.

A Group Chief Compliance Officer was appointed in 2007. He heads the Legal Affairs and Compliance department, reporting directly to the Chairman of the Board of Management, Prof. Dr. Martin Winterkorn. His task is to advise the Board of Management on all compliance issues, to introduce preventive measures, and to manage and monitor these measures in order to ensure compliance.

Raising awareness of rules and values

Our Group-wide compliance strategy, which takes a preventive approach to the issue, is the foundation of all our compliance activities.

In 2008 we established a central Compliance Office, which is currently setting up a Group-wide compliance organisation. Compliance expertise already in existence across Group locations is being drawn together to form a core compliance team. Step by step we are building a global network of compliance officers and representatives to support Group companies, locations and business units in promoting and ensuring compliance. The introduction of the compliance organisation was announced to senior managers worldwide in 2009 – along with awareness-raising measures and encouragement to get involved.

addition, as part of its market monitoring the Volkswagen Group systematically uses scenario analysis – both to identify uncertainties and risks at an early stage, and as a strategic planning tool.

Managing sustainability – improving internal information flows

In 2006 we set up our CSR and Sustainability Coordination office, which is primarily responsible for the strategic direction and optimisation of CSR and sustainability management across the Volkswagen Group. To achieve this, the office fosters networks linking internal divisions and strengthens the exchange of information between specialist departments. The office reports to the CSR Steering Group, in which all the central corporate departments and the Group Works Council are represented. There is also a CSR project team, again cross-departmental, which meets on a regular basis.

Improved management efficiency and transparency will be achieved through the IT-based key indicator system that is currently under construction. The system incorporates existing tools and indicators, pulling them together in a single cohesive CSR information system.

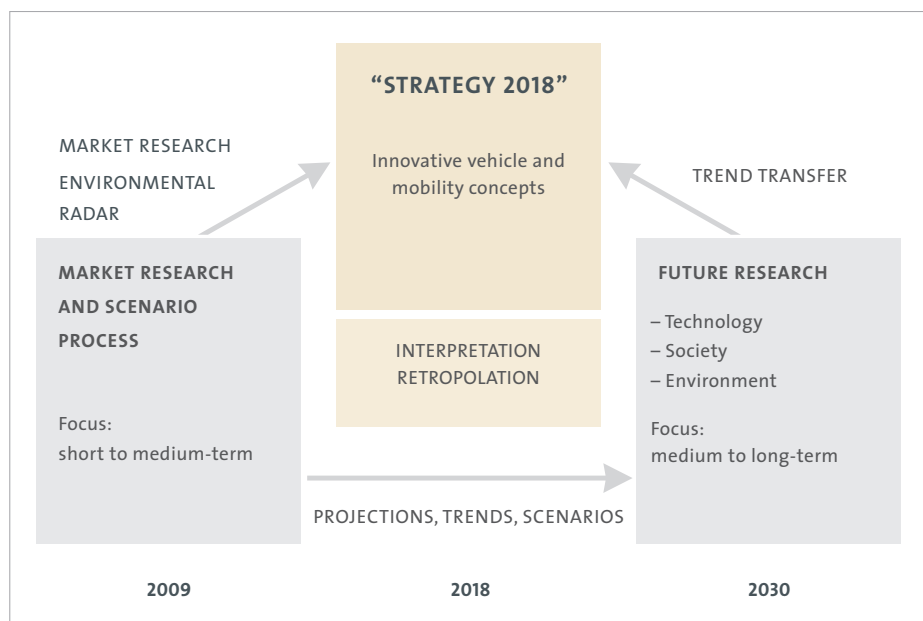
This means, for example, that the findings of tried and trusted tools like Life Cycle Assessments (LCA), the vehicle recycling strategy and other management instruments can be integrated within the overall information system, creating a basis for comprehensive assessment and evaluation. In this way a multitude of sustainability-related information on continuous improvement processes is made transparent and accessible for all Group brands and can be used to enhance the Group’s sustainability profile.

Promoting ongoing dialogue – expanding stakeholder involvement

As a good “corporate citizen” we are committed to an ongoing dialogue with our stakeholders. We have supported the Global Compact of the United Nations (UN) since 2002. More than 4,700 companies from some 120 countries have now joined this alliance for responsible corporate management launched by former UN Secretary-General Kofi Annan in 1999.

In our progress report of December 2008 we evidenced our commitment to the Global Compact with details of current Volkswagen Group projects, including reports on our environment and climate protection projects, anti-corruption measures, international labour standards and our human rights policy. Further key reference points for our corporate strategy are the Convention of the

FUTURE RESEARCH AND TREND TRANSFER



Identifying key issues, providing targeted training

Every year our compliance programmes, involving all levels within the Group, provide an internal forum for discussing key themes of current relevance. Anti-corruption measures, for example, are a key theme in the 2009 programme.

Ombudsmen help build trust

These programmes also take account of the findings from the Ombudsman System, which was launched throughout the Group in 2006 and has now become successfully established. Two independent lawyers are available in the role of ombudsmen on an international hotline to take calls from any employee. The lawyers are bound by professional standards of confidentiality and

can only pass on information regarding corruption issues to the Group’s investigation team with the express permission of the person providing the information. In 2008 the ombudsmen received 38 items of information, all of which were investigated. During the period covered by this report, the global hotline service was expanded and is now available in German, English, Spanish, Portuguese, Czech, Italian and Chinese.

In addition the Volkswagen Group has implemented a variety of preventive anti-corruption measures. This includes company directive no. 34, issued in 2006, on “Avoiding Conflicts of Interest and Corruption”, formulated in line with the principles of the Global Compact, the rules of the International Chamber of Commerce and the OECD Guidelines for Multinational Enterprises.

These are supplemented by internal regulations covering invitations and gifts from Volkswagen AG to employees and third parties, which are designed to ensure the necessary transparency.

A range of training sessions and courses are currently being used to raise awareness of these and other compliance issues throughout the workforce and will continue in the future. Depending on the target group involved – for everyone through to senior management level – raising awareness of compliance can take the form of e-learning programmes as well as classroom teaching, lectures and conferences at our AutoUni. Compliance issues are also handled in the context of other continuing professional development courses.

International Labour Organisation (ILO) and the OECD Guidelines for Multinational Enterprises. We are actively involved in the World Business Council for Sustainable Development (WBCSD), in CSR Europe and in econsense, the Forum for Sustainable Development of German Business.

 7 ▶ UN Global Compact Progress Report

Outstanding performance boosts customer satisfaction

Our environmental technologies are only successful if our customers are satisfied with our products and services. For the Volkswagen brand our aim is to win 3 million new customers by 2018, 2.5 million of them from markets outside Europe. To achieve this Volkswagen has set itself the goal of building up even more effective customer proximity in its Sales, After Sales and Product activities and improving customer satisfaction.

Based on various customer satisfaction studies our aim is for the Volkswagen brand to rank among the top three for customer satisfaction and brand loyalty in the respective rankings by 2018. All Volkswagen divisions are working intensively to achieve this goal. These activities are jointly coordinated by Quality Assurance and Sales, focusing in particular on our vehicle concepts, which we adapt to meet the requirements of customers in different markets, and on optimising our Sales and After Sales processes. In this area we have created our Customer Satisfaction Forum to coordinate all these activities.

Responsibility for protecting nature and biodiversity

One element of our sustainability strategy is our longstanding commitment to protecting nature and biodiversity. This commitment led the Volkswagen Group to join the Business and Biodiversity Initiative launched by Germany's Federal Environment Ministry in February 2008. In a letter to Federal Environment Minister Sigmar Gabriel, the Chairman of the Board of Management Prof. Dr. Martin Winterkorn expressed support for the ministry's leadership declaration. A Biodiversity Steering Committee coordinates the implementation of Volkswagen Group projects in this field. In advance of the 9th UN conservation conference, which took place in Bonn in May 2008, the Volkswagen Group also issued a Mission Statement on Biodiversity. The statement expresses the Group's intensified commitment to safeguarding biodiversity across all its locations and to making species conservation part of the Group's environmental management systems.

During the process of drawing up our biodiversity principles we sought the advice of our long-standing partner, the German Nature and Biodiversity Conservation Union (NABU – Naturschutzbund Deutschland). Our commitment encompasses the protection and promotion of biotopes such as national parks and nature reserves, cooperation with conservation organisations and the promotion of research projects and educational work. We also offer fuel-saver courses in cooperation with NABU.

CSR PYRAMID



Corporate Governance creates transparency

We consolidate the trust of our customers and investors through responsible corporate governance, which serves to enhance the value of the company over the long term. For this reason the Board of Management and the Supervisory Board follow the recommendations of the German Corporate Governance Code in its current version of June 6, 2008, with the exception of the severance payment cap regulation, which regulates severance payments to management board members.

As in the previous year the remuneration of all individual members of the Board of Management and the Supervisory Board is detailed in a published remuneration report. In addition the Board of Management provides the Supervisory Board with regular and comprehensive updates on business development and on the Group's situation, including its risk situation and risk management measures.

Efficient risk management prevents losses

Identifying and assessing potential risks, and taking active and timely measures to avert them and prevent loss – these are the responsibilities of the Group risk management system. This system fully complies with the requirements of the 1998 German Control and Transparency in Business Act (KonTraG).

Risk management is an integral part of structure and process organisation and as such is embedded in all the Group's business processes. Responsibility for the risk monitoring system is decentralised, and lies with the individual divisions and equity investments. Group and Brand Controlling coordinates the entire risk management system in conjunction with Group Auditing, reviewing its efficacy and adequacy on a regular basis. The range of specific risks that are subjected to expert and detailed assessment on an ongoing basis includes general and financial risks, risks relating to sectors, products, demand and competition, and ecological and social risks.

FURTHER INFORMATION ON THE INTERNET:

- 8 ▶ World Scenario Check
- 9 ▶ Customer satisfaction and customer loyalty
- 10 ▶ Customer service at the Volkswagen brand
- 11 ▶ Quality assurance
- 12 ▶ Model of Sustainable Development
- 13 ▶ Mission statement of Volkswagen Aktiengesellschaft on biodiversity

A partner with principles

Dr. rer. pol. h.c. Francisco Javier Garcia Sanz,
Member of the Board of Management of
Volkswagen Group responsible for Purchasing



Sustainability in supplier relations

In purchasing too, the Volkswagen Group has set minimum environmental and social standards. This is especially important in the case of suppliers from developing and emerging countries where statutory environmental and social standards are inadequate or even non-existent. In this context, we are under a special responsibility to ensure compliance with uniform environmental and social standards throughout the Group in view of the continuing internationalisation of our value streams. "For us, it is important that our partners not only supply goods of impeccable quality but also implement minimum environmental and social standards throughout the world," said Francisco Javier Garcia Sanz, Member of the Board of Management of the Volkswagen Group responsible for Purchasing.

To this end, back in 2006 the Volkswagen Group drew up a "Sustainability in Supplier Relations" scheme in conjunction with Oldenburg University and the co-determination bodies within the Volkswagen Group and has since gradually introduced this approach into corporate structures across the Group, as well as into production-related purchasing processes. In 2008, these standards were extended to general purchasing.

"Sustainability in Supplier Relations" has since become a key element in supplier management throughout the Volkswagen Group. All new purchasers receive regular training in this field in

order to ensure a heightened awareness of deviations and improvement potential with respect to suppliers.

Extension to other brands and regions

We are currently in the process of ensuring that our standards for "Sustainability in Supplier Relations" become more strongly anchored at our various brands and in the regions where the Volkswagen Group operates. We are conducting a review to determine the extent to which these standards are already taken into consideration in internal and external processes on site and to identify any optimisation potential.

During a seven-month pilot project at the VW Group China in 2008, internal procedures were analysed and process optimisation measures were successfully defined. At training workshops extending over several days, we also conducted an intensive exchange of information with Chinese suppliers in the areas of environmental and social standards, dialogue and communications. At the end of these workshops, all the participants joined forces to draw up plans of action including improvement measures.

International networking

At the European level, the Volkswagen Group and other companies are committed to anchoring sustainability more firmly as an element of supplier relations for the entire automobile industry. As a partner in the European Alliance for CSR, the Volkswagen Group is actively involved in strength-

ening networks, for example via the "Online Portal for Responsible Supply Chain Management". Furthermore, the Volkswagen Group is a member of the joint "CSR in Supply Chains" working party with representatives from a large number of auto-makers.

Prospects for cooperation

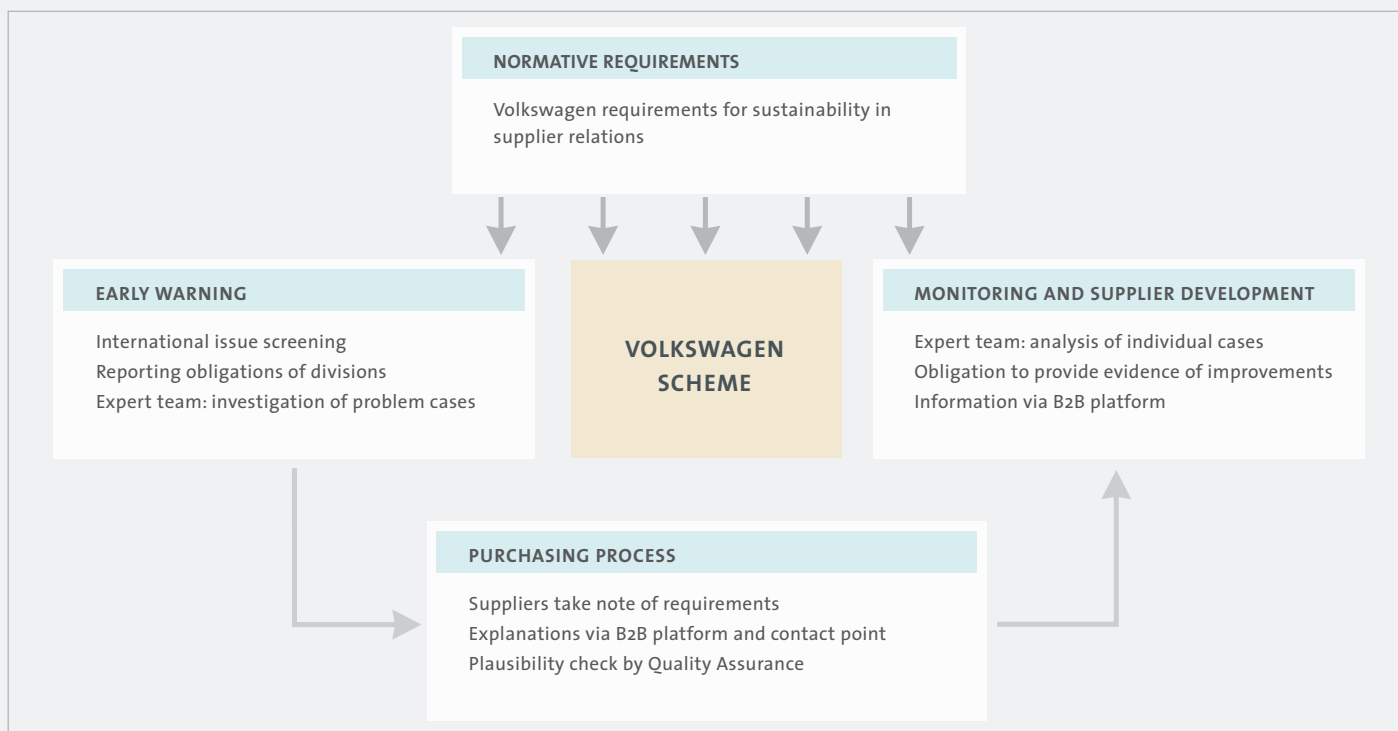
Our joint responsibility as partners in the supply chain continually presents us with new challenges, not least in connection with strategic decisions on future investments, the use of resources or the promotion of product- and process-related innovations.

As a result, the "Sustainability in Supplier Relations" scheme is subject to a continuous evaluation process; all the elements of the scheme, including sustainability requirements, early warning system, transparency in the purchasing process or supplier development are regularly reviewed and revised as necessary. This ongoing development of our supplier relations is essential if we are to attain our sustainability objectives.

FURTHER INFORMATION ON THE INTERNET

- 14 ▶ The "Sustainability in Supplier Relations" scheme
- 15 ▶ B2B platform
- 16 ▶ Online portal "Responsible Supply Chain Management"

SUSTAINABILITY IN SUPPLIER RELATIONS



There's enough fuel in the tank

The Volkswagen Group will emerge stronger from the economic crisis.

Despite the international financial and economic crisis, the Volkswagen Group ended 2008 with its best ever performance in terms of unit sales, sales revenue and profits and is preparing to continue its successful growth after the crisis. Sustainable finance management is a key element in achieving this goal.

In the autumn of 2008, rising worldwide inflation driven by several years of economic growth and dramatic oil price increases led to the collapse of the US property and finance market. The US Federal Reserve's low-interest-rate policy and a proliferation of opaque financial instruments had caused a steep rise in the volume of interest-rate sensitive loans, as a result of which inflation-driven increases in the Federal Reserve's base rate caused the property bubble to burst. A number of major mortgage finance companies and banks ran into difficulties, prompting a growing loss of trust that culminated in the collapse of inter-bank lending. Due to the highly interconnected nature of the international capital markets, this caused cracks to appear in the global banking and finance system. This in turn had a deepening impact on the real economy, leading to a sharp decline in global economic growth.

This crisis had a dual impact on the automotive markets and on the Volkswagen Group. On the one hand global unit sales for the first quarter of 2009 fell sharply (down 21% overall, and down 11% for the Volkswagen Group). On the other hand, the global credit crunch led to a dramatic increase in refinancing costs.

Securing the Group's financial strength

Due to the development of new models with innovative technologies and due to its financial solidity, the Group is well placed to weather the crisis. As a result, despite the increasingly challenging environment, we were able to meet our targets for unit sales,

“Volkswagen is the only automotive manufacturer capable of combating the economic crisis.”

Journal de l'Automobile, February 2009

sales revenue and profits in 2008. Our profitability and competitiveness were underpinned, in particular, by consistent cost discipline and comprehensive process optimisation.

Given the prevailing liquidity squeeze caused by the crisis, financial strength and high levels of internal liquidity are very important for us. This is a policy that CFO Hans Dieter Pötsch has been pursuing for years. “I feel justified in this policy,” says Pötsch, “because for a global player like Volkswagen, a group pursuing a long-term growth strategy with inherent risks, it is important to keep enough fuel in the tank in this way. And with our '18 plus' strategy we are looking to drive forward our efforts to become an economic and environmental leader in the global automotive industry.”

Our solvency is underpinned by adequate liquidity reserves, the availability of confirmed credit lines, and the use of proven money-market and capital-market programmes. Our financial services business covers its capital requirements primarily by accessing external funds on the finance markets, and this diversified refinancing structure has always ensured a sufficient level of liquidity.



Hans Dieter Pötsch, Member of the Board of Management of Volkswagen Aktiengesellschaft responsible for Finance and Controlling

At the same time the Volkswagen Group is committed to sustainable finance management with stringent risk controls. This is based on directives issued by the Group’s Board of Management; Group Treasury is responsible for operational compliance with these directives. The directives cover permitted risk limits, permissible finance instruments, security procedures and hedging periods. Group Treasury identifies, assesses, manages and monitors credit, liquidity and market price risks (trends in interest rates, currencies and raw materials prices). The Group Board of Management is updated on the current risk situation at regular intervals.

Our Group-wide risk management guidelines are based on the legal requirements and on the minimum requirements for credit institutions. We do not engage in speculative financial transactions but operate solely and fundamentally on the basis of our core commercial business. The criteria for selecting our banking partners are their asset base, their rating by independent agencies such as Moody’s or S&P, and joint liability schemes, along with analysis of interim reports and trends in terms of share prices and credit default swaps.

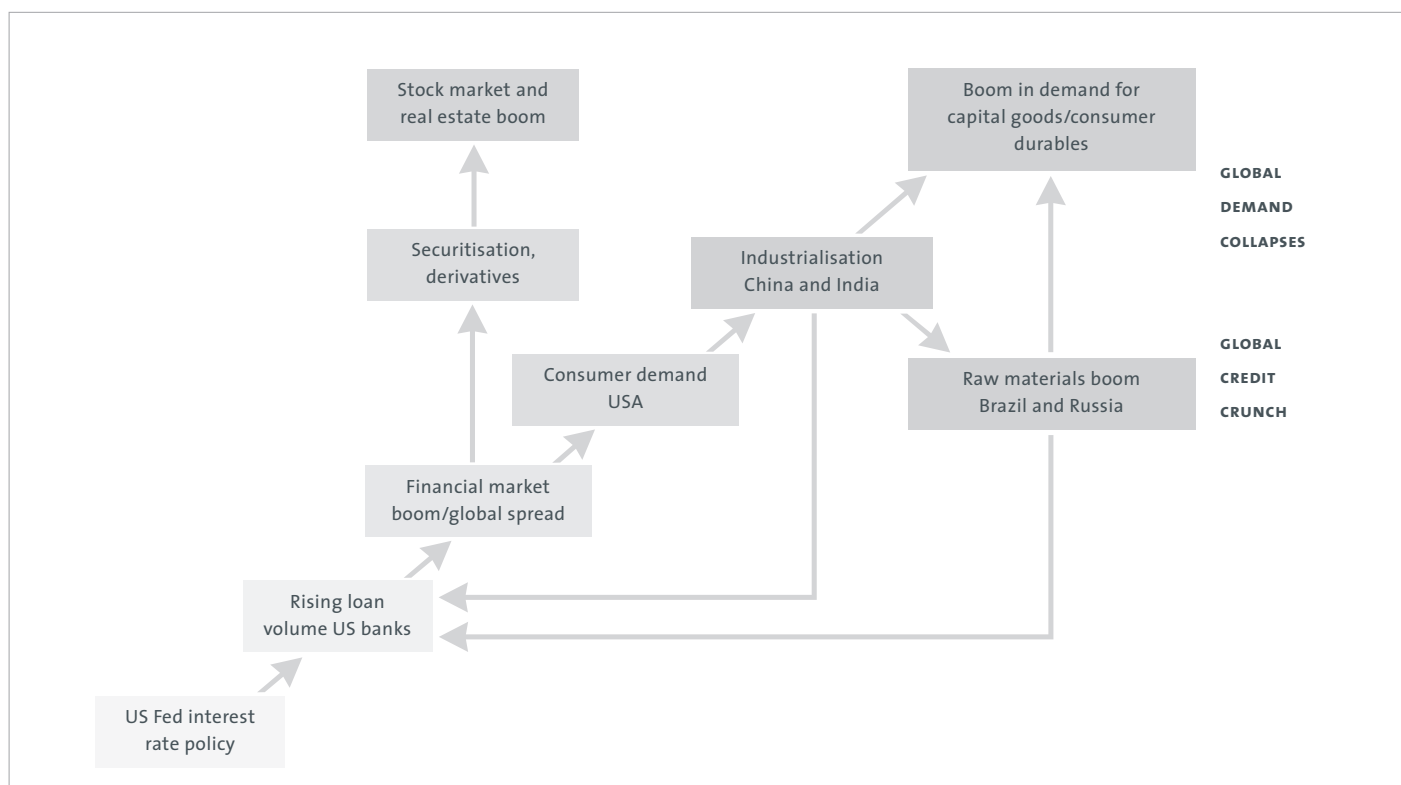
Sustainable finance management

As part of our commitment to sustainable finance management we communicate in a transparent, open and trustworthy manner with all the capital market players – banks, ratings agencies and investors – not least in order to secure our position in terms of liquidity. At the same time the Volkswagen Group operates a “refinances” model, within which the Financial Services division refinances itself independently to a very large extent.

