



Volkswagen Brazil's Annual Sustainability Report 2022





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Presentation





Annual sustainability report **releases new materiality matrix**

(GRI 2-3, 102-54)

The 11th edition of Volkswagen Brazil's annual sustainability report puts the ESG (Environmental, Social, and Governance) pillars into perspective, compiling the main economic and socio-environmental indicators and the relationship with stakeholders.

The documentation follows the methodology Global Reporting Initiative (GRI) - world reference in sustainability reporting - in the version GRI Standards, classified as an Essential Option, which requires, at a minimum, the reporting of one indicator from each material theme.

The performance data form a portrait of Volkswagen Brazil from January 1 to December 31, 2022. Eventually, the Annual Report signals facts from the first quarter of 2023, because they are linked to the previous cycle. To contextualize the information, the document also brings results from the SAM Region, which encompasses 29 countries.

The general coordination is from the Sustainability department at Volkswagen Brazil and counted on the contribution of all areas of the company and the production unit managers for the survey and analysis of the reported indicators.

About this Annual Report

This Annual Report is divided in nine chapters that represent the most relevant themes to the corporate strategy and define the company's actions fronts in 2022. Its content is aligned with the worldwide plan of the Volkswagen Brand *ACCELERATE* and to the national strategy ACELERA VW.



The chapters unfold as follows:

- 1 | Message from the CEO
- 2 | Volkswagen Brazil
- 3 | Strategy and Management
- 4 | People
- 5 | Products
- 6 | Customers
- 7 | Factories
- 8 | Suppliers



Material Themes

(GRI 2-29, 3-1, 3-2, 2-4)

Volkswagen's annual sustainability report was elaborated based on the Material Themes in effect for the period 2022-2024*. In 2022, the company updated its Materiality Matrix by combining internal and external data sources - such as the Code of Conduct, Environmental and Energy Policy, Accelerate Strategy, benchmarking with companies in the sector and other areas - and the perception of stakeholders by the way of internal workshops and remotely applied forms, distributed in such a way as to reach six priority groups: employees, customers, suppliers, dealers, and society (including government, NGOs, labor unions, and educational institutions). In addition, the commitment to stakeholder dialogue was reinforced by the VW Group guideline KRL17 that has "Premise 7 - Dialogue with Stakeholders," which highlights an open, transparent dialogue communicating the company's commitments, responsibilities, and performance.



11

target audiences



+41k

people



5.71%

sample



2,346

respondents

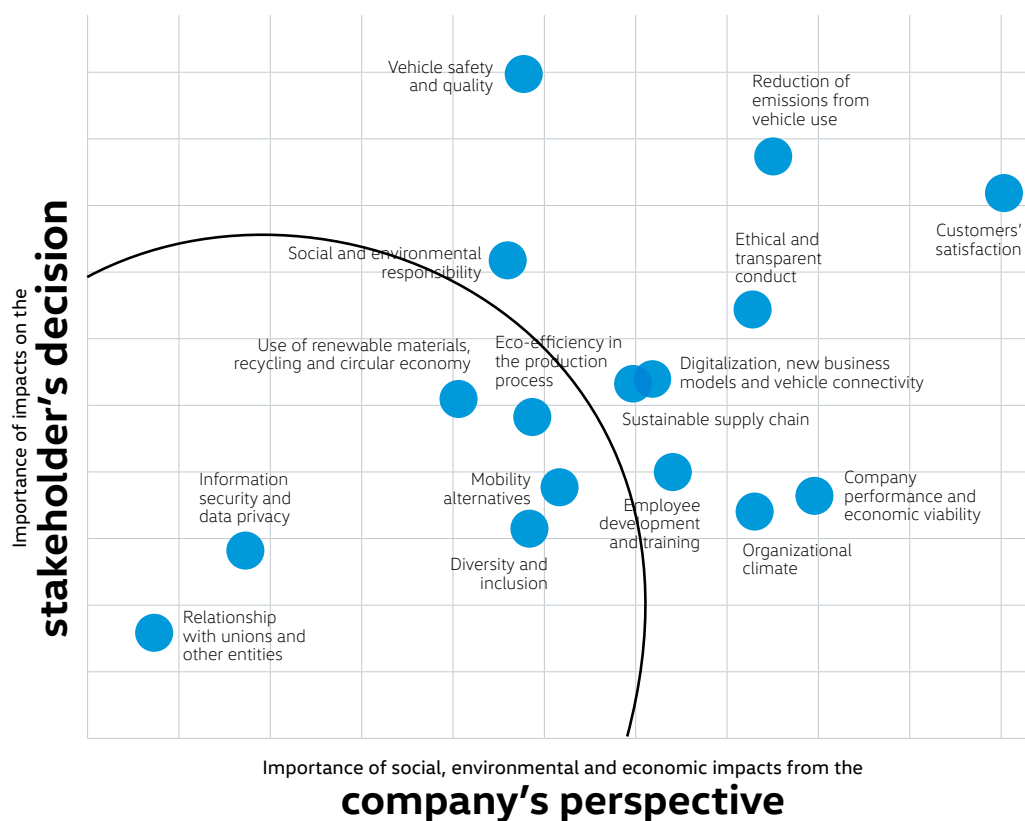
Footnote:

*The review process of the Material Themes takes place every three years. The recent update was scheduled for 2020, but due to the pandemic, it has been rescheduled for 2022. The next review is scheduled for 2024.

Based on this data, Volkswagen Brazil mapped the most relevant and sensitive issues to the strategic audience to compose the guidelines of this document. Thus, the themes dealt with throughout the 2022 Annual Sustainability Report are:

Customers' satisfaction
Vehicle safety and quality
Reduction of emissions from vehicle use
Social and environmental responsibility
Ethical and transparent conduct
Company performance and economic viability
Digitalization, new business models, and vehicle connectivity
Sustainable supply chain
Organizational climate
Employee development and training

Matrix 2022



Accessibility

The content of the Annual Sustainability Report for Volkswagen Brazil is available in website version in Brazilian Sign Language (Libras). The translation is done by an avatar, and to view it, just click on the icon that appears in the right corner of the page (two-handed graphic sign). Audio description can be activated on the corresponding button, also on the right side. Reading is started by clicking on one of the texts. The accessibility tools also include font size and text contrast adjustments and can be set by the icon in the upper right corner of the page.



Questions or additional information?

(GRI 102-53)

Contact the sustainability department of Volkswagen Brazil by e-mail:
sustentabilidade@volkswagen.com.br



Message **from the CEO**





New strategy to accelerate results

(GRI 2-22)

The agility of responses and solutions to challenges, combined with the optimization of our processes and a strong, inventive team, highlighted 2022 at Volkswagen Brazil. This year we gave a new face to our business strategy with ACELERA VW, a project with five actions fronts (People, Products, Processes, Customers, and Sustainability) that will guide our actions until 2025. From it, we