Throughout the Volkswagen Group we enforce rigorous cost and investment discipline and examine all upcoming projects in order to reduce the associated expenditure and investments compared with the original plans. The company is in a position to defer investments – in expanding its sales organisations, for example, or supplying spare parts – and on the cost control front it can generate reserves running into billions of euros in a relatively short period of time, for example by cutting back extra shifts or withdrawing external contracts. Because suppliers represent a higher default risk, we carefully assess their creditworthiness and look to secure their long-term survival through strategic partnerships. To this end we inform them of our material planning requirements well in advance and join forces with our key suppliers to implement strategically important projects. We have no plans, however, to make any direct financial investments in our suppliers.

All in all the Volkswagen Group will continue to react to the crisis in a measured and carefully-judged way, and to invest on a sustainable basis. Our declared aim is to outperform the market and capture additional global market share. The Group is therefore concentrating all the strengths and resources at its disposal on developing its product range of environmentally-friendly, customer-focused vehicles. Despite the current crisis, the Volkswagen Group sees extensive investment in innovative technologies and in the provision of vocational training and continuing professional development for its employees as the key requirements to strengthen its competitive position in a sustainable way.

THE GLOBAL FINANCIAL AND REAL-ECONOMY CRISIS IN 2008



Greater efficiency

Climate care calls for responsible companies

Climate change represents a far-reaching and complex challenge. Biodiversity, food supplies and the availability of drinking water, for example, are all inseparably linked with the climate. So it is essential to limit the changes in our climate if we are to avoid serious consequences. According to the analyses drawn up by the UN's Intergovernmental Panel on Climate Change (IPCC), by 2050 greenhouse gas emissions need to be cut worldwide by at least 50 percent compared to 1990 levels if global warming is to be restricted to two degrees Celsius in the long term. And we must not allow the economic crisis to distract us from meeting the challenges of climate change, as UN Secretary General Ban Ki-moon put it at the World Business Summit on Climate Change in Copenhagen.

But the pending revision of the way we live and do business is not only about cutting emissions of greenhouse gases; it is also about safeguarding long-term energy supplies. For example, the International Energy Agency (IEA) has issued a series of increasingly urgent warnings concerning possible shortages in supplies of oil, which remains our most important energy feedstock. And irrespective of the debate over the extent of the remaining reserves and the actual time at which oil supplies peak, the fact is that the fossil fuels – oil, natural gas and coal – that together currently meet over 80 percent of global energy needs, are finite resources. So there is an urgent need to step up our efforts regarding alternative sources of energy.

In the road transport sector a number of different players influence greenhouse gas emissions and the consumption of fossil fuels: the oil companies are responsible for producing the right feedstocks with as low a carbon content as possible, such as natural gas and sustainable biofuels. The automakers' role is to develop efficient vehicle technologies and bring them to market. Both of these players, however, are dependent on the purchasing decisions of the end users, who can also have a major impact on fuel consumption and emissions through the way they drive their vehicles. On top of this, the expansion and modernisation of the infrastructure can also help reduce emissions.

The Volkswagen Group brings advanced and efficient automotive technology to market at attractive prices. What is called for here most of all is an intelligent blend of different energy feedstocks and technological approaches. In addition, we bring our expertise to the table within various national and international bodies and forums. By way of example, since 2008, Volkswagen Group Research has been engaged in collaboration with the IEA. We are also one of the discussion partners involved in preparing the IPCC's next report. In the

21,400 solar modules covering an area equivalent to six football pitches on the roofs of the Wolfsburg plant cut CO₂ emissions by over 1,600 metric tons a year. They have a combined output of around 3.3 MW – enough to meet the annual needs of 740 four-person households.

At the 2008 Environmental Regional Conference in China



Environmental Regional Conferences

The role of the Regional Conferences is to ensure worldwide synchronisation of the Volkswagen Group's environmental policy and the environmental principles derived from it, taking account of regional circumstances. Particularly important aspects here include the ongoing exchange of information among all concerned, the exploitation of synergy effects and the implementation of cost-saving measures. In addition, intensive communication between environmental department staff is also designed to reduce risks in terms of liability and corporate image.



Volkswagen's 7-speed DSG dual-clutch gearbox



context of the World Business Council for Sustainable Development and the “Business for Climate Protection” initiative of the Federation of German Industries (BDI), we draw up proposals for further refinements in climate care policy.

To implement concrete measures we have set up various management systems. For example we have established the Corporate CO₂ Steering Group to oversee carbon dioxide emissions across the whole product portfolio. Its efforts are supported by several other steering groups and bodies at the individual brands. In the production sector, the Corporate “Energy” Working Group and an extended team concern themselves with energy management and above all with boosting energy efficiency. And an internal Group Expert Network Climate and Energy ensures, for instance, widespread networking across all brands, regions and specialist functions.

The Volkswagen Group makes environmentally efficient and progressive technologies available worldwide. Under the umbrella of the Board of Management of Volkswagen Aktiengesellschaft and the Corporate Environmental Steering Group, sustainable environmental principles have been laid down for products and production processes, along with guidelines on emissions and

CO₂ Registry

At every stage of the product creation process, every vehicle project at the Volkswagen Group is analysed in terms of its CO₂ emissions and every single decision affecting the product, from the selection of materials to the logistics processes, is examined for its impact on the output of this greenhouse gas. The findings of this “CO₂ Registry” are submitted to the Board of Management for a decision. This way we can be sure that the binding reductions in CO₂ emissions laid down in our Corporate Goals are actually achieved.

“At the Volkswagen Group, environmental protection is firmly anchored in our structures, processes and instruments.”

Günter Damme, Head of Environment, Volkswagen Group

requirements in terms of fuel consumption, noise emissions, resource conservation, pollutants in products and production operations, and enhanced environmentally compatible production processes. The foundations of this “Environmental House” (see chart on right) are provided by the Environmental Regional Conferences and environmental audits based on the ISO 14001 standard.

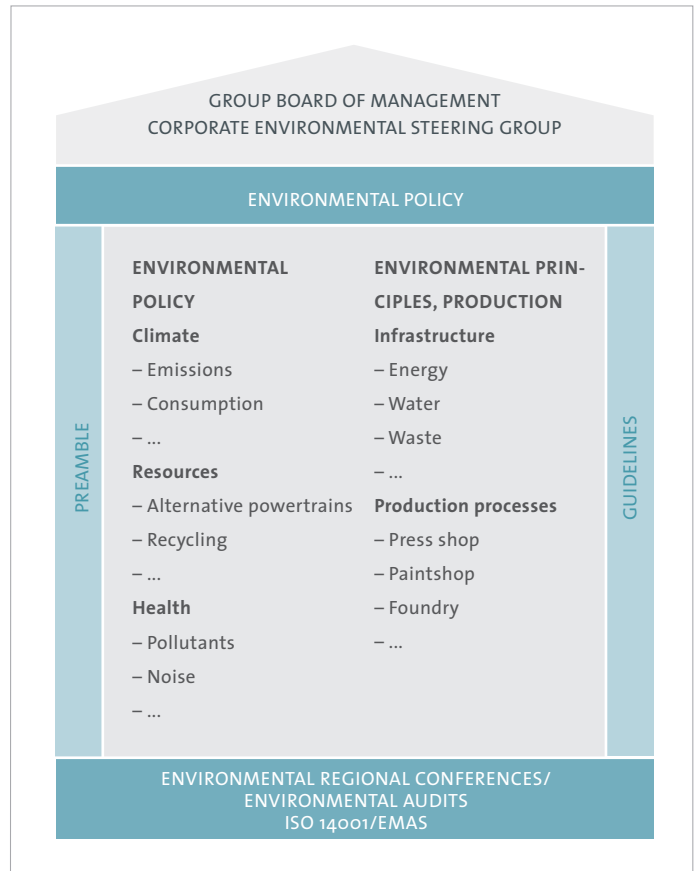
Becoming the leader in every class

On the product side our aim is to lead the field in terms of fuel consumption in every class of vehicle. This has been the case for many years now. Towards the end of the 1990s, for example, we brought the Audi A2 3L and the Lupo 3L to market – the first two models to feature average fuel consumption of less than three litres per 100 km. And thanks to our leading-edge technologies, today we continue to set the standards when it comes to cutting consumption and emissions: 134 Volkswagen Group models currently boast emissions of less than 140 g CO₂/km. Thirty-five of them even drop below the 120 g threshold and half a dozen are under 100 grams (per June 2009). Our new environmental star will be making its appearance at the beginning of 2010 in the shape of the second-generation Polo BlueMotion, which will consume just 3.3 litres of diesel fuel over 100 kilometres, with CO₂ emissions of only 87 g/km.

Assessed and approved

Since 2007, Volkswagen has been awarding Environmental Commendations based on Life Cycle Assessments (LCA). These commendations are awarded to vehicles and technologies that demonstrate ecological progress compared to their respective predecessors or reference models. In line with ISO 14040/44, the underlying Life Cycle Assessments take account of the ecological impacts of the vehicle not only during its service life with the related emissions but over the entire life cycle, from production via actual use

VOLKSWAGEN GROUP ENVIRONMENTAL STRATEGY



to recycling. These LCAs are inspected and verified by external experts. The outcome reveals, for example, how much more economical a new model is compared to its predecessor and what that means in terms of lower emissions of greenhouse gases over its entire life cycle. LCAs are firmly anchored in the “Group Environmental Principles, Products”, as an environmental management tool in the product development process.

Fuel-saver courses offered at home and abroad

Only roughly two thirds of a car’s fuel consumption is determined by its design or by external factors that cannot be influenced. The remaining one third can be controlled by the driver, simply through the way he uses the car and by adopting an intelligent style of driving.

Generation Golf

A comparison of diesel-engined Golfs reveals the true dimensions of the improvements in efficiency over the years. Compared to its third-generation predecessor, the sixth-generation Golf is larger, heavier and more powerful, but at the same time its fuel consumption has dropped by almost a quarter.



For a Golf TDI with an annual mileage of 18,000 kilometres and fuel consumption of 5.2 litres per 100 km, that corresponds to savings of almost €300 and approximately 608 kilograms of CO₂ a year. So together with the right style of driving, eco-innovations in the vehicle itself can lead to major savings in both fuel and emissions. Audi first offered fuel-saver courses in 1994 and has made continuous progress with the idea ever since. In 2008 alone, some 4,000 people were given a grounding in the topic at training courses organised in conjunction with dealers. And since 2006, the fuel-saver courses offered under the Volkswagen Experience banner have convinced over 2,500 drivers of the benefits of an economical style of driving. In addition to reductions in emissions and fuel consumption, the method has the major benefit of increasing safety – and, astonishingly, it only rarely involves a drop in average speed. A further 1,600 drivers were trained at courses organised together with the German Nature and Biodiversity Conservation Union (NABU).

In 2008 and 2009 our fuel-saver trainers set out to present the benefits of economical driving to our customers in Australia, Japan and Korea. In Japan over 900 customers took part and had cut their average fuel consumption by a good 19 percent by the end of their course. Wherever the team went, they also trained a large number of trainers who in the coming months will be acting as multipliers to rapidly spread the message of the attractions of efficient, safe driving. In the course of 2009, courses will also be offered in China.

 17 ▶ Saving fuel

It takes more than just switching off the lights

The Volkswagen Group's environmental efforts are not restricted to bringing environmentally compatible products to market that were built using environmentally compatible processes. At all its plants, the Group is engaged in an ongoing process of identifying and exploiting new potential means of protecting the environment. Saving energy is a high priority topic in this respect, a fact explained by a glance at the energy costs incurred in a single year: in 2007 these amounted to approximately EUR 490 million for the 13 Volkswagen Group plants in Europe that house vehicle production operations. Of that sum, 73 percent is made up of electricity costs, 50 percent of which is accounted for by electric motors. The

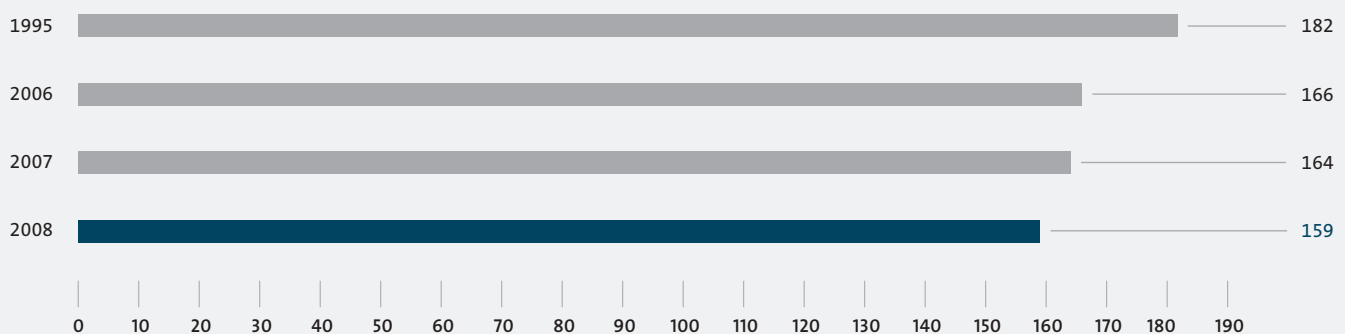
countermeasures introduced to date have therefore included the use of energy-saving drive solutions, such as frequency-converter drive or variable-speed pumps. In addition, in March 2009 the Group Energy Working Group introduced a new production standard entitled "Energy-Efficient Electric Motors" that applies across the Group.

It is not only in the production sector that ways of saving energy can be found, they exist in all parts of a company. Having said that, the days when this was all about just switching off the light or your office PC before going home at night are long gone. Today we are talking about targeted energy management, something that the German government intends to anchor in law from 2012 onwards. This is a field in which the Volkswagen Group's proven cross-facility network of Energy Officers has a part to play. And the regular meetings of the Corporate "Energy" Working Group bring together representatives of the over 60 locations across the Group to report on ways and means of saving energy, exchange experiences and draw up strategies for the future. As part of our central energy management initiative in the production sector a benchmarking process was carried out at the European vehicle production plants, focusing on energy consumption and CO₂ emissions, identifying potential energy savings in the production sector and drawing up the appropriate measures in conjunction with the plant concerned.

The sun keeps on shining

In terms of environmentally compatible energy supplies for production facilities we lead the field. In Wolfsburg, for example, we operate an energy-efficient coal- and natural gas-fired combined heat and power plant that captures and supplies the heat given off during electricity production. In Salzgitter, meanwhile, a combined heat and power plant with an EcoFuel natural gas engine like the ones used in vehicles has been producing power and hot water since 2008. Volkswagen do Brasil is to join forces with two other companies to build a small hydroelectric plant on the Rio Sapucaí in the state of São Paulo. This project is designed to meet 18 percent of Volkswagen's energy requirements at its four production plants in Brazil. In April 2009 the biggest photovoltaic plant in northern Germany came on stream on the roof of the Volkswagen plant in Wolfsburg. The Emden plant also operates a photovoltaic power plant, while its baseload heat energy requirements are met

CO₂ EMISSIONS OF THE VOLKSWAGEN GROUP'S EUROPEAN (EU 27) NEW VEHICLE FLEET in g/km



by a biomass-fired combined heat and power plant that runs on wood. The power plant operates at an efficiency of over 70 percent and its CO₂ emissions have been halved. And since 2007 our plant in Pamplona has been meeting its electricity needs entirely from renewable resources.

Together, all these measures have enabled us to cut back the energy requirements of the Group's vehicle production plants worldwide by roughly 177,000 megawatt-hours (MWh) in 2008. That equates to the annual power requirements of a town with 60,000



Transporting new cars by rail at Volkswagen.

inhabitants. Needless to say, our success in this respect also benefits the earth's atmosphere, because it represents a reduction in CO₂ emissions of no less than 62,000 metric tons. In 2009 we will not only be continuing such activities but also extending them to our component production plants and the various regions.

Greater efficiency in IT and logistics

Volkswagen Group IT is banking on innovative information technologies. The hardware, software and new intelligent solutions that are applied within the Volkswagen Group are measured against a high standard that we set ourselves; a standard we call

Management approach extends from energy-efficient computer centres to video conferencing systems and virtual meeting facilities that can help cut down on business travel, all the way to environmentally compatible office solutions. Between March 2006 and December 2008, the Volkswagen Group replaced more than 50,000 printers, copiers, scanners and fax machines with roughly 15,000 energy-saving multifunctional units. Across the Group this led to savings of 86 percent in terms of energy and CO₂ emissions, which equates to a drop in CO₂ emissions from 6,381 to 891 metric tons.

Our logistics operations too are facing the challenge of reducing levels of energy consumption, emissions and waste or keeping them to a minimum along the various transport chains. While truck transport generates emissions of around 450 grams of CO₂ per container-kilometre, the figure for rail transport is only just over 200 grams. Consequently, we are busy optimising our road transport operations and shifting them onto the railways wherever possible. We are also striving to improve our logistics planning and management, not least through the use of advanced information technology such as radio-frequency identification (RFID).

FURTHER INFORMATION ON THE INTERNET

- 18 ▶ Environmental Commendations document ecological progress
- 19 ▶ Environmental Commendations portal: Life Cycle Assessments and background reports
- 20 ▶ Environmentally optimised cars built by environmentally optimised processes
- 21 ▶ BlueTDI: high-tech combats nitrogen oxides
- 22 ▶ space up! blue: a vision of the electric car
- 23 ▶ Intelligent lightweight design
- 24 ▶ Logistics: cutting CO₂ in the transport sector
- 25 ▶ Fuel-saver courses: cooperation with the German Nature and Biodiversity Conservation Union (NABU)
- 26 ▶ Environmental protection regulations and emissions trading
- 27 ▶ Blue Power: energy-efficient cogeneration plant
- 28 ▶ GreenIT management
- 29 ▶ Environmental management at the locations
- 30 ▶ Ecological aspects at the new locations

10 percent

By 2013 we are aiming to reduce energy consumption and CO₂ emissions at our European production plants by more than ten percent.

"GreenIT Management by Volkswagen". In other words, the Volkswagen Group is gearing its information and communications technology even more closely to sustainability criteria such as energy efficiency and CO₂ emissions, environmental protection and resource conservation. The spectrum of our integrated GreenIT

20 percent

As we aim to meet the EU's ambitious threshold values and the requirements of our customers, our goal is to reduce the CO₂ emissions of our new vehicle fleet in Europe (EU 27) by 20 percent by 2015, compared to 2006.

“With fossil fuels gradually running out, the switch to new powertrain concepts can only be a matter of time.”

Prof. Dr.-Ing Hans-Jörg Bullinger,
President of the Fraunhofer Society

Clean evolution

The Powertrain and Fuel Strategy focuses on a broad portfolio of energy sources and technologies

The Powertrain and Fuel Strategy is the Volkswagen Group's roadmap to sustainable mobility. Its most important goals are to reduce local emissions of the greenhouse gas CO₂ and to promote energy security. It is now clear that zero-emission electric drive systems – already being developed by Volkswagen Group engineers – are the technology of the future. But since fully electric vehicles are still some way off, we are also focusing on hybrid drive. The internal combustion engine will therefore continue to be the dominant powertrain technology in the near future, and we will continue to take advantage of its considerable development potential. With our TDI and TSI engines – which combine small capacity with direct injection and turbocharging – we have already developed eco-friendly and efficient technologies. And our engines are even more efficient when combined with the DSG six or seven-speed dual-clutch gearbox.

At the same time, we are also carrying out research into second-generation biofuels (SunFuels). We believe such fuels have an important part to play as a substitute for petroleum-based products – which is why they have a big place in our evolutionary Powertrain and Fuel Strategy. SunFuels can be produced from any type of biomass, including wood, straw, energy crops or biogenic residues. They contain no sulphur or aromatics and have an excellent carbon footprint. Another important advantage is that they do not compete with food production. In fact, when running on a synthetic biofuel such as SunDiesel, our engines are virtually carbon-neutral. A further near-carbon-neutral option is SunGas, an innovative biogas that can be locally produced from locally cultivated biomass, primarily maize and grass silage, and can be used without restric-

tions in any natural gas vehicle of the Volkswagen Group. We support the use of sustainably produced biofuels and are actively committed to the development of certification systems for biomass. Our joint efforts with external partners to end dependence on oil, a finite fossil fuel, go back more than a decade. That said, we also believe that a roadmap for sustainable mobility should not focus just on one type of fuel and one type of powertrain.

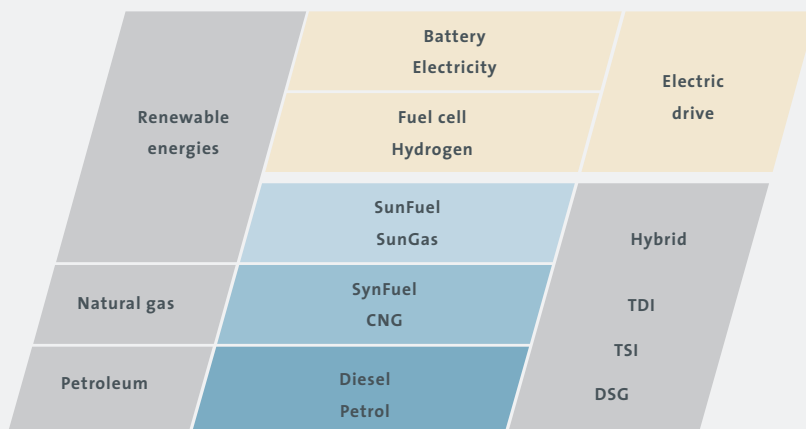
Evolutionary development is the only route to sustainable mobility

Our MultiFuel concept allows vehicles to run on bioethanol, petrol, or any mix of the two. Our Bi-Fuel engines are capable of running on LPG and our EcoFuel models on natural gas. EcoFuel versions are available for the Caddy and T5 and Bi-Fuel versions are available for the Golf/Golf plus and Sharan. The Passat, Passat Estate and Touran, meanwhile, are the first three models to be offered with TSI EcoFuel CNG-capable twin-charged direct-injection engine. In natural gas mode, the CO₂ emissions of these vehicles are around one quarter down on those of comparable petrol engines, while other emissions are very low as well (for example carbon monoxide emissions are down by 80 percent and nitrogen oxide (NO_x) emissions by around 50 percent). On top of all

this, natural gas is also approximately 50 percent cheaper in price than petrol and 30 percent cheaper than diesel.

The fuel cell: in competition with battery power

Other new, low-emission energy sources include hydrogen (or methane). In November 2007, Volkswagen staged the world-exclusive first showing in Shanghai of two fuel-cell vehicles: a zero-emission version of the Passat Lingyu and a zero-emission Tiguan HyMotion. We are also taking part in a number of fuel cell field trials. All the vehicles involved feature an electric motor powered by a hydrogen fuel cell. The only “exhaust” emitted by the fuel cell is pure water vapour. The Volkswagen Group is also currently researching alternatives to the prevailing low-temperature fuel cell designs, with the aim of reducing certain inherent disadvantages of the system. The development work on this power source as a solution for more environmentally friendly mobility – particularly in the world's major urban centres – is moving forward step by step. But it is clear that commercialising the technology and resolving the infrastructure issues will still take many years.



Green in blue

Efficient technologies for sustainable mobility

The colour blue has many associations. As the colour of the sky and the ocean, blue brings to mind freshness, dynamism and effortlessness. Put it all together with innovative technologies for eco-friendly mobility and the result is BlueMotionTechnologies – the efficiency offensive from Volkswagen. BlueMotionTechnologies is an umbrella brand that combines Volkswagen’s best environmental technologies of today to fulfil the automotive aspirations of tomorrow. These technologies include all our commercial and near-commercial technologies and products that are geared to significantly reduced fuel consumption and CO₂ emissions.

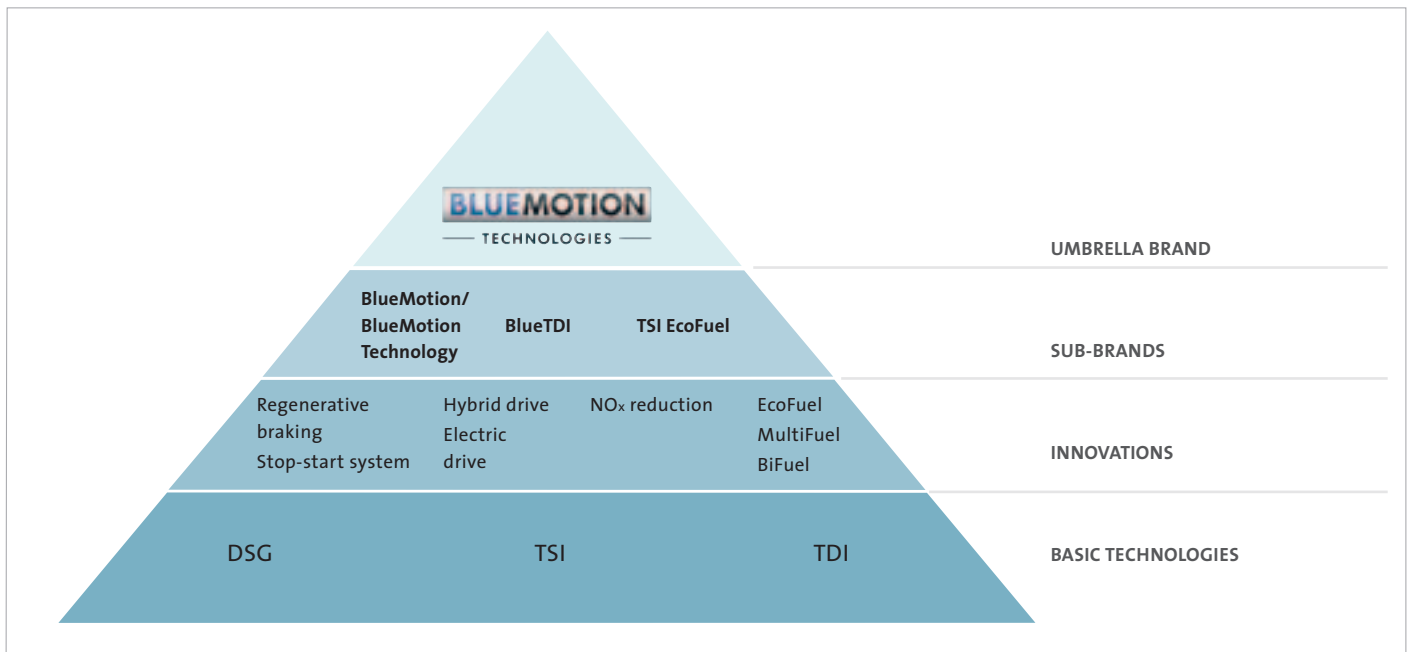
The umbrella brand BlueMotionTechnologies integrates a number of sub-brands: BlueMotion, BlueMotion Technology, BlueTDI (for very low nitrogen oxide emissions) and TSI EcoFuel (the natural gas versions). The underlying innovations are proof that efficient powertrain technologies in combination with optimised chassis and body design are a blueprint for extremely fuel-efficient – and at the same time affordable – cars.

A technology portfolio for eco-friendly mobility

The right solution for every need - that’s what BlueMotionTechnologies promise. To keep that promise, BlueMotion and BlueMotion Technology models set the standards in terms of fuel consumption and CO₂ emissions through innovations like the stop-start system, regenerative braking and optimised aerodynamics. By means of end-of-pipe exhaust treatment, BlueTDI models reduce nitrogen oxide emissions by as much as 90%, which equips them to comply with the future Euro 6 emissions standard. The TSI EcoFuel models run on the most eco-friendly fossil fuel, natural gas, and in combination with TSI technology make for economical driving pleasure coupled with very low emissions.

Integrating a wide range of innovations into fuel-efficient, low-emission mobility solutions, BlueMotionTechnologies can best be described as a technology portfolio for environmentally compatible vehicles.

ECO-FRIENDLY PRODUCTS AND TECHNOLOGIES UNDER ONE UMBRELLA BRAND





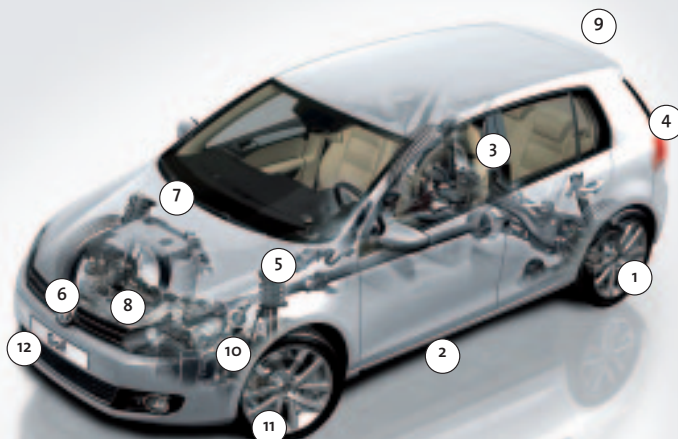
“BlueMotion is already an established brand.”

Dr. Ulrich Hackenberg,
Member of the Board of Management of Volkswagen Brand responsible for Technical Development



FUEL-SAVING MEASURES ON THE GOLF VI
REDUCED WEIGHT (W), REDUCED ENERGY CONSUMPTION (E), REDUCED DRAG AND RESISTANCE (D)

1. Optimised material thickness of steel wheels (W)
2. Use of hot-stamped sheet metal (W)
3. Use of high-strength steels (W)
4. Optimised thickness of sheet metal (W)
5. Electromechanical power steering (E)
6. Improved efficiency of alternators (E)
7. Reduced no-load current (E)
8. DSG or optimised manual transmission (D)
9. Tailgate-integrated rear spoiler (D)
10. Lowered suspension (D)
11. Tyres with improved rolling resistance (D)
12. Optimised Cd of radiator grille, front spoiler, door mirrors, underbody tray (D)





Reinhard Jung, Chairman of the Board of Directors of Škoda Auto, presents the Škoda Greenline.

The best-known green label

Volkswagen's BlueMotion models – and the “e”, “ECOMOTIVE” and “GreenLine” models from Audi, SEAT and Škoda respectively – have all been designed with a close focus on maximum fuel efficiency. In other words, BlueMotion is also an answer to rising fuel prices. The fuel consumption of all Volkswagen's BlueMotion models is at least half a litre less than that of the comparable regular model, which means that they are always the most fuel-efficient versions in their particular model series.

BlueMotion is a winner – and the word has soon got round: Volkswagen's BlueMotion label enjoys much greater awareness among German drivers than other eco-badges, with 85 percent of drivers questioned in a recent survey saying they had heard or read about our “blue/green” label.

A palace makes a comeback

Secondary raw materials have economic and environmental advantages

End-of-life vehicles are a source of raw materials. That might sound obvious, but the full implications have only been understood relatively recently – following many years of research. Today it is possible to recycle not just 80 percent but up to 95 percent of a vehicle by weight. With its vehicle recycling strategy, the Volkswagen Group ensures that it can meet all the statutory vehicle recycling targets. Conservative use of all resources and the use of renewable materials are also anchored in our global Environmental Principles Products. The VW-SiCon recycling process, which unlike conventional recycling systems is also capable of processing non-metallic shredder residue, marks a major milestone in the recycling of our vehicles, and

means that a 95 percent recycling ratio is now feasible and economically viable. The Life Cycle Assessment for the VWSiCon process, which has won the EU's “European Business Award for the Environment”, reveals that it is also up to 30 percent less CO₂-intensive than manual dismantling. Also, in the production of new Golf VI models, for example, 527 kg of primary raw materials have been saved by substituting secondary raw materials – including steel salvaged from the former East Germany's demolished “Palace of the Republic”. In other words, secondary raw materials now make up more than 40 percent of the vehicle by weight. These figures have been certified by the TÜV NORD technical inspection agency.

 31 ▶ Recycling

The environmental compatibility of our vehicle range has long been a top priority for the Volkswagen Group. That's why we have developed binding global environmental principles that must be incorporated in each model – the “Environmental Principles Products”. Our aim is to develop every model in such a way as to improve on all aspects of its environmental impact compared with its predecessor, right across the life cycle. For example, 134 Volkswagen Group models already emit less than 140 g CO₂/km, with 35 of these actually having emissions of less than 120 g CO₂/km. And new models due for launch in 2009 and 2010 will substantially increase the number of models that achieve emissions of less than 100 grams of CO₂ per kilometre.

Clean, fuel-efficient powertrains for eco-compatible cars

In 2006, the Polo BlueMotion became the first five-seater to return fuel consumption of just 3.8 litres per 100 km, and to emit just 99 g of CO₂ per km. This was a world record. Next to follow, two years ago, was the Passat BlueMotion, which impressively proved that it is possible to get fuel consumption of just over five litres per 100 km even in a mid-sized model. In the meantime, a Polo BlueMotion has become the first BlueMotion model to go on sale in Brazil. This Brazilian version is designed to run on petrol and ethanol.

All models bearing the BlueMotion label are the cleanest and most fuel-efficient cars in their class. The Golf BlueMotion – with emissions of less than 100 g CO₂/km – and the second-generation Passat BlueMotion, both of which are due on the market in autumn



2009, will be followed in 2010 by the second-generation Polo BlueMotion, which with CO₂ emissions of just 87 g/km will be the new star in the BlueMotion range.

Elsewhere in the passenger car range, the Passat and Passat CC BlueTDI models, and on the commercial vehicle side the Crafter, have launched a pioneering new line of even cleaner diesel models. They combine the fuel efficiency of the BlueMotion Technology models with the low emissions of a high-tech petrol model. The BlueTDI models are already Euro 6-compliant (Category N). Using an SCR catalyst with AdBlue additive, they achieve a big reduction in nitrogen oxide (NO_x) emissions - a major cause of urban photochemical ozone formation and acid rain.

Meanwhile, the advances in natural gas engine technology incorporated in the new Passat and Touran TSI EcoFuel models have earned the Passat TSI EcoFuel a five-star rating in the ADAC EcoTest. The natural gas Passat is the first vehicle ever to be awarded five stars in this test.

Electric drive – the shape of the future

Internal combustion engines still offer plenty of scope for optimised combustion process design, and thus still have great development potential. However, under the Powertrains and Fuel Strategy, the pioneering development engineers from Volkswagen Group Research are not only working to design more efficient petrol and diesel engines, they are also pressing ahead with the development of alternative drive systems, including hybrid and electric technologies. On the hybrid front, we are now combining high-performance TSI engines with an electric motor to reduce fuel consumption by up to 15 percent. Hybrid drive is the first step towards all-electric vehicles that will offer zero local emissions and, if used in conjunction with renewable electricity, will constitute a particularly eco-friendly transport solution.

Our long-term goal is to end road transport's dependence on oil. To further that goal we have developed a two-track roadmap for the transition to sustainable drive technologies, in which high-performance electric motors, high-energy batteries and also fuel cell stacks will all play a part. The first step towards an all-electric vehicle for zero-emission mobility will be taken with the Golf Twin Drive and a Touareg full hybrid. The Golf Twin Drive is being fleet-tested by Volkswagen with the support of the German Environment Ministry. Next to follow will be the space up!blue, a zero-emission micro-MPV whose electric motor, fuel cell and lithium-ion battery will give it a highly respectable range of 250 kilometres. Volkswagen's first mass-produced electric car will be a New Small Family model, which will be brought to market in the course of the next decade.

FURTHER INFORMATION ON THE INTERNET

- 21 ▶ BlueTDI: high-tech combats nitrogen oxides
- 23 ▶ Intelligent lightweight design
- 32 ▶ Electro-mobility: charged with excitement

100 km on 2.5 litres

The New Small Family – a prototype for advanced vehicle concepts

Small cars are getting more and more popular – and not just since governments started to introduce “scrappage incentives”. Today, a lot is expected of these smaller models – like low fuel consumption, performance characteristics worthy of a mid-sized model, and sustainable mobility. In short, consumers want compact vehicles that respect the environment.

The future New Small Family range from Volkswagen provides a foretaste of such a car of the future. For this “Eco 2.0” series, the engine development team at Volkswagen are currently working on a fuel-efficient three-cylinder engine family that combines low fuel consumption with smoothness and refinement. The New Small Family will be launched in 2011 with the up! – which will be a Volkswagen in the very best tradition. Highlights of this “space miracle” will include lightweight design, compact size and two new, frugal spark-ignition engines with CO₂ emissions of less than 100 g/km – for the petrol version – and well below 90 g/km for the natural gas version.



“These cars mark the dawn of a new era”

Walter Maria de’Silva,
Chief Designer at Volkswagen Aktiengesellschaft

The future needs intelligent mobility

Networked cars and efficient traffic management are becoming increasingly important

According to the United Nations, more people today live in cities than in the countryside. As a result, the worldwide trend towards urbanisation is another major factor shaping future mobility, quite apart from traffic growth, the issue of future motor fuels and climate change. In many places, the core problems of urban mobility are becoming increasingly acute: on the one hand, there is a relative shortage of the urban infrastructure necessary for ensuring the smooth flow of traffic and, on the other hand, air and noise pollution are being concentrated in a confined space.

Nevertheless, not all cities are the same: although many cities are battling with similar problems, there are no one-size-fits-all solutions and certainly no simple ones. Instead, developing a solution means taking the specific local, regional and national factors into account.

The Volkswagen Group's contribution to solving these traffic management challenges extends from its diversified range of vehicles and mobility solutions to its research into mobility and traffic systems. Apart from building eco-friendly vehicles, it is also important to enhance traffic efficiency by making the best possible use of existing infrastructure.

The ideal mobility concept consequently involves not only environmentally compatible vehicles with low fuel consumption but also the networking of intelligent vehicles with the infrastructure – with intelligent traffic lights or traffic management centres, for example. This opens up whole new possibilities for providing information that was previously unavailable, for instance for route planning, before and during a journey. A lack of information and overtaxed road users are in fact often the cause of unnecessary detours, congestion and accidents.

Driver assistance systems, navigation and networking are the key technologies behind a whole series of innovations. The Volkswagen Group is developing appropriate technologies, not least in the context of the "Adaptive and Cooperative Technologies for Intelligent Traffic" (AKTIV) research programme. In the future, our vehicles, equipped with numerous sensors, will be capable of sensing the vehicle's immediate environment and even traffic conditions. "Our cars will then have a telematic horizon", says Dr. Hans-Jürgen Stauss, Group Research Environment, Head of Strategy and Mobility, "they will be able to 'see' better and further than the driver – even around bends."



The ideal mobility concept involves not only environmentally compatible vehicles with low fuel consumption but also the networking of intelligent vehicles with the infrastructure, in the form of intelligent traffic lights or traffic management centres, for example.



“Our cars can ‘see’ better and further than the driver – even around bends.”

Dr. Hans-Jürgen Stauss
Group Research Environment
Head of Strategy and Mobility,
Volkswagen Group



Moreover, vehicles will soon be able to exchange all kinds of information with one another and with roadside infrastructure. As a result, it will be possible to make traffic light cycles even more flexible to provide more “green waves” in our cities or to obtain recommended alternative routes directly from other road users. The ‘talking’ car also paves the way for closer interaction between the various modes of transport (co-modality), a major goal of European transport policy. After all, it’s only by talking to one another that we can find the best way of getting where we want to go. Volkswagen Group Research test vehicles are already out on the road trialling these “car-to-X” (C2X) systems.

One example of what is already possible and available in Volkswagen models is Automatic Distance Control. This system controls distance, speed and acceleration on the basis of the gap between the vehicle and the one in front, helping the driver to keep even heavy traffic flowing smoothly. As a result, traffic congestion can be reduced, environmental impact cut and journey times shortened.

 **FURTHER INFORMATION ON THE INTERNET**

33 ▶ Driver assistance systems



Volkswagen India takes off: In April 2009, pre-series production of the new Polo began in the newly opened plant in Pune. The Volkswagen Group has been producing vehicles of the Audi, Škoda and Volkswagen brands in Aurangabad since 2001. By producing locally, the company hopes to profit even more strongly from the booming Indian automobile market. Currently 1.2 million vehicles are sold each year, and experts predict that this number will grow to over 2 million by 2014. Right-hand photo: Prof. Dr. rer. pol. Jochem Heizmann, Member of the Board of Management of Volkswagen Aktiengesellschaft responsible for Production, Governor Shri. Jamir and Jörg Müller (from left), Managing Director of the Volkswagen Group India, at the opening of the plant in Pune.



Global standards – local production

Sustainability in established markets and new growth regions

The Volkswagen Group is taking action worldwide to secure its future and that of its locations – on an economic level through the localisation of production and ecologically through integrated environmental protection.

The global financial and economic crisis also cast its shadow over the automotive industry in the fourth quarter of 2008. The Volkswagen Group has successfully held its own in this difficult environment. In so doing, we have maintained an unwavering focus on what will happen when the crisis is over. After all, one thing is certain: the markets will start moving again at some point, and we are preparing rigorously for that time. We are therefore continuing with our “18plus” strategy, with the aim of becoming the world’s largest and at the same time greenest car maker. We are looking to secure the future of the company and its locations in all markets through future-proof products, commercial success and steps to safeguard jobs, as well as through our Group values and by setting environmental standards.

Adherence to social standards worldwide

In the Social Charter (“Declaration on Social Rights and Industrial Relationships at Volkswagen”), the Group management and World Works Council agreed to face the challenges of globalisation together, use the opportunities presented by globalisation to achieve success both for the company and in terms of employment, and limit risk. We are moving to safeguard the future of the company and its employees on the basis and with the aim of achieving commercial, technological and social competitiveness.

In order to ensure that social responsibility and competition can coexist, the Volkswagen World Works Council is a partner in the dialogue within the Group. In the Social Charter of 2002 we guarantee, among other things, that working times, remuneration, and occupational health and safety at least meet the relevant national standards. This includes recognition of basic freedom of association. No employee may be discriminated against on account of his or her ethnic background, gender, religion, nationality, sexual orientation, social background or democratically held political views. The Volkswagen Group ensures that the principles of the UN Global Compact – under the headings of human rights, labour, environment and anti-corruption – are respected at all of its locations.



Localising production

The regions where we saw the strongest growth in 2008 were South America, Asia/Pacific and China. The Group performed well in the USA and was able to increase its market share. For the people in these countries auto-mobility remains an extremely prominent issue. However, in order to continue our growth here, reduce the impact of currency fluctuations on the company, and be perceived by the customers as a domestic manufacturer, we must – and indeed will – produce significantly more vehicles in these markets. At the same time, our success in what are currently the growth markets is also allowing us to safeguard jobs in our established markets in Europe – both internally and at suppliers and service providers.

With rising prosperity in the growth markets, the need for mobility here is also on the rise, and increasing numbers of people are now able to buy a car. The Volkswagen Group is looking to utilise the huge potential of these countries, and to this end we are investing in the development of our own plants and efficient supplier structures on the ground. New production facilities have now been built in Kaluga (Russia), Nanjing (China) and Pune (India).

Our plant in Pune, in Maharashtra State, opened for business at the end of March 2009. It is the only production facility in India run by a German car maker which comprises the full production process – from press shop, through body manufacture and paint-

shop, to assembly. Added to which, it also relies to a large extent on local suppliers. The Škoda Fabia compact car has been produced in Pune since May 2009 and will be joined, from spring 2010, by a hatchback version of the Polo specially developed for the Indian market. The new car will feature numerous efficiency-enhancing technologies familiar from the “3-litre” Lupo.

However, we are expanding our activities – with sustainability in all its forms at the forefront – not only in the growth markets of China, Russia and India, but also in the USA. Here we have introduced extremely low-pollutant diesel models, for example, such as the BlueTDI models from Volkswagen and the Audi Q7 with its ultra low emission system. But that is not all, because we are also localising production activities in the USA and building a new plant in Chattanooga, Tennessee. A sustainable approach has been taken to the planning and construction of the factory buildings in terms of energy and emissions, as verified by LEED (Leadership in Energy and Environmental Design) certification. From 2011 the factory will produce vehicles specially tailored to the requirements of our US customers. In the medium term, the Volkswagen Group will employ around 2,000 people at this location, and thousands of jobs will be created at suppliers and in the logistics sector.

Our commitment in Chattanooga also affects developments outside of the factory gates in the form of incentive measures offered by the American authorities to support public infrastructure and



“As a market of the future, India is incredibly important”

Interview with Jörg Müller, President and Managing Director of Volkswagen Group India

Jörg Müller, how long has Volkswagen been in India and how have the Group's brands developed during this time?

The Volkswagen Group has been represented in the Indian market since 2001 and has firmly established itself in the country over this period. The Škoda factory in Aurangabad made an important contribution to this achievement in the early days, and the plant now handles assembly of six models. Today, the three brands represented in India – Audi, Škoda and Volkswagen – offer 15 different models, all of which, of course, meet the legal stipulations. In April 2010 the Bharat 4 standard (comparable with Euro 4) will come into force in 11 Indian cities. It goes without saying that we also offer models in India with the technologically leading and low-fuel consumption common rail diesel injection system.

What was the key factor in Volkswagen's decision to enter the Indian market and, above all, to build a factory in the country? What are the company's aims here?

One key factor was the long-term perspective that India offers. The subcontinent is incredibly impor-

tant to the Volkswagen Group as a market of the future. Experts are forecasting that the Indian passenger car market will grow from 1.2 million cars per year at present to over two million in 2014. So we have been driving forward the model offensive that I just mentioned over recent years and have also expanded our network of dealers nationwide. This will put us in the position to increase our market share from almost 2 percent at present to around 8-10 percent in the next five or six years.

Why did Volkswagen choose Pune as a location?

One of the decisive factors was the existing automotive “cluster” in the area, which includes various well-known vehicle manufacturers and, more importantly, numerous suppliers. And then there is the transport infrastructure already in place, such as the road network with highways to Mumbai and the south, the airport with direct flights to all of India's major centres and even to Germany, and the rail network, for which expansion plans have already been drawn up. In addition, Pune has an important and internationally respected university, and a large number of re-

search institutes are located in the surrounding area.

What are the outstanding characteristics of the new plant?

By investing around €580 million, signing up local Indian suppliers and taking on employees primarily from the local region, Volkswagen is demonstrating its commitment to its new location and at the same time making an important contribution to the medium and long-term economic development of the region and of India as a whole. The plant in Pune – opened in 2009, one year earlier than planned – is one of the most cutting-edge within the Group and the only production facility run by a German car maker in India that handles the entire production process. Needless to say, the factory is operated according to the environmental standards, embedded in the Group's own “Environmental Principles, Production”, which are rigorously applied.

What kind of preparation are the employees given for their work?

We are planning to recruit a total of around 2,500 employees by the end of 2010. Extensive training measures will give these employees systematic preparation for their jobs. We began this recruitment drive back in the summer of 2008 – around a year before the start of series production, and 700 workers have since come through the programme. The

training for employees. The measures are contractually linked to Volkswagen's investment and the creation of jobs, and have been approved by the Governor of Tennessee and the Tennessee Department of Economic and Community Development.

Integrated environmental protection

Part of our responsibility with regard to the Group and its locations is also to fulfil our leading environmental role, as by protecting the environment we are also safeguarding the living and working conditions of our employees at local level. Here, our activities also exert an influence on developments beyond the boundaries of our plants. We have therefore implemented an integrated environmental protection concept on a worldwide basis to assess and consider in advance the impact of our manufacturing processes and products on all areas of life. This is the purpose of the Group-wide environmental management system, which sets out precisely the full range of responsibilities and processes worldwide and is certified in accordance with the international ISO 14001 standard and with EMAS (the European Eco-Management and Audit Scheme), which goes beyond the requirements of ISO 14001 in several points.

Improving our economic and environmental performance, through the sparing use of resources in particular, will ensure a sustainable future for the company and all its locations. That is why, for us, environmentally compatible production begins as early as the product

training puts strong emphasis on practical applications; it is essentially a mixture of theory and learning by doing. In addition, we attach great value during our employee training to the areas of quality assurance, a command of the production system, and continuous process optimisation. In our view these are the fundamental elements of manufacturing the high-quality products that we are aiming to offer our customers on a long-term basis.

Which models will be built in Pune and what are your plans for the next few years?

Initially, the Škoda Fabia will be produced in Pune, and series production of this model got underway a few weeks ago. This will be followed at the end of the year by production start-up of the hatchback Polo. In the second half of 2010 the plant will begin building the saloon version of the Polo, which differs substantially from the hatchback model and will be available exclusively in India and Russia. The basic technical layout of these two models is identical to the European Polo, but from there we focus on the specific requirements of each particular region in terms of design, legroom, luggage space, fuel tank capacity, payload, ground clearance, the power of the horn and the windscreen wipers.

Which aspect of your work in India holds the most appeal for you personally?

The main appeal of my job here lies in building

something new and being able to put together a successful and long-term project. At the same time, it's also about bearing responsibility for all the business units within an automotive company, from production through to sales, with all the accompanying processes, such as HR management and finance. Here we have the opportunity to create something really sustainable in the true sense of the word. Added to which, we are also committed to assisting local and social projects. For example, we are supporting the expansion of a local primary school and have donated an ambulance to the hospital in Pune. And in June of last year employees planted trees on the factory site as part of our environmental protection day, symbolising the environmental commitment of Volkswagen India and its employees. The specific challenge of the job here in India is that you are operating in a totally different culture and have to combine an extremely wide range of value systems and views of life. We do, of course, have the advantage of being part of a company which has decades of experience in operating on a global basis and can rely on the services of experienced employees and a strong central organisation – one which is, incidentally, not so far away thanks to modern communications technology. In short: our aim is to forge a lasting and successful blend of German engineering and Indian skills with which to win Indian consumers for our company and its products.



Frank Fischer, Chairman and CEO of Volkswagen Group of America, and Prof. Dr. Jochem Heizmann, Member of the Board of Management of Volkswagen Aktiengesellschaft responsible for Production (centre) celebrate the start of production at the new plant in Chattanooga with pupils from Calvin Donaldson Elementary School.

development phase, which is covered by our “Group Environmental Principles, Products”. This allows us to influence the environmental impact of manufacturing and recycling processes further down the line – through design measures and the selection of materials, for example. In terms of process-oriented environmental protection, the main focal points alongside energy efficiency and climate protection are water and air, wastewater and waste. Our environmental standards, which are embedded in our “Group Environmental Principles, Production”, apply to all of our locations around the world, including the new plants in the growth markets of the USA, China, Russia and India.

FURTHER INFORMATION ON THE INTERNET

- 29 ► Environmental management at the locations
- 30 ► Ecological aspects at the new locations
- 35 ► Interview with Jörg Müller (full text)
- 36 ► The importance of environmental protection when choosing a location: an interview with Tobias Schmedding
- 37 ► Environmental protection measures secure the future of locations
- 38 ► Environmental Award for employees
- 39 ► The Volkswagen Group's activities in China
- 40 ► Group Environmental Principles, Products
- 41 ► Group Environmental Principles, Production
- 42 ► Group Environmental Policy

Destination: best employer

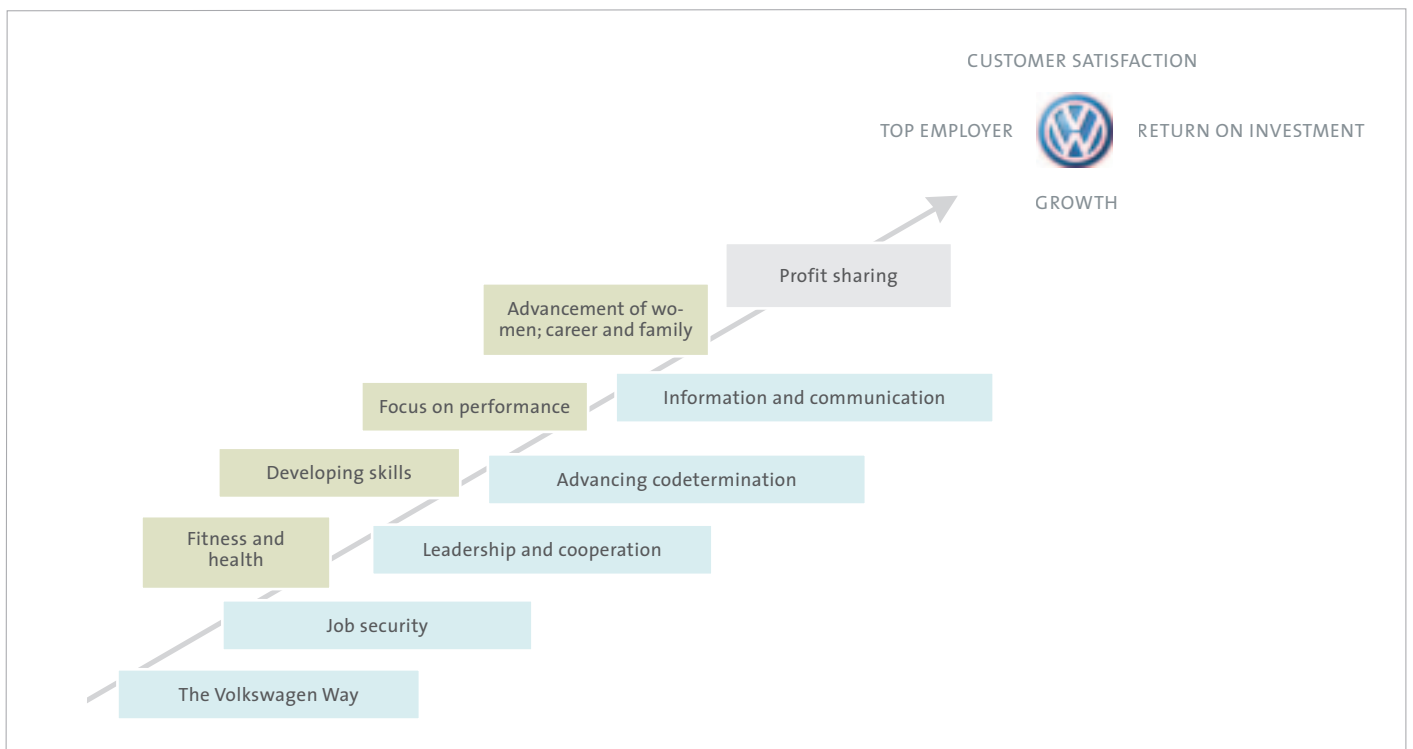
Finishing first with a top team

At the end of 2008, the Volkswagen Group employed a total of almost 370,000 people. With our “18plus” strategy, we have reaffirmed our goal to become the best employer in Europe. To maintain our position as one of the most successful and attractive automobile manufacturers, we need a top-class team that is not only highly skilled and motivated, but also healthy and physically fit.

In 2008, the Volkswagen Group requalified for the Dow Jones Sustainability World Index (DJSWI), which is considered one of the world’s most important metrics of sustainable business practices. In addition to our activities in the field of environmental protection, our management was singled out for high marks. We also qualified for another well-known sustainability index, the Dow Jones Sustainability STOXX. Points in the company’s favour included our advancements in human resources and public service, as well as our efficient technology solutions.

The Volkswagen Group performed well in all categories. The improved opportunities for personal and professional development and our increased attractiveness as an employer also came in for particular recognition. One highlight here is our employee opinion survey known as the “mood barometer”, an instrument that allows our employees to express their views about the company and their jobs. The results of the survey are discussed with supervisors and used as a tool for problem solving. The opinion survey is currently being conducted for the second time.

“18PLUS” STRATEGY AND HUMAN RESOURCES OBJECTIVES



On September 1, 2008 some 1,250 school leavers began an apprenticeship at the six traditional Volkswagen Aktiengesellschaft production plants in western Germany, as the number of apprenticeships once again reached the high level of previous years. 570 new apprentices were welcomed to the Wolfsburg plant alone.



Identifying, nurturing and retaining talents

We aim to continue to attract the best and the brightest to work at our company. So in 2009 we will be hiring over 2,800 apprentices and 2,100 university graduates across the Group.

At Volkswagen, talented employees are systematically identified on all levels, fostered and prepared for future roles. Every year our Best Apprentice Award is presented to the twenty apprentices who achieve the highest marks across the Group in their year. Since 2006, Volkswagen has offered young employees with up to five years of professional experience the opportunity to participate in our “Wanderjahre” programme (the name refers to the traditional practice of newly qualified craftsmen travelling the world and acquiring experi-



Dr. Horst Neumann, Member of the Board of Management of Volkswagen Aktiengesellschaft responsible for Human Resources and Organisation

ence). It is primarily aimed at employees who have completed their initial training or at graduates of integrated work-study programmes, giving them the opportunity to gain international experience shortly after receiving their qualifications.

We use our Student Talent Bank to keep in contact with students who have demonstrated outstanding abilities in an internship at Volkswagen. The company builds ties to these young talents while they are still at university by offering them professional training and personal mentoring. We have also developed the two-year StartUp direct and StartUp cross programmes for highly qualified graduates entering the company, aimed at comprehensively integrating them into the world of Volkswagen.

We also give special attention to targeted initiatives to continuously increase the percentage of women working at our company (see interview with Anja Christmann).

From scholarships to pensions

Volkswagen has numerous established HR policy instruments that have proven their worth over the years. Our company pension scheme was introduced more than 60 years ago. Today, we make a monthly employer contribution to every employee, which forms a building block or “pension module” of the same

value under our contributory pension scheme. Under this plan, employees can supplement their pensions by earmarking a self-determined portion of their wages or salaries for voluntary contributions, which represent further modules. In addition, employees can determine the length of their lifetime working hours by “buying” blocks of time. Volkswagen personnel can take unpaid leave for up to eight years with the guarantee that the company will employ them again at the end of that period. Employees can also take advantage of our academic support programmes.

From person to person

In 1996, Volkswagen concluded a company-wide agreement on Partnership-based Conduct at the Workplace that anticipated many aspects of the subsequent German Anti-Discrimination Act. In the context of the passage of the Anti-Discrimination Act, we updated this agreement in early 2007. The primary goal is to prevent all types of discrimination, whether on the basis of ethnic background, gender, religion, ideology, disability, age or sexual orientation. Our Company Agreement of course requires all Volkswagen employees to refrain from any form of discrimination and support a respectful and fair working environment. In order to prevent and fight discrimination, we regularly hold training courses and informational and educational presentations on the subject.

Learning skills and strengthening performance

A central element of our “18plus” strategy is building a top team – and this means top skills, top physical fitness and top motivation. Our human resource development initiatives target all employees in our company, from apprentices, career-starters and university graduates who are just starting out to specialists and managers at all levels. We make certain that our employees de-

velop their individual talents and hone their professional skills. In the framework of this systematic development of competencies, we encourage our experts within the different professional fields to perfect their knowledge and pass on it to the next generation. Continuing professional development for managers is another important component of our HR development strategy. The path to a management position in the Volkswagen Group includes a selection process, redesigned in 2007, which separates technical and specialist tasks from management functions. Completing our “Leadership Licence” prepares employees for management responsibilities and is designed for all employees who are taking on a management role for the first time.

Continuing development builds expertise

Volkswagen is a company that values learning and teaching. The continuing professional development of all our employees is important to us. Our partners in our educational ventures include our subsidiary Volkswagen Coaching and the AutoUni (see box on page 37). In addition, in 2009 we are promoting the continuing education interests of our employees in Germany by awarding 100 scholarships for specialist training programmes. Volkswagen Coaching offers our employees a wide spectrum of professional training measures. Each year, this training institute organises approximately 3,600 courses for roughly 45,000 participants and handles the vocational training of our approximately 4,200 apprentices in Germany. It coordinates qualification in 34 trades and professions and ten integrated degree and training schemes. Volkswagen Coaching has twelve education and training centres and 68 training labs (IT, CAD, CNC, electronics, control engineering, automotive, etc.) that comprise a total of 60,000 m² of classroom, workshop and training space.

“Promoting the professional development of talented women is anchored in our human resources strategy”

Interview with Anja Christmann, Women's Representative (Advancement of Women) at Volkswagen

Anja Christmann, women are highly educated in Germany. Fifty-six percent of school-leavers who qualify for higher education, 51 percent of university graduates and 42 percent of doctoral students are women.

What is Volkswagen doing to increase the percentage of female managers and specialists at the company?

Volkswagen was the first and for a long time only major corporation to establish and follow guidelines for the advancement of women; ours have been in place since 1989. We have designed targeted measures to further increase the percentage of women in the company. Equal opportunity is a component of our “18plus” strategy. Since 1998 we have had a mentoring scheme to systematically increase the number of women in management. The initiative is now a well-established part of the Volkswagen HR development programme, having been through 16 cycles with a total of over 290 participants. In addition, last year we held the competition for the Woman Driving Award for the second

time in Germany. The award recognises young female engineers for outstanding thesis projects on automotive topics. At Volkswagen Commercial Vehicles our KICK programme is designed to educate female apprentices in the commercial and technical fields concerning their career perspectives and professional opportunities. And with our development project for female skilled workers – Female Master Mentoring – we are aiming to increase the number of female supervisors at Volkswagen.

Family-friendly HR policies are an important consideration for employees who want to raise a family.

What does Volkswagen have to offer in this respect?

Helping our employees combine work and family life is another important element of our strategy to become the top employer. We organise meetings for employees on parental leave, implement initiatives to ease the transition back into the workforce after

parental leave and offer information on childcare providers on our intranet. Telecommuting and various part-time and shift models also make it easier to balance job and family. And in this context, I'd like to mention one particularly positive development: whereas in 2006, 280 employees in the six Volkswagen AG production plants in Germany took parental leave, in 2008 the number reached 744. And the percentage of fathers increased sharply, from three percent in 2006 to 52 percent last year.

What goals have you set for the future?

We want to continue to increase the proportion of women in all fields. In management the share has reached almost eight percent. Women account for 25 percent of our university graduate hires, which is a good six percentage points more than five years ago. And we aim to double the percentage of female supervisors by 2012.

Monitoring and motivation

An employee opinion survey was conducted across the entire Volkswagen Group for the first time in 2008. This “mood barometer” gave approximately 270,000 employees – from Germany to Portugal, from China to Brazil – the chance to participate, give feedback and suggest improvements. Over 77 percent of our employees took advantage of the opportunity. The survey was used to obtain a picture of employee satisfaction in every business unit. Employees were informed of the results from their business unit and these were then used as the basis for discussions with their supervisors to agree improvement measures for the future. In order to register changes from this baseline, from 2009 onwards an employee opinion survey will be held annually. Idea management represents a further instrument for involving and motivating our employees.

Age-appropriate work

One goal shared by the Group management and the Works Council is to make certain that working conditions and performance requirements take the age and health of our employees into account. We also plan to increase our focus on preparing the company for demographic change. This was the goal of the collective bargaining agreement on processes and procedures finalised in 2007. Known as “Demographic Change I”, the agreement has the goal of promoting and protecting health – with employees participating to the fullest extent possible on their own initiative. Additional objectives include creating options for flexible and variable lifetime working times and ensuring that the age structure remains balanced. In the collective agreement, a comprehensive course of action is defined, including initiatives ranging from the organisation of working time to workforce planning and shaping corporate culture.

The Volkswagen Group considers it important to employ our personnel in accordance with their individual capabilities. One example of this is the “SilverLiner” project at Audi. Here Audi deliberately employs older workers for the assembly of the Audi R8, drawing on their many years of experience. In 2001 we launched the Work2Work programme, which offers new employment opportunities to those who are unable to continue working in their previous positions following a physical injury or severe illness. Operating under the premise that “adding value earns respect”, the goal of the initiative is to place these employees in positions that are suitable to their physical abilities and still allow them to add value. Work2Work contributes to the job security of our personnel. We are also trailblazers in the area of knowledge transfer, with a clearly structured programme to ensure that older employees pass on their expertise to their successors.

Workplaces have been redesigned in line with ergonomic principles, a preventive health measure that benefits all our employees and creates age-appropriate workplaces. Existing workplaces have been optimised (corrective ergonomics) and ergonomic criteria have been taken into account in the product creation process (constructive ergonomics).



AutoUni: Facts and Figures

- Founded in 2002
- Located in the MobileLifeCampus since 2006
- Approximately 10,000 participants
- Eight areas of focus: sales and marketing, products, production, procurement, quality, human resources and organisation, finance and controlling, and corporate issues
- Cooperation with the Lower Saxony Research Centre for Vehicle Technology (NFF)
- Research work focuses on the intelligent vehicle of the future
- Includes the Institute for Work and Human Resources Management, the Institute for Purchasing, the Institute for Finance and Controlling and the Institute for Marketing and Sales

FURTHER INFORMATION ON THE INTERNET:

- 43 ▶ Best Apprentice Award
- 44 ▶ Work-study scheme
- 45 ▶ Entry schemes: StartUp direct and StartUp cross
- 46 ▶ Women innovators: the Woman Driving Award
- 47 ▶ Professional development opportunities
- 48 ▶ AutoUni
- 49 ▶ Idea management
- 50 ▶ Relaying expertise
- 51 ▶ Adding value earns respect: Work2Work
- 52 ▶ Ergonomics in the workplace
- 53 ▶ Integration agreement: commitment to people with a disability



To help employees recover their abilities following an accident or illness, Volkswagen has opened a sports and rehabilitation centre in Wolfsburg as part of a rehabilitation programme newly developed by our Health Services. The combination of providing employees with therapy and training prescribed by company doctors and assigning them jobs at special work-places is unique in the industry.



If you have your health, you have everything

Guaranteeing stability through preventive care and health promotion

A key objective of the Volkswagen Group is to protect and promote the health and fitness of our employees through a comprehensive approach to health management. As early as 1998 we established Guidelines on Health Protection and Health Promotion and applied them across the Group. These guidelines, which are currently being refined and enhanced, are the cornerstone of a planned company-wide health audit system. We have been working closely with the

BKK FTE health insurance fund, an important strategic partner, to jointly develop customised modules for the integrated health management of our employees.

The following figures paint a clear picture: In our plants across the Group, the health index stood at 97 percent in 2008, reaching the same high level as in previous years. In 2008 Audi reported

an outstanding health index for all employees in its facilities in Ingolstadt and Neckarsulm, Germany, which at 97 percent was also above the German average.

Improving health and fitness

To promote the health and physical fitness of our employees, we have developed a health check-up programme and Audi has already successfully launched this initiative. All employees of the Volkswagen Group will be offered a one-hour physical examination that is appropriate to their age group; participation in the scheme is voluntary. The programme will first be introduced in all our German facilities and then gradually expanded to other countries. Based on the results of the check-up, every employee taking part will receive a health profile, which our doctors will then use to recommend measures such as health coaching, health promotion programmes or regular follow-up examinations. The doctors remain bound by the strict confidentiality requirements of their profession and will not reveal details of employees' health to their employer. In March 2009 we also opened a new sports and rehabilitation centre in Wolfsburg to help employees regain their abilities following injury or illness.

AIDS assistance overseas

For the Health Services departments in our South African and Brazilian facilities, AIDS and its prevention are especially high priority topics. We have initiated several different programmes to protect our employees and their families from HIV/AIDS. In 1996 Volkswagen launched a comprehensive prevention and support project at Volkswagen do Brasil, which has succeeded in significantly reducing the amount of time spent in hospital by those infected with HIV, as well as the costs of their treatment. Over 80 percent of those infected with HIV and suffering from AIDS who participated in our prevention and support programme were able to continue working and remained free of symptoms. In this way we were able to contribute to a significant increase in the quality of life and work – both within and outside the company.

Prevention promotes occupational safety

The Volkswagen Group also assigns high priority to safety at work, as emphasised by the signing of our Social Charter in 2002 and the approval of an Occupational Safety Policy in 2004. These ensure that uniform occupational safety standards apply throughout the Group, in some cases going above and beyond what is required by law in the individual countries. In the last 25 years, the number of occupational accidents has fallen steadily at all our locations. In 2008 our figure of four accidents per million hours worked was below the previous year's rate.

97 percent

In our plants across the Group, the health index was 97 percent in 2008, reaching the same high level as in previous years.

In 1993 we began performing occupational safety audits, which have become an established instrument for the improvement of workplace safety. A total of 236 audits have been held within the Volkswagen Group since then. In 2007 and 2008, our facilities in Poznan, Córdoba, Pacheco, Bratislava, Palmela and Pamplona were inspected. These audits allow us to spot deficits early on. In addition, we can identify best practices and carry them over to other facilities. The audits with their preventive nature make a significant contribution to reducing the number of accidents. Every year the Board of Management awards an occupational safety prize to the best plant and the best organisational unit within Volkswagen in Europe. This competition has proven an effective instrument for communicating the importance of occupational safety.

Our commitment to occupational health and safety is particularly strong at our plants in Brazil, Mexico and South Africa. Since 2004 we have been running a public-private partnership project called "Improvement of Occupational Safety and Health Protection in Small and Medium Enterprises (SMEs)" in cooperation with the International Labour Organisation (ILO) and the German Development Cooperation Agency (GTZ). This initiative has been praised by the United Nations as an example of best practice.

Advanced technology cuts noise emissions

In addition to our commitment to promoting the health of our employees, the Volkswagen Group is working intensively to protect the health and safety of our customers and all road users. One important focus is on reducing noise emissions. People who drive in an environmentally friendly way usually drive more quietly as well, because they change up earlier and rarely drive at high revs. A car running at 4,000 rpm emits approximately the same level of noise as 32 cars at 2,000 rpm. The technical options for reducing vehicle noise emissions are limited. In a modern vehicle travelling at approximately 50 km/h or more and not accelerating, tyre noise will be louder than engine noise. Nevertheless, in the context of our "Group Environmental Principles, Products" we are pursuing intensive research into the reduction of noise emissions. In the acoustic laboratories of our Technical Development

department – in our acoustics centre in Wolfsburg, for example – we are also working to reduce the exterior and interior noise levels of our vehicles.

Our vision: accident-free motoring

Volkswagen aims to make safety features available in all classes of vehicle. Since the early 1990s, we have been installing safety features such as ABS, airbags and, later, ESP in our vehicles. The current models from Volkswagen and Audi have received maximum ratings from the independent safety testing organisation Euro NCAP and the American Insurance Institute for Highway Safety (IIHS). The Audi A3, A4, A6 and Q7 models and the Volkswagen Rabbit, Jetta, Passat, Eos and Tiguan models have all received the coveted Top Safety Pick Award 2009. Even after the Euro NCAP test procedures were tightened at the beginning of 2009, the Golf VI, Audi A4 and Škoda Superb still received five stars, setting the standard in their class.

Using new technologies to prevent accidents is a high-profile issue around the world. We strongly support the EU target of cutting the number of road traffic fatalities to 50 percent of the 2000 fig-



The airbag system in the new Polo.

ure by 2010. At international level, the first Global Technical Regulations (GTRs) for vehicle safety have been developed under the auspices of the United Nations Economic Commission for Europe (UNECE). These GTRs are now being written onto statute books by national governments. In the field of vehicle safety, the future goal of all stakeholders must be to prevent road accidents from occurring in the first place. To this end the brands of the Volkswagen Group offer intelligent driver assistance systems that help drivers react appropriately to hazardous situations on the road.

The risk of being involved in a road accident in Germany today is far lower than the risk of an accident in the home. However, other nations present a different picture. In China, for example, there are 152 fatalities for every 10,000 vehicles – a rate 127 times higher than in Germany. The reasons for this include deficits in the planning, design and financing of infrastructure, but many countries also lack the efficient emergency facilities that could mitigate the consequences of accidents. And there is still a shortage of information and education for drivers. In the past, Volkswagen worked with state officials in China to produce road safety clips that were shown on Chinese television. There have been eleven episodes of “Safe on the Road with Volkswagen” (Chinese: Dazhong Anquan Lu), highlighting topics such as seatbelts, children in the car, the correct way to load vehicles and how to respond in critical situations.

Focus on people

Our vision is a future with no road accidents. To realise this vision, it is important to collect and analyse detailed facts and data on how accidents occur and what causes them. When it comes to safety, the focus must also be firmly on the human factor, because analysis of the most serious accidents shows that an overwhelming number of accidents are attributable to human error.

Accident research a key topic

Ten years ago we set up our own department dedicated entirely to accident research. At Audi and Škoda, in China and, more recently, in India, our employees conduct research on road accidents in cooperation with local scientific institutions and universities.

FURTHER INFORMATION ON THE INTERNET:

- 33 ▶ Driver assistance systems
- 54 ▶ BKK FTE: Volkswagen's health insurance partner
- 55 ▶ Sports and rehabilitation centre
- 56 ▶ Accident research at Volkswagen
- 57 ▶ Accident research at Škoda
- 58 ▶ Accident research at Audi
- 59 ▶ Reducing traffic noise

More than just football

AIDS Care, Black Economic Empowerment and charity donations help street children in South Africa

The whole world will have its eyes on Johannesburg at three o'clock on June 11, 2010, when the first game of the 19th FIFA World Cup begins. This is set to be the next landmark event in South Africa's development as a democracy, as well as contributing to its human and social development.

The key challenge is still to achieve a radical improvement in living conditions for all South Africans. Opportunities for education and economic participation must be accessible to everyone.

Volkswagen has done a great deal in this respect by creating jobs, which bring social progress to the people. Our Community Trust promotes education and is active in the battle against HIV/AIDS, with awareness-raising and preventive programmes playing a very important role. On the next page you will find examples of our commitment to South Africa.



Growth and employment:

Volkswagen's Uitenhage plant provides an income for around 5,000 employees and their families. Volkswagen and our suppliers are a driving force in the South African economy. And Volkswagen is also the market leader in passenger cars,

with a 21% share of the new car market. Since 2000 Volkswagen has once again invested heavily in South Africa – for example in the construction of a new paintshop and a complete new assembly plant for trucks and buses.

Anti-discrimination:

At Volkswagen of South Africa, black employees were already receiving professional training at a time when this was technically still outlawed under the apartheid system. Trade union organisations and interest groups were also integrated in the decision processes. So it's no surprise that Volkswagen

is committed in its support of the policy of Broad Based Black Economic Empowerment (BBBEE) in a democratic South Africa. When Volkswagen is looking for new suppliers or dealers, preference is given to companies managed by members of groups which previously suffered discrimination.

Volkswagen Community Trust:

For 20 years now the Volkswagen Community Trust has also been concerned with the world beyond the factory gates. More than €4 million has already been invested in projects to improve education and training, employment, healthcare and equal rights in the Uitenhage region – for example in centres for rape victims, the purchase of school uniforms and soup kitchens in the improv-

erished district of Missionvale. In conjunction with the Nelson Mandela Metro and the provincial government Volkswagen has also launched the Uitenhage Despatch Development Initiative (UDDI), a project concerned with education and training and also promoting small business start-ups.

 www.vwct.co.za

HIV/AIDS prevention:

Since 2001, working together with the German Development Cooperation Agency (GTZ), Volkswagen has achieved a great deal in the fields of education, treatment and the discrimination-free re-integration of infected employees. In 2005 Volkswagen's HIV/AIDS prevention programme was honoured with the "Business Excellence in the Workplace" prize awarded by the New York-based

organisation Global Business Coalition on HIV/AIDS (GBC). In 2008 the chief company medical officer of Volkswagen of South Africa was invited to serve on the World Economic Forum's Global Agenda Council on HIV/AIDS. Working in coordination with authorities, NGOs and charities, Volkswagen also helps AIDS orphans in the region, for example through a "Save the Children" Forum.

"A chance to play":

For ten years now Volkswagen Group employees have been raising funds for underprivileged children through the "One hour for the future" campaign initiated by the Group Works Council. The Volkswagen Group's partner in this campaign is the children's charity terre des hommes. A three-year special programme called "A chance to play" was launched at locations in South Africa to mark this charity project's ten-year anniversary and to coincide with the upcoming football World Cup. After all, many of the young people here can only dream of a carefree childhood. They often have to contend with oppressive circumstances, such as unemployed parents, relatives dying from AIDS, poor educational opportunities and the associated lack of prospects

for a future career. Girls are also frequently the victims of sexual violence. All of which makes the opportunity to play and enjoy sport, in connection with learning and educational initiatives, all the more important for the children's development. "A chance to play" promotes projects designed to help empower children and build their resilience. This three-year special programme was launched with a football match in the Wolfsburg Volkswagen Arena in May 2008, featuring Wolfsburg United against the Swabian Allstars. Top Volkswagen managers, led by Prof. Dr. Martin Winterkorn, squared up against famous former professional footballers including Guido Buchwald, Fredi Bobic and Jens Nowotny – raising some €67,000 in the process.

An exclusive contribution from Nobel laureate Archbishop Desmond M. Tutu

In my beautiful country, South Africa, we say that a person is a person through other persons. In other words, I am human because you are human – my humanity is caught up in yours. And we have a wonderful African word for this – Ubuntu. I believe that the concept of sustainable development, through the co-operation encapsulated in the move to globalisation, can be perfectly defined and achieved by acting on this word. We, as humans, are made for relationships, and not even the most powerful nations in the world can be completely self-sufficient.



This year, in April, we in South Africa celebrated 15 years of democracy, in which our new President stressed his aim for the future, which is unity. What a triumph in a country which has striven endlessly for reconciliation.

It is a triumph not only for South Africa, but also for the world, because people of all nations stood up against the evils of Apartheid, people of all nations made themselves heard by saying "No!". And South Africa was freed. If this can be achieved in and for a country at the tip of Africa, can you imagine what can be achieved by the peoples of the world standing together once again?

We find ourselves living in a world of uncertainty, an environment in flux, and a people filled with questions. What is important to create now, is hope. We need to begin an international discourse and to engage in the ongoing debate about what we are all seeking to achieve: a better life for all. In striving to create a sustainable environment, let us accept global responsibility. We need to continue the conversation which has begun, and to engage on all levels. We are living in an age of economic uncertainty, in which many questions are being asked, and it is hoped that when we come out on the other side of this difficult time, we will emerge as more responsible citizens, and that business will emerge as good corporate citizens. Let that be our aim.

Through constructive engagement on a global level it is possible to close that gap of prosperity. Development and humanity go hand in hand. Development is intrinsically linked to self-sufficiency and sustainability, and once this is recognised, truly valuable projects can be initiated which will truly be a legacy to leave our children. We, as people, need to see tangible results. And it is especially the young people who are to be the beneficiaries of our actions today. Through education we can transform the world in which we live. Let us stop merely cramming our children's heads with knowledge and rather start challenging their ways of thinking. In this way they can help to create and benefit from more economic stability in our world. When we help others, it helps us all.

We, as an international community, have a responsibility to each other, because we are human. We need to strive to be partners in action. And we need to keep moving forward, not being discouraged, until we see results, because when we help others, it helps all of us. Honest conversations are imperative if we are to achieve our goals of creating sustainability for our children. A wise man once said that we did not inherit this land from our forefathers, but we are taking care of it for our children. So let us do just that, and offer the next generations the best gift we can give them – hope. It gives me hope to know that a company such as Volkswagen values a global sustainability philosophy that weaves a thread from the boardroom, through production and into the heart of the local communities it sustains through job creation and social development initiatives.

A handwritten signature in black ink, appearing to read "Desmond M Tutu".

Archbishop Emeritus Desmond M Tutu

Helping others to help themselves – our contribution to sustainable structures

Corporate citizenship is embedded in the Volkswagen Group's strategy

For us, as a good corporate citizen, social involvement constitutes a key element of our entrepreneurial activities. The same maxims apply at all Volkswagen Group locations worldwide: we support social development, culture and education. At its facilities the Group is involved in the development of regional infrastructure and research, setting up projects in the fields of health promotion, sport and nature conservation.

Our responsibility does not end at the factory gates. We are committed to improving the living conditions of people at our locations beyond the minimum statutory requirements. The Volkswagen Group has a long tradition of looking after the interests of the regions in which our production facilities are located. As part of our corporate culture, this has also been a major factor in enabling us to recruit qualified personnel for our company.

The main emphasis in our social projects is on helping others to help themselves. By assisting people to come up with their own solutions, we also help to generate more sustainable structures.

Award for volunteering initiative

Between 20,000 and 25,000 employees at Volkswagen's production facilities in Germany have also taken on a voluntary role, bringing many benefits not only to society as a whole but also in terms of their commitment at Volkswagen. After all, the responsibility that employees show in their roles as volunteers can also be brought to bear on their work. So expressing an appreciation of the voluntary work of the Group's employees is a sign of an attractive employer. To recognise and foster the social commitment of our employees in the long term, in September 2007 Human Resources at Volkswagen launched the initiative "Volkswagen pro Ehrenamt" (Volkswagen supports voluntary work).

Günter Damme (right) Head of Environment, Volkswagen Group, inspects the Aller Lowlands renaturalisation project.



Planting trees as part of the Aller Lowlands project in Wolfsburg

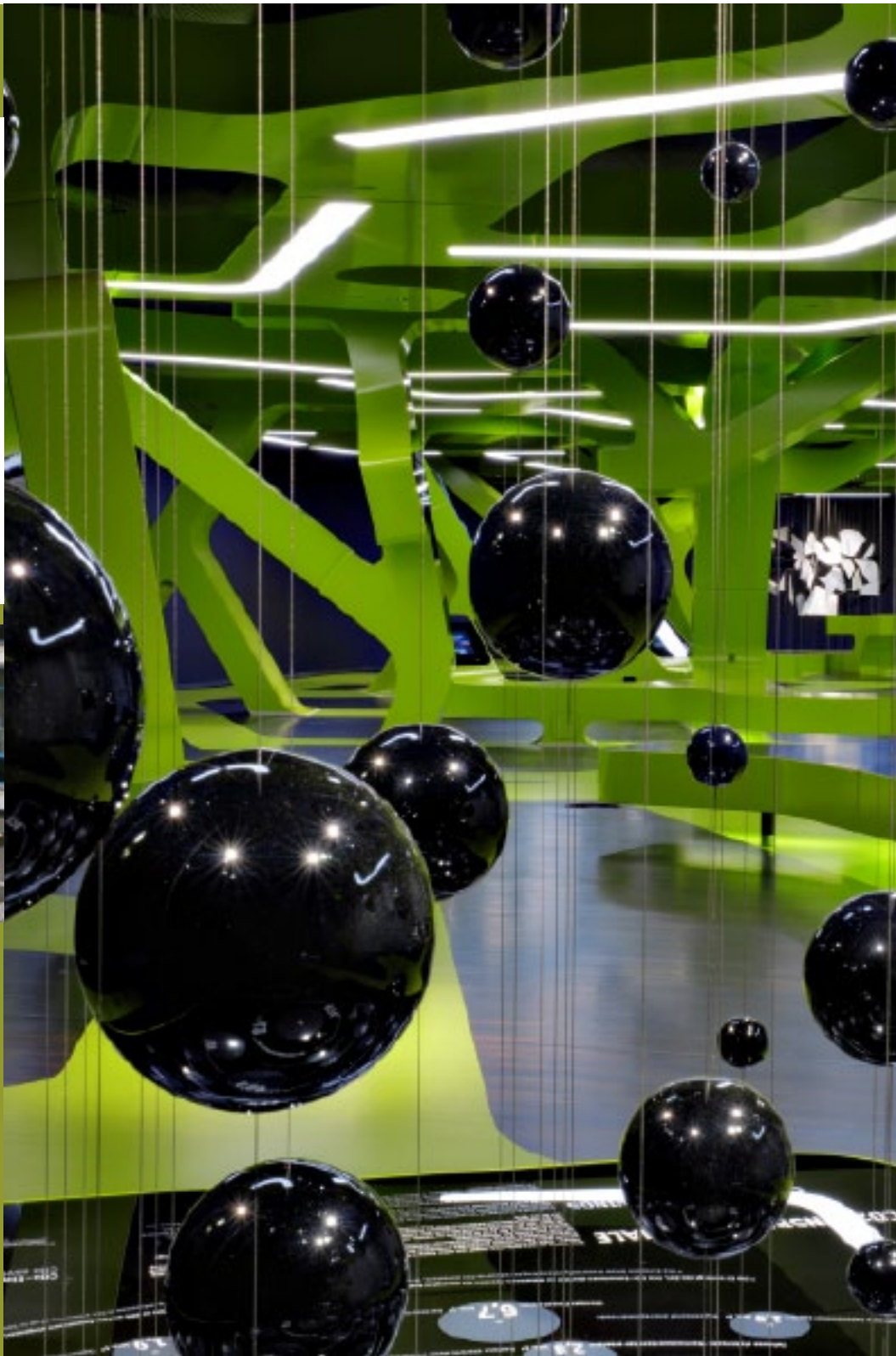
BIODIVERSITY IN GOOD COMPANY

BUSINESS AND BIODIVERSITY INITIATIVE



The Volkswagen Group is a member of the Business and Biodiversity Initiative triggered by the German Federal Ministry of the Environment.

The LEVEL GREEN exhibition at the Autostadt in Wolfsburg



The employee portal features information on voluntary positions and a database where associations and organisations have registered about 1,500 requests for voluntary support to date. Both active and retired employees can respond to these requests. To date, more than 500 voluntary positions have been filled, ranging from reading mentors to sports club coaches, babysitters and hospital visitors.

We have also developed an internal Senior Expert scheme and cooperate with the Senior Expert Service (SES) in Bonn, which has arranged more than 20,000 missions for senior experts in a total of 156 countries since it was established in 1983. This way, former Volkswagen employees can benefit from new challenges when they retire. In December 2008, we received the “Pro Ehrenamt 2008” award from Deutscher Olympischer Sportbund (DOSB), Bundesnetzwerk Bürgerschaftliches Engagement (BBE) and



The Place of Remembrance at the Wolfsburg plant

The Volkswagen Financial Services AG's "Frech Daxe" kindergarten in Brunswick



Commerzbank. Discussions with European Union bodies are currently underway to use our project as a best-practice model for a Volunteers' Day in 2011.

Remembering the past

Dealing with the company's past is a key element of corporate social responsibility for the Volkswagen Group. During World War II, the Volkswagen plant was converted to armaments production. An estimated 20,000 forced labourers, including prisoners of war and concentration camp inmates, formed two thirds of the workforce and were subjected to discriminatory working conditions. As a sign of its responsibility and its respect for the victims, in 1999 Volkswagen opened a permanent exhibition, the "Place of Remembrance of Forced Labour in the Volkswagen Factory" in a former air raid shelter on the site of the Wolfsburg plant. The Place of Remembrance is open both to employees and to the general public. In addition, a humanitarian fund for the benefit of former forced labourers at Volkswagen Gesellschaft, as it was then, was established in 1998. By the end of 2008, 2,149 persons in 26 countries had each received a one-off payment of €5,112 from the fund. Our apprentices are also regularly involved in work at the place of remembrance in Auschwitz and we offer supervisors, specialists and managers the possibility of working at places of remembrance, too.

Environmentally responsible action – beyond the factory gates

Environmental protection and nature conservation activities are another facet of our corporate social responsibility. We also consider the protection of endangered species a key component of environmental protection, because biodiversity, genetic diversity within species and the richness of ecosystems are among the factors that determine the quality and diversity of human life. Biodiversity ensures healthy food, clean water, fertile soils and a moderate climate. Failure to protect endangered species is not sustainable, as the associated economic cost represents a heavy burden for future generations. The protection of biodiversity is a classical task for society as a whole. The actions of governments and international conventions are very important, but

Level Green

The exhibition "LEVEL GREEN – the idea of sustainability" opened at the Autostadt in Wolfsburg in June 2009. The 1,000 m² exhibition in the KonzernForum takes up all three dimensions of sustainability – environmental, economic and social. The entertaining interactive presentation aims to give visitors food for thought about the topics on show. These include climate change, use of resources, concepts of mobility, sustainability and economics, and sustainability at Volkswagen.



it is the community as a whole that is called upon to adapt our way of life and working practices to the requirements of biodiversity.

As worldwide corporate player with a role-model function, we therefore align the requirements of our production processes with the need to protect biodiversity. We implement our voluntary commitment to protect endangered species by supporting a number of campaigns and projects. Back in the autumn of 2007, we began supporting the German government's information campaign "Jede Art hängt von der anderen ab" (Each species depends on the next) and played an active part both in the Natural Alliance and as a partner and sponsor of the information tour of Germany "Unterwegs für Vielfalt" (On the road for diversity). The Volkswagen Group also supports numerous conservation projects around the world.

Road safety education in Argentina

Road safety is a pressing problem in Argentina. In 2007, more than 8,000 people, or 22 every day, died on Argentine roads. In international road safety statistics, Argentina took last but one place, ahead of Mexico. Road accidents are the most frequent cause of death for persons under 35 years of age. In view of this fact, Volkswagen Argentina has launched a road safety project at primary schools as part of its corporate social responsibility programme. 120,000 children at 200 schools in Buenos Aires and Cordoba approach the topic by playing road safety games.

Volkswagen invests in education

To provide new impetus in the German education sector and mark the 70th anniversary of the City of Wolfsburg, the Volkswagen Group presented the city with a new school – the "Neue Schule Wolfsburg". The school will open its doors in the summer of 2009, starting with two classes of first-year pupils and four classes in the fifth year. Neue Schule Wolfsburg is open to all children from the Wolfsburg area and interest was so great that places for the first school year had to be allocated by drawing lots. The school is adopting an innovative approach focused on cross-subject and cross-year learning and the targeted fostering


of natural gifts, with a curriculum built around four themes: internationality, science & technology, economics, and art & culture. Teaching will take place not only in modern classrooms but also at locations outside the school. Among other things, the Volkswagen Group will bear the cost of the school leadership team, management and teaching staff, key items of equipment, providing expert support for school operations, and the development and implementation of the educational concept.

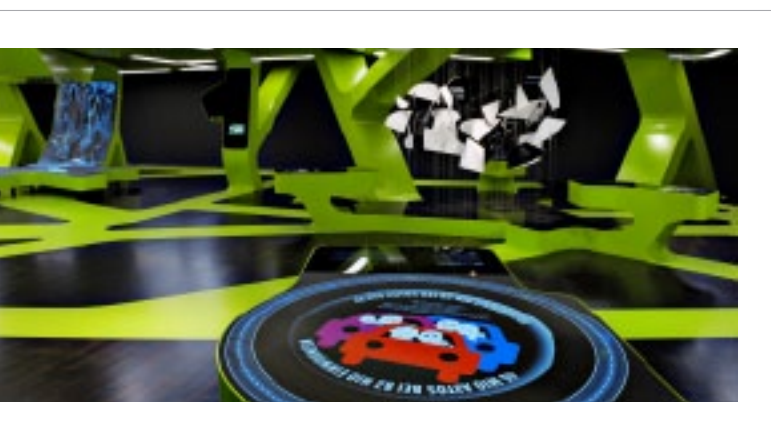
"Our Children in Brunswick"

Volkswagen Financial Services AG is also committed to helping children. The foundation "Unsere Kinder in Braunschweig" (Our children in Brunswick) was established at the end of November 2008 as a joint project of the company and its workforce, with funds of €1 million. The foundation will provide sustained and targeted support for projects at Brunswick schools and kindergartens. Initially, the main focus is on school meals and homework assistance. Donations received will directly benefit foundation projects and Volkswagen Financial Services AG has also set up a time-donor scheme, through which employees can donate time and expertise to project work.

FURTHER INFORMATION ON THE INTERNET

- 60 ▶ An hour for the future: donations scheme for street children
- 61 ▶ "Frech Daxe": the Volkswagen Financial Services AG company kindergarten
- 62 ▶ Wolfsburg AG Internet platform for extra-curricular learning
- 63 ▶ Projects for the protection of endangered species

-  www.volkswagenag.com/history
- www.ready4work.de (German only)
- www.terredeshommes.org





Key indicators

We have expanded the key indicators section in the Sustainability Report 2009/2010. The Volkswagen Group key indicators shown here are complemented by additional indicators which can be found in our online Sustainability Report.

Data acquisition

The expanded key indicators section in this Sustainability Report includes newly compiled additional key indicator categories and the presentation of indicators in relative terms. In order to reveal trends, in this report we present the key indicators for the last three years. Data have been consolidated at Group level since 2001, while the individual brands and companies are responsible for data collection. The information presented is essentially limited to absolute indicators which relate to the financial year (January 1 to December 31). For the first time in this report, we also present specific environmental indicators stated per product unit.

The Group indicators shown on the following pages, divided into environmental, social and financial aspects, provide some insight into corporate activities over the 2006 to 2008 reporting period. We will be making ongoing efforts to extend the range of key indicators collected for future sustainability reporting.

Environmental indicators

As in previous Environmental and Sustainability Reports, this report also presents selected environmental data for the Volkswagen Group in aggregate form. Environmental data are collected, checked and approved at the individual plants in line with an internal standard (VW standard 98 000) and a process standard. Further improvements were made to environmental data acquisition during 2008, which gave rise to the need to make slight adjustments to data from previous years.

This report presents additional, relative indicators not published in the last Sustainability Report. Key environmental data are presented in relation to the number of vehicles produced. The environmental data in the Sustainability Report provide a compact reflection of trends in the Volkswagen Group's overall environmental impact. In total, environmental data are collected from 48 production sites with a workforce of around 298,000 (as at

December 31, 2008). The following Volkswagen Group production plants and companies are not yet included:

- Sitech Sitztechnik GmbH's plant at Wolfsburg
- Sitech Sitztechnik GmbH's plant at Polkowice
- Nanjing plant, Shanghai Volkswagen Automotive Company Ltd.
- Chengdu plant, FAW-Volkswagen Automotive Company Ltd.
- Scania AB

As in the past, the autonomous utility companies (e.g. Volkswagen Kraftwerk GmbH) and non-manufacturing companies (e.g. Financial Services) are not included in the environmental data. These are either not governed by the management of the respec-

tive production plants or are non-manufacturing companies and therefore fall outside the reporting framework.

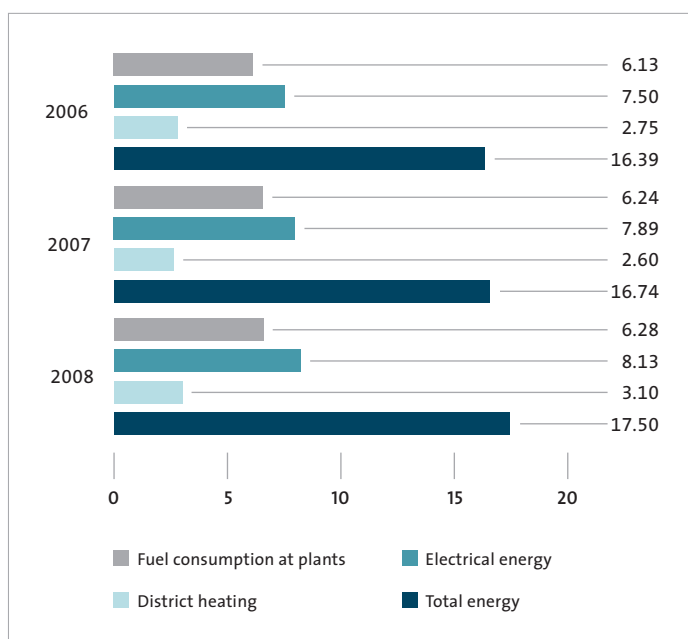
Abbreviations

- MWh = megawatt-hour
- t = metric ton
- kg = kilogram
- g = gram
- m³ = cubic metre
- km = kilometre
- a = annum (year)
- Tsd. = thousand

FURTHER INFORMATION ON THE INTERNET

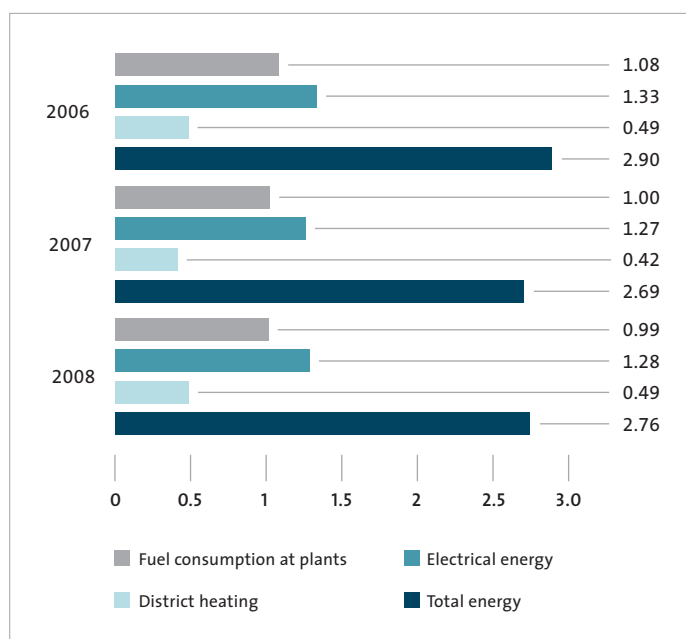
- 64 ▶ Environmental data definitions
- 65 ▶ Environmental indicators for the Volkswagen brand

ENERGY CONSUMPTION in million MWh/a



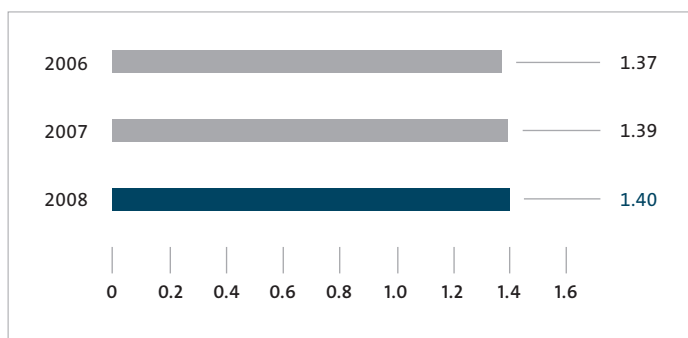
The increase in energy consumption is associated with the continuous increase in production over the reporting period. District heating consumption fluctuates depending on weather conditions.

ENERGY CONSUMPTION in MWh/vehicle



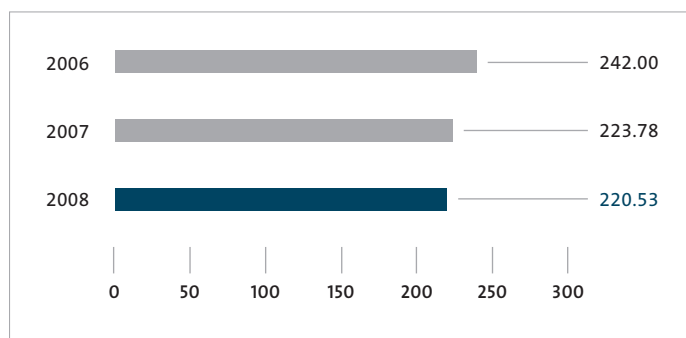
In relation to the number of vehicles produced, electrical energy consumption fell in response to the Volkswagen Group's resource conservation strategy.

DIRECT CO₂ EMISSIONS in million t/a



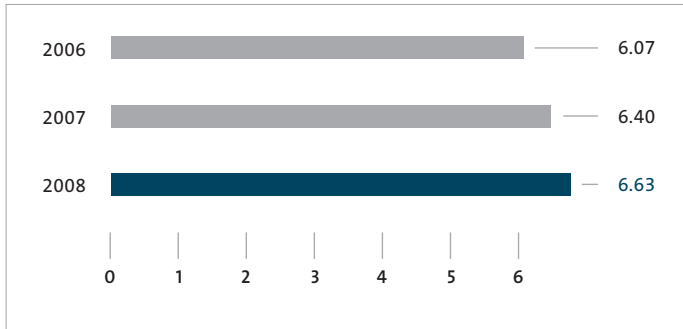
The rise in direct CO₂ emissions over this reporting period is attributable to increases in production, in particular in South America and Asia, and the associated increased energy consumption. Some of the rise in CO₂ emissions is due, in addition to the

DIRECT CO₂ EMISSIONS in kg/vehicle



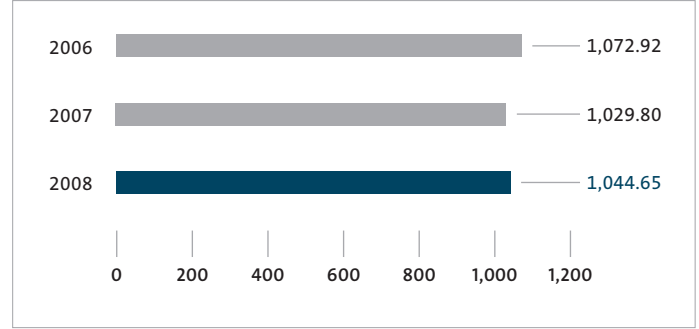
expansion of production, to the collection of data from additional production plants. Resource-optimised manufacturing processes and methods have, however, had a positive impact on CO₂ emissions per vehicle produced.

TOTAL EMITTED CO₂ in million t/a



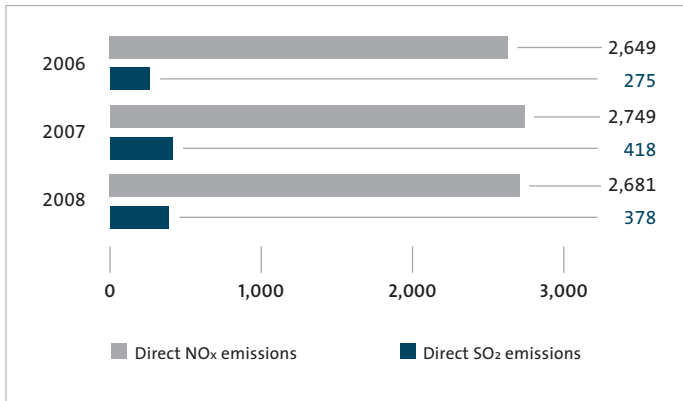
While in the previous reporting period, total CO₂ emissions were still 4.8 times greater than direct CO₂ emissions, this multiplier has now dropped to approx. 4.5 times direct CO₂ emissions. This means that roughly 78 percent of the Volkswagen Group's total CO₂ emissions are accounted for indirectly by district heating

TOTAL EMITTED CO₂ in kg/vehicle



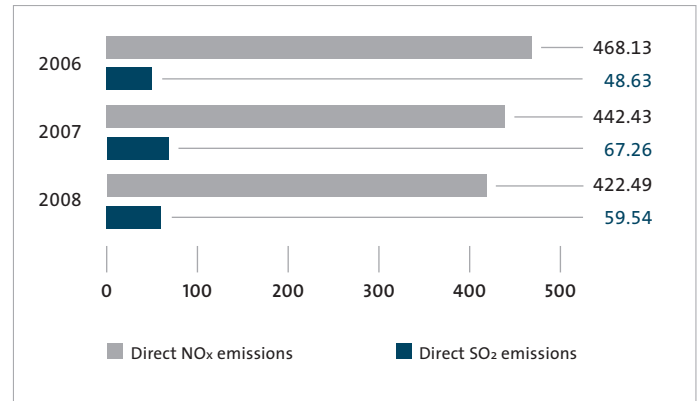
and power generation. Roughly 22 percent are accounted for by in-plant combustion processes. However, against a background of increased vehicle production, total CO₂ emissions per vehicle have declined over the reporting period as a whole.

DIRECT NO_x AND SO₂ EMISSIONS in t/a



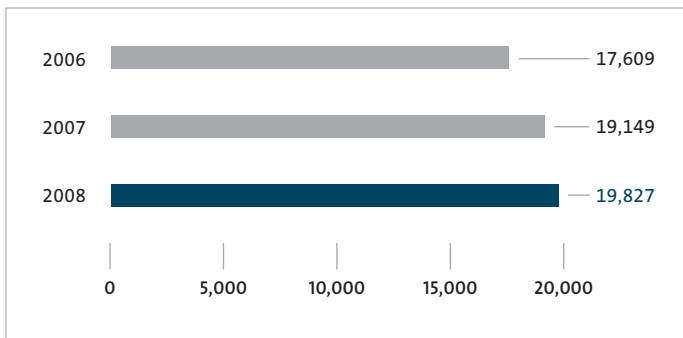
The increase in this parameter at the start of the reporting period is predominantly due to increased fuel consumption by non-European plants accompanied by an expansion in production.

DIRECT NO_x AND SO₂ EMISSIONS in g/vehicle



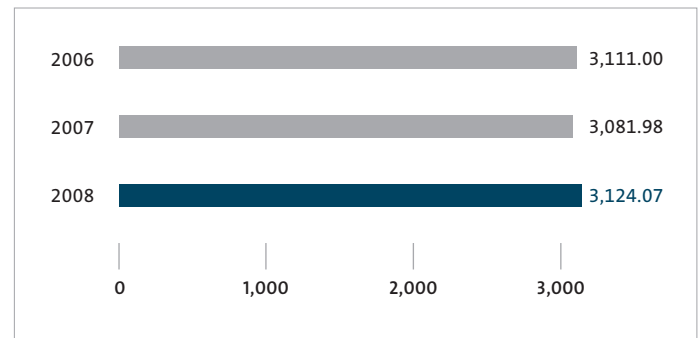
The subsequent drop in emissions is explained, among other things, by improved exhaust air treatment performance during energy generation.

VOC EMISSIONS in t/a

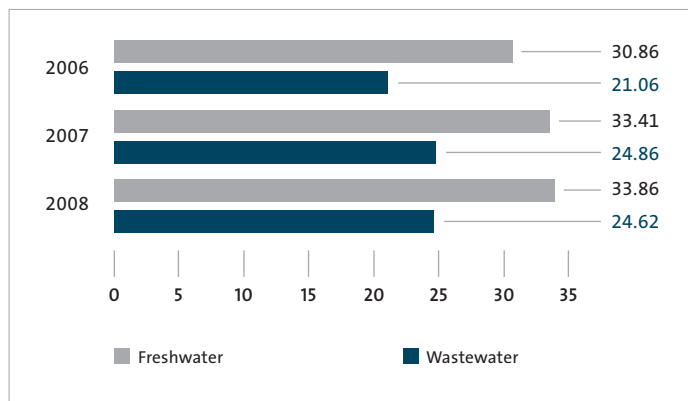


As a result of the increase in vehicle production over the reporting period and the associated higher paint consumption, there was an increase in VOC emissions.

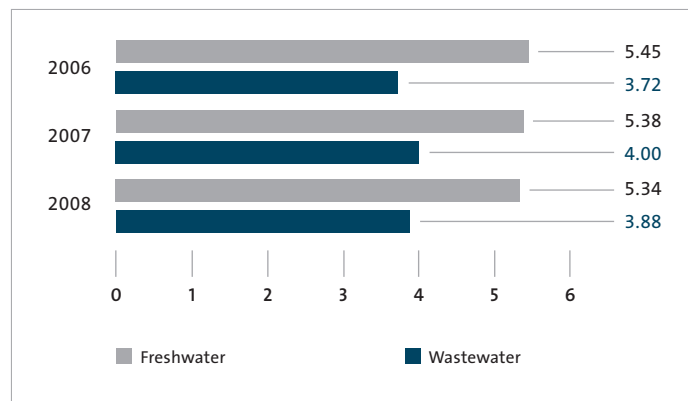
VOC EMISSIONS in g/vehicle



FRESHWATER AND WASTEWATER in million m³/a



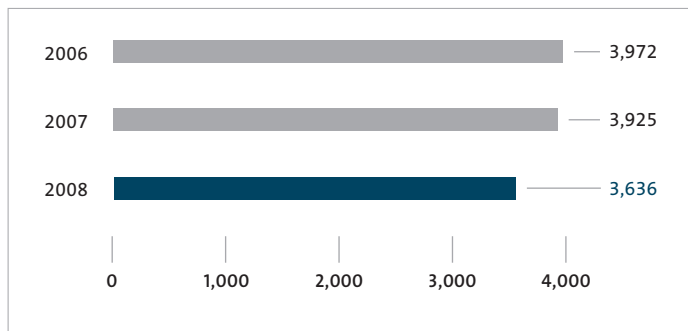
FRESHWATER AND WASTEWATER in m³/vehicle



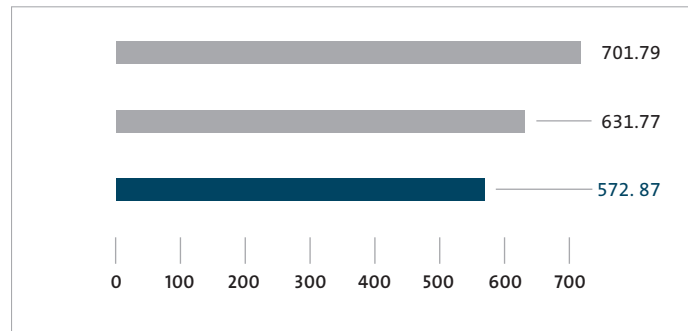
The increase in water consumption and wastewater volume over the reporting period is explained in part by the inclusion of further production plants and in part by increased vehicle production across the Volkswagen Group. At many plants, water consumption

has basically dropped relative to the volume of vehicles produced, in response to the Volkswagen Group's resource conservation strategy.

COD in t/a



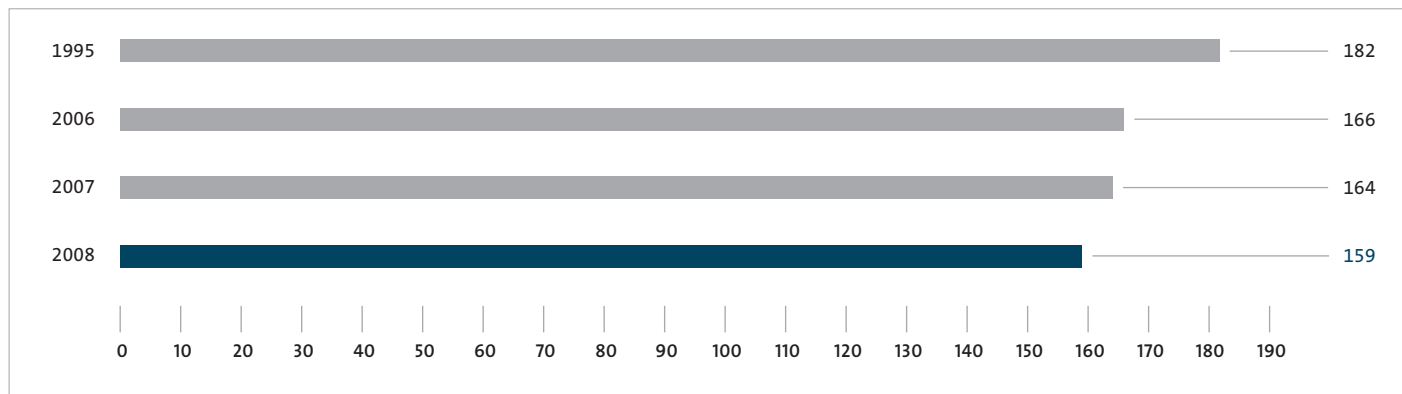
COD in g/vehicle



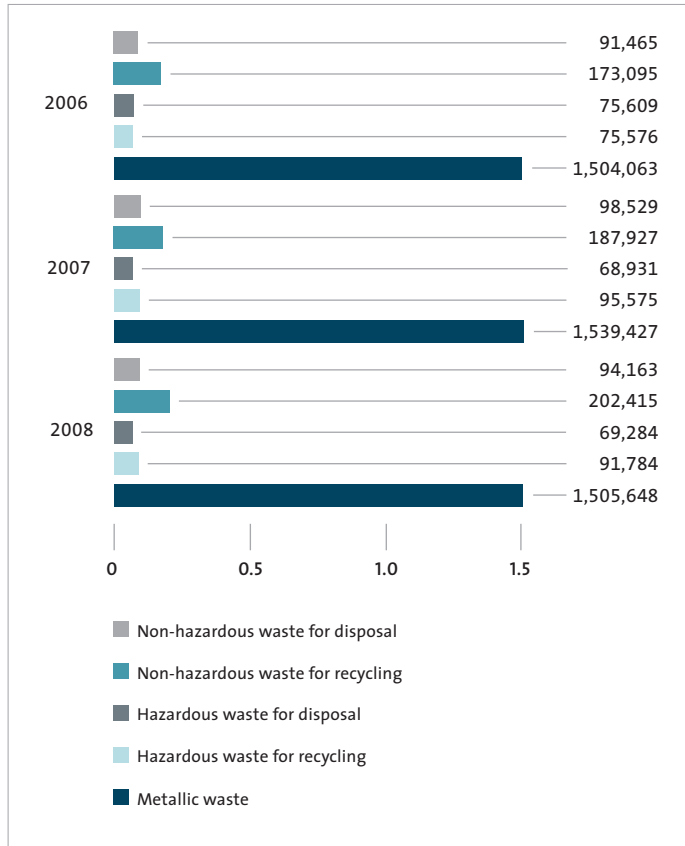
Despite the increase in vehicle production across the Volkswagen Group, wastewater contamination has been reduced by improved

wastewater treatment methods, resulting in a drop in this parameter per vehicle produced.

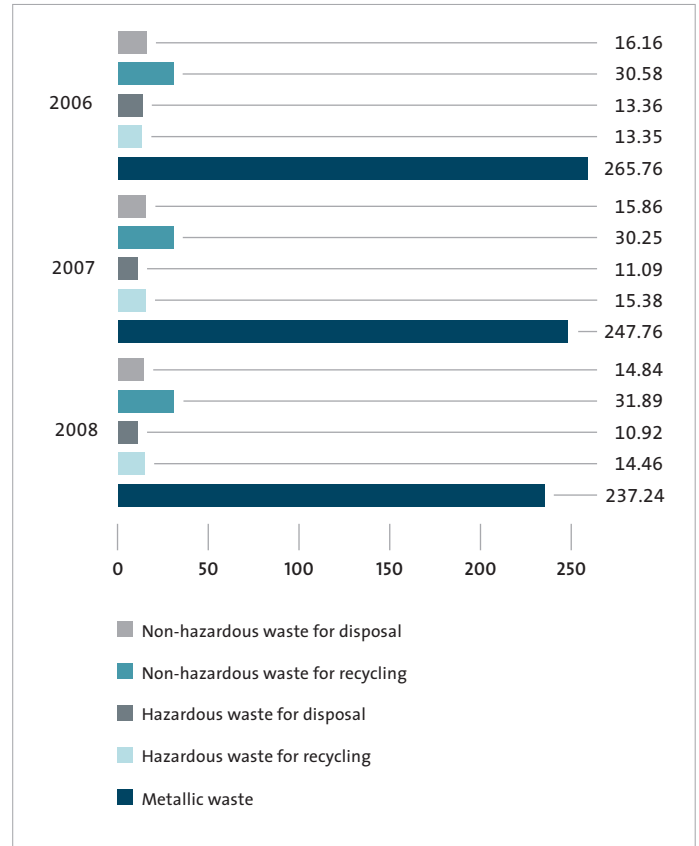
CO₂ EMISSIONS FROM THE VOLKSWAGEN GROUP'S EUROPEAN (EU 27) NEW CAR FLEET in g/km



WASTE in million t/a



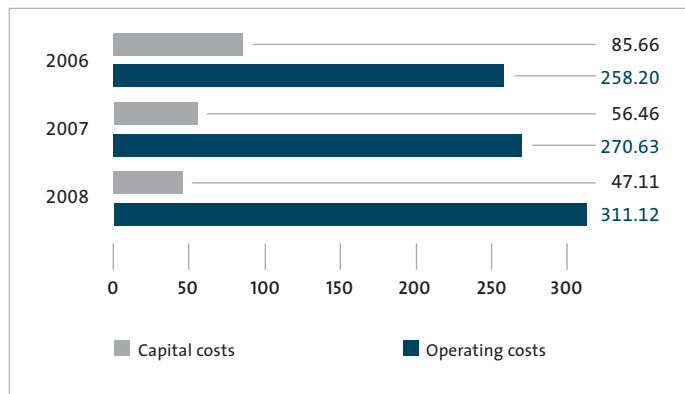
WASTE in kg/vehicle



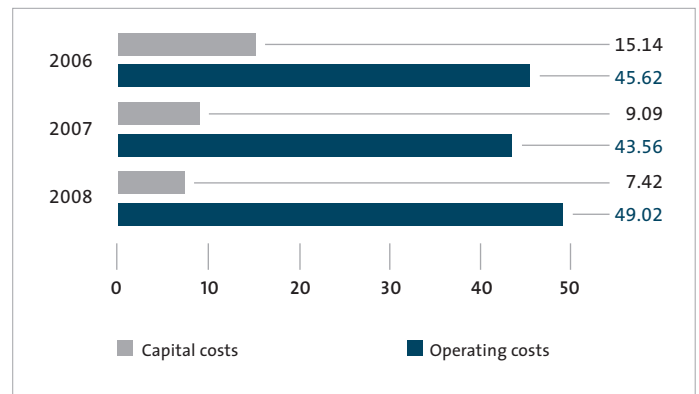
Despite increased vehicle production across the Volkswagen Group and the introduction of new models, metallic waste volumes have dropped over the entire reporting period. This is the result of improved material utilisation thanks to resource-op-

timised manufacturing processes. Recycling rates were also increased thanks to optimised waste segregation and treatment.

EXPENDITURE ON ENVIRONMENTAL PROTECTION in € million/a



EXPENDITURE ON ENVIRONMENTAL PROTECTION in €/vehicle



While investment in environmental protection was still increasing in the last reporting period, this expenditure is now on a downward trend. Operating costs for environmental protection, on the other hand, have risen, the largest proportion being accounted for

by operating costs for water conservation and waste management. Air pollution control also accounted for a major proportion of operating costs for environmental protection in the reporting period.

Financial Indicators

A more detailed presentation of the financial indicators can be found in the current Annual Report 2008. The indicators shown

below comply with the International Financial Reporting standard (IFRS) for the entire 2006 to 2008 period.

VOLUME DATA in '000*

| | 2008 | 2007 | 2006 |
|-----------------------------------|--------------|--------------|--------------|
| Vehicle sales (units) | 6,272 | 6,192 | 5,720 |
| Germany | 1,013 | 1,030 | 1,093 |
| outside Germany | 5,259 | 5,162 | 4,627 |
| Production (units) | 6,347 | 6,213 | 5,660 |
| Germany | 2,146 | 2,086 | 1,935 |
| outside Germany | 4,201 | 4,127 | 3,725 |
| Employees (annual average) | 357 | 329 | 329 |
| Germany | 178 | 175 | 174 |
| outside Germany | 179 | 154 | 155 |

* Including volume data for the vehicle-production investments Shanghai-Volkswagen Automotive Company Ltd. and FAW-Volkswagen Automotive Company Ltd., which are accounted for using the equity method.

FINANCIAL DATA in € million

| Volkswagen Group | 2008 | 2007 | 2006 |
|--|---------|---------|---------|
| Sales revenue | 113,808 | 108,897 | 104,875 |
| Operating profit | 6,333 | 6,151 | 2,009 |
| Profit before tax | 6,608 | 6,543 | 1,793* |
| Profit after tax | 4,688 | 4,122 | 1,955* |
| Profit attributable to shareholders of Volkswagen AG | 4,753 | 4,120 | 2,749 |
| Cost of materials | 75,954 | 72,340 | 66,935 |
| Personnel expenses | 15,784 | 14,549 | 17,400 |
| Provisions for pensions | 12,955 | 12,603 | 13,854 |
| Automotive Division | | | |
| Cash flows from operating activities | 8,771 | 13,675 | 11,745 |
| Cash flows from investing activities | 11,450 | 6,550 | 6,114 |
| Net liquidity at Dec. 31 | 8,039 | 13,478 | 7,133 |

* from continuing operations

VALUE ADDED OF THE VOLKSWAGEN GROUP in € million

| Source of funds | 2008 | | 2007 | | 2006 | |
|--|---------------|--------------|---------------|--------------|---------------|--------------|
| Sales revenue | 113,808 | | 108,897 | | 104,875 | |
| Other income | 9,992 | | 7,050 | | 6,849 | |
| Cost of materials | -75,954 | | -72,340 | | -66,935 | |
| Depreciation and amortization | -8,438 | | -9,238 | | -9,398 | |
| Other upfront expenditures | -12,554 | | -9,289 | | -11,790 | |
| Value added | 26,854 | | 25,080 | | 23,601 | |
| Appropriation of funds | 2008 | % | 2007 | % | 2006 | % |
| to shareholders | 779 | 2.9 | 720 | 2.9 | 497 | 2.1 |
| to employees (wages, salaries, benefits) | 15,784 | 58.8 | 14,549 | 58.0 | 17,400 | 73.7 |
| to the state (taxes, duties) | 2,503 | 9.3 | 2,950 | 11.8 | 440 | 1.9 |
| to creditors (interest expense) | 3,879 | 14.4 | 3,459 | 13.7 | 3,011 | 12.8 |
| to the Company (reserves) | 3,909 | 14.6 | 3,402 | 13.6 | 2,253 | 9.5 |
| Value added | 26,854 | 100.0 | 25,080 | 100.0 | 23,601 | 100.0 |

KEY FIGURES BY BRAND AND BUSINESS FIELD in '000 vehicles/€ million

| | VEHICLE SALES | | | SALES REVENUE | | | OPERATING RESULT | | |
|--------------------------------|---------------|--------------|--------------|----------------|----------------|----------------|---------------------|-------------------|------------------|
| | 2008 | 2007 | 2006 | 2008 | 2007 | 2006 | 2008 | 2007 | 2006 |
| Volkswagen Passenger Cars | 3,648 | 3,664 | 3,451 | 72,928 | 73,944 | 70,710 | 2,715 | 1,940 | 918 |
| Audi | 1,275 | 1,200 | 1,139 | 34,196 | 33,617 | 31,720 | 2,772 | 2,705 | 2,054 |
| Škoda | 626 | 620 | 562 | 8,039 | 8,004 | 7,186 | 565 | 712 | 515 |
| SEAT | 375 | 411 | 419 | 5,196 | 5,899 | 5,874 | -78 | 8 | -159 |
| Bentley | 8 | 10 | 10 | 1,084 | 1,376 | 1,340 | 10 | 155 | 137 |
| Volkswagen Commercial Vehicles | 439 | 427 | 388 | 9,607 | 9,297 | 8,092 | 375 | 305 | 138 |
| Scania ¹ | 31 | | | 3,865 | | | 417 | | |
| VW China ² | 989 | 930 | 694 | | | | | | |
| Other | -1,119 | -1,070 | -943 | -32,036 | -33,385 | -28,918 | -1,336 ³ | -631 ³ | -63 ³ |
| Volkswagen Financial Services | | | | 10,929 | 10,145 | 8,871 | 893 | 957 | 843 |
| Group before special items | | | | | 108,897 | 104,875 | | 6,151 | 4,383 |
| Special items | | | | | | | | | -2,374 |
| Volkswagen Group | 6,272 | 6,192 | 5,720 | 113,808 | 108,897 | 104,875 | 6,333 | 6,151 | 2,009 |

¹ Vehicles & Services and Financial Services, period from July 22, 2008 to December 31, 2008.

² The sales revenue and operating results of the joint-venture companies in China are not included in the figures for the Group. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of €395 million (2007: €294 million; 2006: €108 million).

³ Mainly intragroup items recognised in profit or loss, in particular from the elimination of intercompany profits; 2008 figure includes depreciation and amortisation of identifiable assets as part of the purchase price allocation for Scania.

Social Indicators

A Group-wide reporting system for recording social indicators in the Volkswagen Group has been developed over recent years. Introduction of the new controlling system for Human Resources has widened the range of indicators. Thanks to the increasing level of

standardisation generated in the course of this project, we can now report in more detail on the entire Group workforce, including China. The social indicators published in the present report refer to 100 percent of consolidated companies.

NUMBER OF EMPLOYEES BY TYPE OF WORK

| | 2008 | 2007 | 2006 |
|------------------------|-----------------|----------------|----------------|
| Production workers | 189,872 | 177,736 | 176,187 |
| Non-production workers | 170,172 | 142,267 | 139,489 |
| Apprentices | 9,884 | 9,302 | 9,199 |
| Core workforce | 369,928* | 329,305 | 324,875 |

*incl. Scania

On the balance-sheet date (December 31, 2008), the Volkswagen Group had a total of 369,928 employees on the payroll. This amounts to an increase of 40,623 over 2007, which is primarily

due to the initial consolidation of Scania. The number of trainees across the Volkswagen Group has grown by a further 6.3 percent compared to the previous year.

NUMBER OF EMPLOYEES BY REGION

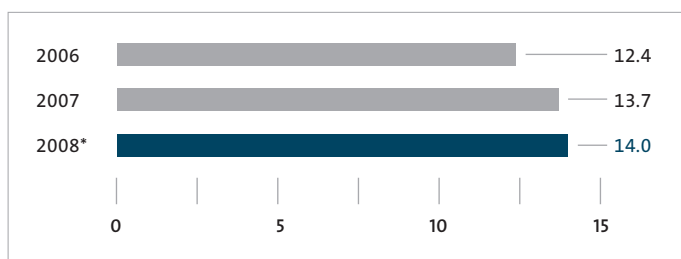
| | 2008 | 2007 | 2006 |
|-------------------------|-----------------|----------------|----------------|
| Europe | 258,805 | 256,119 | 256,605 |
| The Americas | 44,460 | 42,814 | 40,016 |
| Africa | 5,580 | 5,886 | 6,768 |
| Asia | 28,453 | 24,486 | 21,486 |
| Total | 337,298* | 329,305 | 324,875 |
| of whom temporary staff | 16,016 | 15,282 | 14,487 |
| of whom permanent staff | 321,282 | 314,023 | 310,388 |

* Group workforce, excluding Scania (32,630 employees)

 **FURTHER INFORMATION ON THE INTERNET**

66 ▶ Employees by country

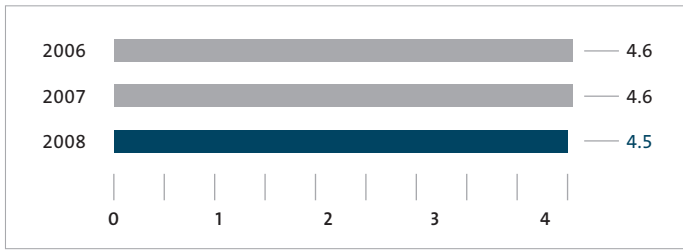
PROPORTION OF FEMALE EMPLOYEES IN THE VOLKSWAGEN GROUP in percent



In 2008, the proportion of female employees in the Volkswagen Group rose by 0.3 percentage points over 2007 to 14.0 percent. Unlike the overall metalworking and automotive industry, which has seen a distinct drop in the proportion of female employees in recent years, the Volkswagen Group has recorded a positive trend in this area.

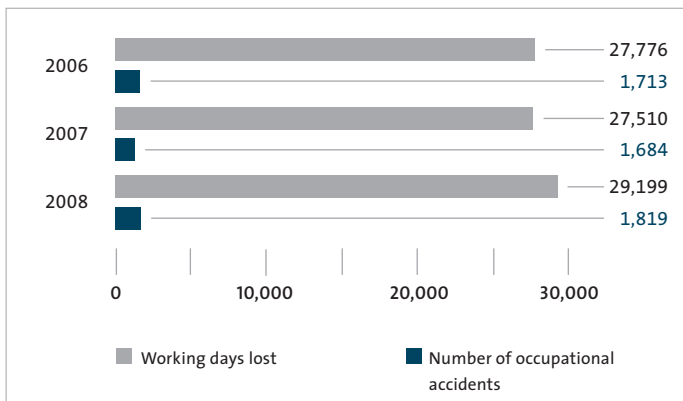
*excl. Scania

PROPORTION OF APPRENTICES IN GERMANY in percent



The proportion of apprentices is a vital indicator not only of the future viability of a company but also of its contribution to the ongoing development of society. Since other countries do not have a training model which corresponds to the German “dual system”, these figures relate solely to Germany. The Volkswagen Group has in fact set up similar training systems at several foreign plants, but since these are not directly comparable with the German model, the figures cannot be included here.

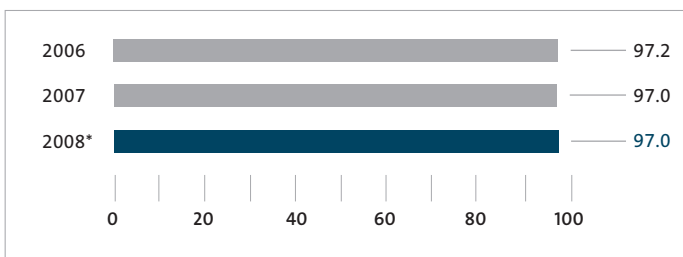
ACCIDENT FREQUENCY in '000



The accident frequency index is an indication of the frequency with which accidents at work occurred in relation to the total number of hours worked (formula: no. of occupational accidents multiplied by 1 million divided by no. of hours worked).

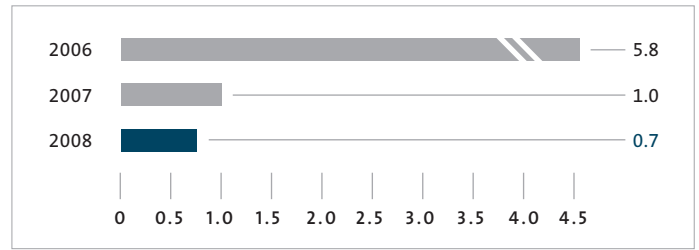
The number of working days lost and of occupational accidents rose between 2007 and 2008. The reason for this is that, from 2008, occupational accidents involving salaried staff are also included in the statistics. This changeover to the overall workforce was decided in 2007 in order to comply with worldwide reporting standards.

HEALTH INDEX – CUMULATIVE VALUES in percent



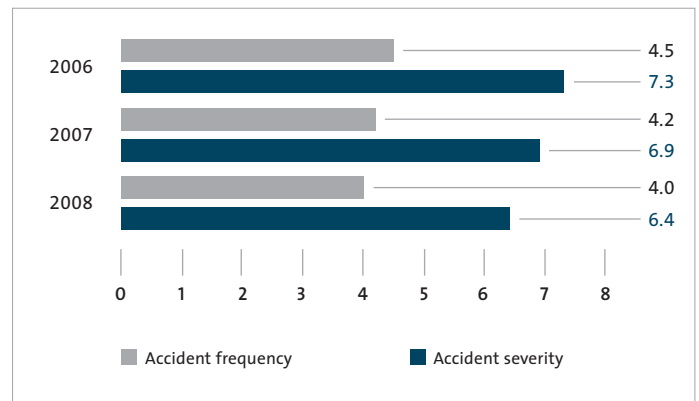
The health index provides an indication of the overall health situation in the company and is determined by deducting the percentage of days lost due to illness or accident from the maximum possible attendance rate of 100%.
* excl. Scania

EMPLOYEE TURNOVER in percent



The employee turnover rate showed a sharp rise in 2006, the year in which a major proportion of the restructuring measures with an impact on employee numbers took place. Through the sale of Europcar and gedas alone, 11,100 employees left the Group. In addition, phased retirement schemes and voluntary redundancies within the Group led to an increase in employee turnover. In 2008, the employee turnover rate was only 0.7 percent, a drop in comparison with 2007.

ACCIDENT INDEXES



The accident severity index indicates how serious the accidents are by relating the total number of working days lost to the number of hours worked (formula: no. of working days lost multiplied by 1 million divided by no. of hours worked multiplied by ten).

The number of accidents revealed by the accident frequency index declined in 2007 and 2008 in comparison with 2006. This is due to a more systematic approach to occupational safety in the Group’s overseas plants. Accident severity in the Volkswagen Group has also declined continuously since 2006.

Health figures in the Volkswagen Group have remained at the same high level. The Group’s comprehensive range of continuing development and health activities are clearly still taking effect even with a growing workforce.

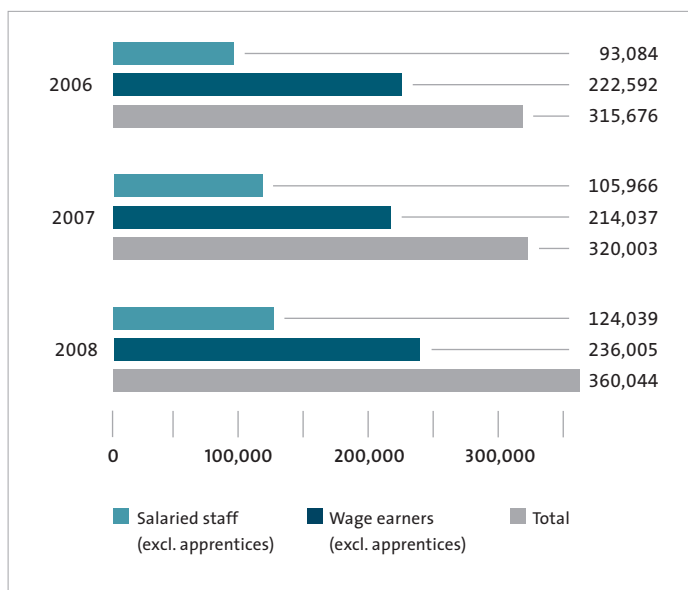
OCCUPATIONAL SAFETY TRAINING

| | 2008 | 2007 | 2006 |
|---|--------|--------|--------|
| No. of occupational safety training sessions conducted internally | 1,123 | 861 | 1,127 |
| No. of occupational safety training sessions conducted externally | 2,256 | 1,468 | 1,269 |
| No. of employees taking part in these (internal) | 12,766 | 13,281 | 11,053 |
| No. of employees taking part in these (external) | 8,327 | 4,016 | 6,442 |
| No. of internal occupational safety audits | 106 | 64 | 117 |
| No. of safety inspections | 3,824 | 1,874 | 2,067 |
| No. of meetings of Occupational Safety Committee | 107 | 53 | 83 |

Data about the number of occupational safety training sessions carried out have been recorded since 2005. The figures relate to the following plants: Wolfsburg, Kassel, Hanover, Emden, Brunswick, Salzgitter, Slovakia, Sachsen Mosel, Navarra, Dresden,

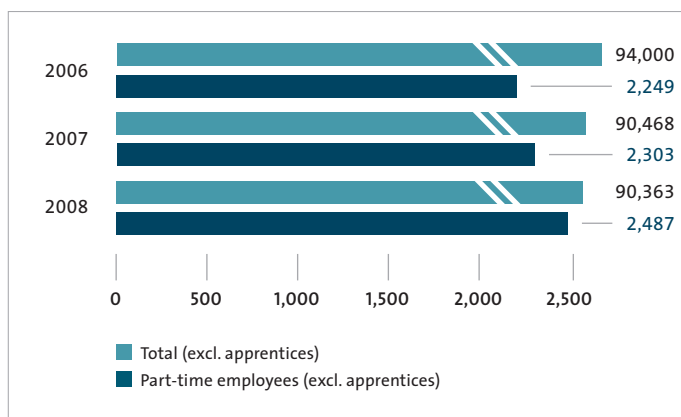
Polkowice, Poznan, Sachsen Chemnitz and Autoeuropa. There are differences in the way the individual measures are defined at the various plants.

WORKFORCE BY OCCUPATIONAL GROUP



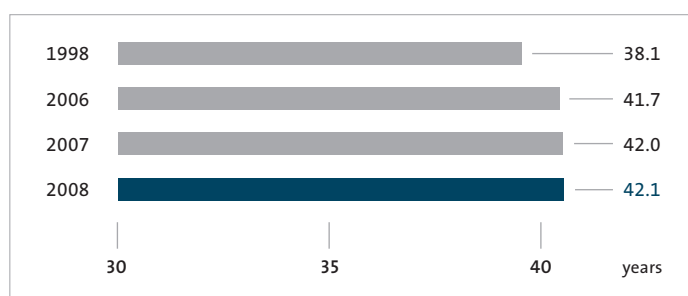
Development of our controlling system for Human Resources has for the first time made it possible to identify this indicator. The increase in 2008 is primarily due to the acquisition of Scania.

TREND IN PART-TIME EMPLOYEES (GERMANY)



Development of our controlling system for Human Resources has for the first time made it possible to identify this indicator. With a roughly constant total workforce in Germany, the proportion of part-time employees rose by eight percent in 2008 relative to the previous year.

VOLKSWAGEN AG: OVERALL AGE STRUCTURE (GERMANY)



Development of our controlling system for Human Resources has for the first time made it possible to identify this indicator. The age structure has remained unchanged over the last three years, demonstrating that we have been successful in attracting new young talent to the Volkswagen Group.

FURTHER INFORMATION ON THE INTERNET

- 67 ▶ Age pyramid
- 68 ▶ Age structure by gender
- 69 ▶ Qualifications structure within the Group

Highlights and Lowlights

↓ September 13, 2007

“Climate pigs” protest

The opening of the Frankfurt International Motor Show (IAA) is targeted by a Greenpeace protest “against the anti-climate model policies of German manufacturers”. 20 Greenpeace activists use pink paint to transform three particularly high fuel-consumption models – including an Audi and a Volkswagen – into “climate pigs”, complete with snout, ears and curly tails.

↓ 2008

European car industry fails to meet ACEA voluntary agreement

The European Automobile Manufacturers’ Association ACEA fails to meet its voluntary agreement to reduce the average CO₂ emissions of its European new-car fleet to 140 grams per kilometre by 2008.

↓ August 20, 2008

Fifth place in VCD Cars and the Environment manufacturer rankings

In the “Cars and the Environment” rankings of the German Association for Transport and the Environment (VCD), Volkswagen slips from first place in 2006 to fifth place in 2008 in the category “manufacturers’ environmental commitment”. One of the main reasons is because Volkswagen does not disclose the average CO₂ emissions of its cars sold in Germany.

↑ September 30, 2008

Volkswagen Group listed in two Dow Jones Sustainability Indexes

The Volkswagen Group requalifies for listing in two leading sustainability indexes: the Dow Jones Sustainability World Index, considered to be the world’s leading sustainability index, and the Dow Jones STOXX Sustainability Index. In addition to the Volkswagen Group’s acknowledged excellence in the area of highly efficient technological solutions and environmental protection, the rating also pays tribute to progress in the areas of human resources and social responsibility.

↑ November 20, 2008

Jetta TDI voted “Green Car of the Year 2009”

Volkswagen’s Jetta 2.0 TDI is voted “Green Car of the Year” at the Los Angeles Auto Show. This is the first time the award for the USA’s greenest car, first presented in 2005, has gone to a diesel model. In particular, the “Green Car Journal” jury praise the fuel efficiency of the 2-litre engine. They say the Jetta stands comparison with hybrid models – an American favourite – but comes at a lower price.

↑ December 5, 2008

Volkswagen receives German Sustainability Award

Volkswagen is voted one of Germany’s most sustainable brands by the German Sustainability Award jurors in Düsseldorf, alongside Henkel and SolarWorld. Volkswagen is the only automotive company among the winners in the “Germany’s most sustainable brand” category. Among other things, the jury praises the Volkswagen Group’s

sustainable supply chain, anti-corruption initiatives and ethical guidelines. The fuel-efficient “BlueMotion” models also contribute to the decision.

↓ 2008/2009

Public debate on biofuels hot up

Biofuels constitute one component of the Volkswagen Group’s Powertrain and Fuel Strategy. Due to conflicts of interest with food production and supply issues however, biofuels find themselves at the centre of a heated debate.

↑ April 24, 2009

Passat TSI EcoFuel receives 5-star rating in ADAC EcoTest

The natural gas-powered Volkswagen Passat 1.4 TSI EcoFuel is the first ever car in the five-year history of the ADAC EcoTest to be awarded a five-star rating.

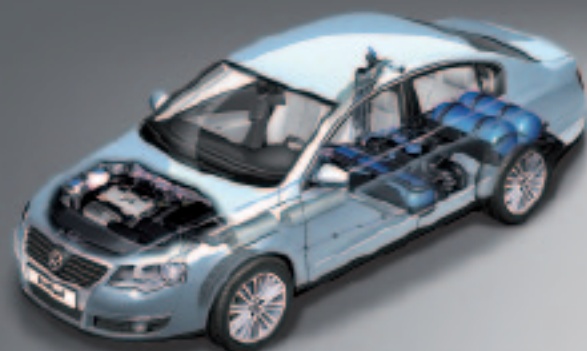
↑ April 24, 2009

Audi reinforces its reputation as an attractive employer

Audi reaffirms its reputation as an attractive company to work for. In the latest Young Professional Barometer survey by Berlin consultancy trendence, the company moves up into second place.



Greenpeace protest against “climate pigs”










The Passat TSI EcoFuel

Goals

The Volkswagen Group has set itself Group-wide goals to improve its sustainable development performance. The Sustainability Programme shown on this page summarises the most important newly defined goals. The complete list of all new Goals and Actions, and a progress report on the Goals and Actions contained in the Sustainability Programme 2007, can be found in our online Sustainability Report at

 www.SustainabilityReport2009.volkswagenag.com

70  Goals and achievements

-  Strategy and Management
-  Climate and Energy
-  Safeguarding Plants' Future
-  Sustainable Mobility and Urbanisation
-  Demographic Change and Employment
-  Safety and Health
-  Finance

| Goal | Action | Deadline |
|---|--|----------|
| Responsible management | | |
| Establish Volkswagen as a world-leading carmaker both economically and environmentally | Under Strategy "18plus", develop new environmental standards covering the entire product life cycle, in accordance with the "Group Environmental Principles, Products" and "Group Environmental Principles, Production". Continuously improve productivity and quality based on the key strategic elements "standardisation and reduction of throughput times", as well as strict cost and investment discipline | 2018 |
| Enhance responsible supply chain management | Extend the concept "Sustainability in Supplier Relations" to all brands and regions | 2010 |
| | Develop a regional training programme | 2011 |
| Improve sustainability communications vis-à-vis customers, dealers and the trade | Prepare Environmental Commendations for new models and BlueMotionTechnologies | ongoing |
| | Ensure a differentiated and targeted presentation of the environmental characteristics of our products on the Environmental Commendations portal at www.environmental-commendation.com | 2009 |
| Introduce an IT-based CSR information system | Pilot the system using existing instruments and key indicators; compile into a coherent CSR information system | 2010 |
| Environmental compatibility | | |
| Fleet-average CO ₂ emissions target: in order to meet both the ambitious EU threshold values and the expectations of our customers, reduce the CO ₂ emissions of our new-car fleet in Europe (EU 27) by 20 percent over 2006 levels by 2015 | Develop wide-ranging measures to improve fuel economy under the Volkswagen Group's Powertrain and Fuel Strategy | 2015 |
| Cut energy consumption and CO ₂ emissions of European production plants by more than ten percent | Implement and follow up already defined organisational and technical efficiency-enhancing actions and identify and exploit new improvement potential | 2013 |
| Use Life Cycle Assessments as a controlling instrument | Further integrate Life Cycle Assessments into the product development process for all vehicles, in accordance with the "Group Environmental Principles, Products" | ongoing |
| Obtain environmental certifications at new sites | Obtain environmental certifications at new Kaluga and Pune sites | 2011 |
| Actively shape the evolution of environmentally compatible personal mobility | Conduct ongoing mobility research in the framework of a wide range of joint projects; develop traffic assistance systems | ongoing |
| Social responsibility | | |
| Improve human resources development | Improve quality of workforce through systematic skill management, using skill profiles and appropriate forms of skill development | ongoing |
| | Improve leadership skills by introducing a "Leadership Licence" for all levels of management | ongoing |
| Intensify university marketing | Make direct approaches to universities, attend university fairs and recruiting events | ongoing |
| Improve employee health | Extend the health check-up to all plants outside Germany | ongoing |
| Economic agility | | |
| Increasing returns | As part of "18plus" strategy, adopt long-term goal of a return on investment of over ten percent for the Group as a whole | ongoing |
| Ensuring liquidity | Generate positive free cash flow in the Automotive Division | ongoing |

Independent Assurance Report

to Volkswagen Aktiengesellschaft, Wolfsburg

We have been engaged by Volkswagen AG of Wolfsburg to perform an independent assurance engagement to attain moderate assuranceⁱ in respect of observing the AA1000 AccountAbility principles and in respect of individual quantitative sustainability data selected by Volkswagen AG in the Sustainability Report 2009/10 (the "Sustainability Report").

Responsibility of the legal representatives

It is the responsibility of the legal representatives of the Company

- to comply with the principles of inclusivity, materiality and responsiveness as defined in AccountAbility Principles Standard (2008) (the "AA1000 AccountAbility Principles"), and
- to prepare the sustainability information in the Sustainability Report in accordance with the criteria set out in the Sustainability Reporting Guidelines Vol. 3 (pages 7 to 17) of the Global Reporting Initiative (GRI).

This responsibility includes the conception, implementation and maintenance of systems and processes for ensuring compliance with the AccountAbility Principles and to prepare the Sustainability Report with the application of assumptions and estimations that are appropriate under the given circumstances.

Responsibility of the auditors

Our responsibility is to form an independent opinion, based on our assurance procedures, on whether facts have come to our attention leading us to believe that in all material respects

- the systems and processes installed by the Company are not appropriate for compliance with the AccountAbility Principles; or
- the selected quantitative sustainability information set out in the section "Report profile" on cover page C2 in the Sustainability Report has not been prepared in compliance with the GRI criteria.

We conducted our independent assurance engagement in accordance with AA1000 Assurance Standard (AA1000AS) 2008 and also in accordance with International Standard on Assurance Engagements (ISAE) 3000.

These standards require that we fulfil our professional duties and plan and conduct the engagement in accordance with the principle of materiality so that we can form an opinion with moderate assuranceⁱ, which is the degree of assurance that was required by Volkswagen AG. We are independent as defined by Section 3.2 of AA1000AS (2008). Due to our expertise and experience with non-financial assessments, sustainability management and social and ecological issues, we have the competencies required to conduct this independent assurance engagement. An independent assurance engagement performed to obtain moderate assuranceⁱ is less substantial in scope than an independent assurance engagement performed to obtain high assuranceⁱⁱ, with the result that a corresponding lower level of assurance is obtained. The selection of the issues to be examined is a matter for the dutiful judgement of the independent auditors performing the engagement. With regard to compliance with the AccountAbility Principles, our examination procedures included discussions with management, understanding the relevant documentation, and random examination of evidence of the implementation and appropriateness of the relevant systems and processes.

With regard to the selected sustainability information, our work included the following examinations:

- discussions with the employees responsible for the reporting of sustainability information and process-oriented environmental protection;
- examination of the systems and processes for the compilation, calculation and reporting of sustainability information;
- functional examination of the controls for the assurance of data quality;
- analytical assessment of selected sustainability data;
- visits to selected sites, as well as site-related inquiries and data collection.

Material findings and judgements

With regard to the fundamental AccountAbility Principle of inclusivity:

- Internal documentation and publicly accessible information exist that describe the identification and analysis of important stakeholders and stating various obligations vis-à-vis stakeholders.
- We found evidence that Volkswagen AG has set up a procedure calling for the involvement of stakeholders in decision-making processes on issues relating to sustainability and calling for the execution of stakeholder dialogues.
- We recommend ensuring there is understandable documentation of the planning and further development of stakeholder involvement.

With regard to the AccountAbility Principle of materiality:

- With the use of internal documentation and discussions with management, evidence was found of definitive components of the procedure for ascertaining the materiality of sustainability issues.
- Following a critical review of the Sustainability Report, we determined that internally prioritised issues were given due consideration therein.
- We recommend the further development of the existing process for determining the relevance and significance of sustainability issues and the appropriate documentation of such further development.
- We recommend a closer focus of internal communication on the entire sustainability spectrum.

With regard to the AccountAbility Principle of responsiveness:

- Internal documentation exists providing evidence that procedures have been set up for the identification and consideration of matters raised by stakeholders.
- By means of various examples and internal documentation, we determined that external communication is balanced across the spectrum of sustainability issues.
- A project has been initiated for the development of an overarching IT system for sustainability information with the goal of standardizing and automating the respective reporting processes, with a pilot phase planned for 2010.
- We determined that, in the form of the GRI criteria, suitable guidelines for sustainability reporting are in use.
- We recommend that the approach to stakeholder inquiries should in future be documented in a set of binding procedural instructions.

Based on our independent assurance engagement to obtain moderate assurance, nothing has come to our attention that causes us to believe that, in all material respects

- the systems and processes installed by the Company are not appropriate for compliance with the AccountAbility Principles, and
- the selected quantitative sustainability information set out in the section "Report profile" on cover page C2 in the Sustainability Report has not been prepared in compliance with the GRI criteria.

Further recommendations

Without qualifying the opinions on our engagement stated above, we make the following recommendations in addition to those regarding the AccountAbility Principles:

- The ongoing automation of data consolidation, e.g. by introducing an overarching IT system for sustainability information.
- The specification of definitions and data calculation and aggregation steps as well as the installation of controls within the framework of procedural instructions on the use of uniform sustainability information.
- The systematic monitoring of compliance with VW Environmental Norm 98 000 and of the process standard on the internal reporting of sustainability data, e.g. by the Quality Assurance or Internal Auditing department.

Hanover, August 14, 2009

PricewaterhouseCoopers
Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Harald Kayser Michael Werner
Auditor

ⁱ "Moderate assurance" as specified by AA1000AS (2008) is equivalent to "limited assurance" as specified by ISAE 3000.

ⁱⁱ "High assurance" as specified by AA1000AS (2008) is equivalent to "reasonable assurance" as specified by ISAE 3000.

GRI Content Index



The present Volkswagen Aktiengesellschaft Sustainability Report takes full account of the reporting guidelines of the Global Reporting Initiative (GRI). The Report complies with the highest GRI application level (A+). This was confirmed by the GRI in the course of an inspection.

The GRI Content Index lists those standard indicators from the current GRI Guidelines (G3) on which we report, and shows where the relevant information can be found in the Volkswagen Group Sustainability Report 2009/2010, Internet pages or Annual Report 2008. Italics indicate supplementary indicators.

In the Volkswagen Aktiengesellschaft online Sustainability Report 2009/2010

www.SustainabilityReport2009.volkswagenag.com

you will find an extended GRI Index complete with links. This also provides information on why the Volkswagen Group does not report on specific GRI indicators and instead selects its own focal points. In addition, the extended index documents the fact that our sustainability reporting already complies to a large extent with the requirements of the draft version of the Automotive Sector Supplement to the GRI from 2004.

Key

1–60:

Page in Sustainability Report

C1–C8:

Cover page in Sustainability Report

AR 1–286:

Page in Annual Report 2008

GP:

Group Portal

www.volkswagenag.com

OSR:

Online Sustainability Report 2009/2010

www.SustainabilityReport2009.volkswagenag.com

BP:

Brand Sustainability Portal (Volkswagen)

www.mobility-and-sustainability.com

Status

● fully reported

● partly reported

● not reported

| GRI Standard Disclosure | Reference | Status |
|---|--|--------|
| Strategy and Analysis | | |
| 1.1 Statement from the most senior decisionmaker | 4, 5, AR 10-11 | ● |
| 1.2 Key impacts, risks and opportunities | 6–7, 11, 14, 16–17, 31–32, 58–59, AR 100, 170, OSR | ● |
| Organizational Profile | | |
| 2.1 Name of the organization | 1 | ● |
| 2.2 Brands, products and/or services | C3–C4, 1, AR 78–79, 122, OSR | ● |
| 2.3 Operational structure | 1, AR 78–79 | ● |
| 2.4 Headquarter location | 1 | ● |
| 2.5 Countries in operation | C3, 1, 32–33, OSR | ● |
| 2.6 Nature of ownership | 1, AR 124, OSR | ● |
| 2.7 Markets served | 1, 32–33, AR 116–118, 121–122 | ● |
| 2.8 Scale of the organization | C3–C4, 1, 54, AR 78–79, 121, 123 | ● |
| 2.9 Significant changes regarding size, structure, or ownership | 1, 32–33, AR 107, OSR | ● |
| 2.10 Awards received | C3–C4, 58, OSR | ● |
| Reporting Parameters | | |
| 3.1 Reporting period | C2 | ● |
| 3.2 Date of most recent previous report | C2 | ● |
| 3.3 Reporting cycle | C2 | ● |
| 3.4 Contact point for questions | C2, C7 | ● |
| 3.5 Process for defining report content | C2, 6–7, 13, OSR | ● |
| 3.6 Boundary of the report | C2, 48–49, 53, 55 | ● |
| 3.7 Limitations on the scope or boundary of the report | C2, 48–49 | ● |
| 3.8 Joint ventures, subsidiaries, and outsourced operations | C2, 1, 48–49 | ● |
| 3.9 Data measurement techniques | 48–49, 53, 55, OSR | ● |
| 3.10 Effects of re-statement of information provided in earlier reports | 1, 48–49 | ● |
| 3.11 Significant changes in the scope, boundary, or measurement methods | C2, 1, 48–49 | ● |
| 3.12 GRI Content Index | C5–C6, OSR | ● |
| 3.13 External assurance | C2, 60 | ● |
| Governance, Commitments, and Engagement | | |
| 4.1 Governance structure | 12, 14, AR 98–101, GP | ● |
| 4.2 Indication whether chairperson is also executive officer | 11–15, AR 110–113, GP | ● |
| 4.3 Independent members at the board | AR 110–113, GP | ● |
| 4.4 Mechanisms for shareholders and employees to provide recommendations to the board | 5, 12–13, 31–32, 37, AR 107–108, 128–129, 162, OSR, GP | ● |
| 4.5 Linkage between executive compensation and organization's performance | AR 102–103, 105, 192 | ● |
| 4.6 Processes to avoid conflicts of interest at the board | 12–13, 16–17, AR 100, 170 | ● |
| 4.7 Expertise of board members on sustainability topics | 8–10, 12–13, AR 98–99, 106 | ● |
| 4.8 Statements of mission, codes of conduct, and principles | 8–10, 11, 12–13, 15, 19, 31, 33, 36, 39, 48, AR 98–99, OSR | ● |
| 4.9 Procedures for board governance on management of sustainability performance | 12–13, 16–17, AR 170, 173–174 | ● |
| 4.10 Processes for evaluation of the board's sustainability performance | AR 102–105 | ● |
| 4.11 Precautionary approach | 8–10, 16–17, 18–19, 26–27 | ● |
| 4.12 External charters, principles, or other initiatives | C2, 8–10, 13–14, 30, 33, AR 98–99, 168–169, GP | ● |
| 4.13 Memberships in associations | 11–14, GP | ● |
| 4.14 Stakeholder groups | C2, 1, 6–7, 13–14, 15, 35, 36, 41–43, 44, 46–47, OSR | ● |
| 4.15 Stakeholder identification and selection | 6–7, 13–14, 15, 44, 46–47, AR 150–151, 153, 156–157, 162, 164–165, 168–169, OSR, GP | ● |
| 4.16 Approaches to stakeholder engagement | 6–7, 13–14, 15, 41–43, 44, 46–47, AR 150–151, 153, 156–157, 162, 164–165, 168–169, OSR, GP | ● |
| 4.17 Topics and concerns raised by stakeholders | 6–7, 13–14, 15, 41–43, 44, 46–47, AR 164–165, OSR, GP | ● |

| GRI Standard Disclosure | Reference | Status | |
|---|--|---|---|
| Economic Performance Indicators | | | |
| | Disclosure on management approach | 1, 6-7, 11-15, 16-17, 58-59, AR 116-119, AR 170-177, OSR | ● |
| EC1 | Direct economic value generated and distributed | 1, 53-54, AR 132-133 | ● |
| EC2 | Financial implications due to climate change | 6-7, 8-10, 14, 16-17, 23, 26-27, AR 173-174 | ● |
| EC3 | Coverage of the organization's defined benefit plan | 36, 53-54, AR 207 | ● |
| EC4 | Financial government assistance | OSR | ● |
| EC5 | Entry level wage compared to local minimum wage | - | ● |
| EC6 | Locally-based suppliers | 15, OSR | ● |
| EC7 | Local hiring | 34-37, OSR | ● |
| EC8 | Infrastructure investment and services for public benefit | 32-33, 41-43, 44-47, OSR | ● |
| EC9 | Indirect economic impacts | 41-43, 44-47, OSR | ● |
| Environmental Performance Indicators | | | |
| | Disclosure on management approach | 6-7, 8-10, 11-15, 18-23, 24-27, 28-29, 30-33, 48-52, 58-59, OSR | ● |
| EN1 | Volume of materials used | 12, 20-21, 26, OSR, GP | ● |
| EN2 | Recycled materials | 26, OSR, GP | ● |
| EN3 | Direct primary energy consumption | 49, OSR | ● |
| EN4 | Indirect primary energy consumption | OSR | ● |
| EN5 | Energy conservation | 21-22, 49, 59, OSR | ● |
| EN6 | Initiatives for energy-efficiency and renewable energy | 8-10, 18-23, 24-27, AR 50-53, OSR | ● |
| EN7 | Initiatives for reducing indirect energy consumption | 21-22, 49, 59, OSR | ● |
| EN8 | Total water withdrawal | 51, OSR | ● |
| EN9 | Effect of water withdrawal | - | ● |
| EN10 | Water recycled and reused | - | ● |
| EN11 | Land assets in or adjacent to protected areas | 14, 46, OSR, BP | ● |
| EN12 | Impacts on biodiversity | 14, 46-47, OSR, BP | ● |
| EN13 | Habitats protected or restored | 14, 46-47, OSR, BP | ● |
| EN14 | Strategies for biodiversity | 14, 46-47, OSR, BP | ● |
| EN15 | Endangered species | - | ● |
| EN16 | Greenhouse gas emissions | 49-50, OSR | ● |
| EN17 | Other greenhouse gas emissions | OSR | ● |
| EN18 | Initiatives to reduce greenhouse gas emissions | 21-22, 49, 59, OSR | ● |
| EN19 | Emissions of ozone-depleting substances | OSR | ● |
| EN20 | NOx, SOx, and other air emissions | 50, OSR | ● |
| EN21 | Water discharge | 51, OSR | ● |
| EN22 | Waste by type and disposal method | 33, 52, OSR | ● |
| EN23 | Significant spills | OSR | ● |
| EN24 | Waste deemed hazardous under the terms of the Basel Convention | 52 | ● |
| EN25 | Impacts of discharges and runoff on biodiversity | OSR | ● |
| EN26 | Initiatives to mitigate environmental impacts | 8-10, 19-20, 23, 24, 26-27, OSR | ● |
| EN27 | Packaging materials | 22, OSR | ● |
| EN28 | Sanctions for non-compliance with environmental regulations | 14, AR 173-174, OSR | ● |
| EN29 | Environmental impacts of transport | 22, OSR | ● |
| EN30 | Environmental protection expenditures | 52, OSR | ● |

| GRI Standard Disclosure | Reference | Status | |
|---|---|--|---|
| Social Performance Indicators: Labor Practices and Decent Work | | | |
| | Disclosure on management approach | 6-7, 11-15, 30-33, 34-37, 38-40, 41-43, 44-47, 55-57, 58-59, OSR | ● |
| LA1 | Workforce by employment type and region | 55-57, OSR | ● |
| LA2 | Employee turnover | 56, OSR | ● |
| LA3 | Benefits to full-time employees | 34-37, 38-40, 42, OSR | ● |
| LA4 | Employees with collective bargaining agreements | 31, 37, 55, OSR | ● |
| LA5 | Minimum notice period(s) regarding operational changes | 5, 31, 37, OSR, GP | ● |
| LA6 | Workforce represented in joint health and safety committees | 39, 57, OSR | ● |
| LA7 | Occupational diseases, lost days, and number of fatalities | C3-C4, 38-39, 56, OSR | ● |
| LA8 | Training on serious diseases | 38-39, 41-43, 57, OSR | ● |
| LA9 | Trade union agreements on health and safety | 38-39, 57, OSR, GP | ● |
| LA10 | Training per employee | 36, 57, OSR | ● |
| LA11 | Programs for lifelong learning | 34-37, OSR | ● |
| LA12 | Regular performance and career development reviews | GP | ● |
| LA13 | Composition of governance bodies | 55, 57, AR 110-113, OSR, GP | ● |
| LA14 | Gender pay disparity | OSR | ● |
| Social Performance Indicators: Human Rights | | | |
| | Disclosure on management approach | C2, 4, 12-14, 30-33, 36, 58-59, OSR | ● |
| HR1 | Investment agreements | 15, OSR, GP | ● |
| HR2 | Supplier screening on human rights | 15, OSR, GP | ● |
| HR3 | Training on human rights | - | ● |
| HR4 | Incidents of discrimination | 36, OSR | ● |
| HR5 | Freedom of association and collective bargaining | 5, 31, 37, 42, 55, 57, OSR | ● |
| HR6 | Child labor | OSR | ● |
| HR7 | Forced labor | 46, OSR | ● |
| HR8 | Training for security personnel | OSR | ● |
| HR9 | Violations of rights of indigenous people | OSR | ● |
| Social Performance Indicators: Society | | | |
| | Disclosure on management approach | C2, 12-15, 30-33, 41-43, 58-59, AR 98-99, OSR, GP | ● |
| SO1 | Impacts on communities | 13-14, 32-33, 41-43, 44-47, OSR, GP | ● |
| SO2 | Corruption risks | 12-14, AR 100-101, OSR | ● |
| SO3 | Anti-corruption training | 12-14, AR 100-101, OSR | ● |
| SO4 | Actions taken in response to incidents of corruption | 12-14, AR 100-101, OSR | ● |
| SO5 | Lobbying | 13-14, 44-47, AR 98-99, 101 | ● |
| SO6 | Donations to political parties and politicians | OSR | ● |
| SO7 | Legal actions for anticompetitive behavior | 12-14, AR 98-101 | ● |
| SO8 | Sanctions for non-compliance with laws and regulations | 12-14, AR 98-101, OSR | ● |
| Social Performance Indicators: Product Responsibility | | | |
| | Disclosure on management approach | 8-10, 11-14, 18-21, 23, 24-27, 28-29, 39-40, 58-59, OSR | ● |
| PR1 | Health and safety impacts along product life cycle | 9-10, 19-21, 23, 24, 26-27, 39-40, OSR | ● |
| PR2 | Non-compliance with health and safety standards | 39-40, OSR | ● |
| PR3 | Product information | 14, 19-21, 24, 26-27, OSR, BP | ● |
| PR4 | Non-compliance with product information standards | 14, OSR | ● |
| PR5 | Customer satisfaction | 4, 8-10, 14, 21, 26, 34, OSR | ● |
| PR6 | Marketing communication standards | 12-13, AR 100-101, OSR, BP | ● |
| PR7 | Non-compliance with marketing communication standards | 12-14, AR 100-101, OSR | ● |
| PR8 | Complaints regarding customer privacy | 12-14, AR 100-101, OSR | ● |
| PR9 | Sanctions for non-compliance with product and service related regulations | 12-14, AR 100-101, OSR | ● |

Contacts and Credits

PUBLISHER

Volkswagen Aktiengesellschaft
Berliner Ring 2
38440 Wolfsburg, Germany

Group Research Environment
Dr. Hans-Jürgen Stauss
Head of Strategy and Mobility
Phone: +49 (0) 5361 9 - 42866
E-mail: hans.stauss@volkswagen.de

Group External Relations
Dr. Gerhard Prätorius
Head of Coordination CSR and Sustainability
Phone: +49 (0) 5361 9 - 44280
E-mail: gerhard.praetorius@volkswagen.de

CONTACT, EDITORIAL MANAGEMENT

Dr. Daniel-Sascha Roth
Phone: +49 (0) 5361 9 - 49171
E-mail: daniel-sascha.roth@volkswagen.de

1st edition 08/2009
© Volkswagen Aktiengesellschaft

EDITING

Volkswagen Aktiengesellschaft, Wolfsburg

CONCEPT, DESIGN AND COPY

crossrelations GmbH, Düsseldorf
Volkswagen Aktiengesellschaft

PHOTOS

PhotoAlto/Odilon Dimier/gettyimages
Per-Anders Pettersson/gettyimages
Kreuels/laif
Rapho/laif © Leimdorfer
REA/laif © Rolle
Jungeblodt/laif
Knoth Fotografie
Volkswagen Aktiengesellschaft, Wolfsburg

LITHOGRAPHY

CON·CEPT·PRO GmbH, Köln

ENGLISH TRANSLATION

Bauer-Boothroyd Übersetzungen, Schorndorf

PRINTED BY

Friedr. Schmücker GmbH, Lönigen

PRINTED ON

Heaven 42

Art. No.: 915.1245.08.18

June 2009

ORDER A COPY

on the Internet at www.volkswagenag.com/sustainability
or from Volkswagen Distributionsservice,
Postfach 1450, 33762 Versmold, Germany

At Volkswagen AG, development work on all our models never ceases, so please allow for the fact that changes in design, equipment and technical specifications may be made at any time. Consequently, the data and descriptions in this report cannot give rise to claims of any kind.

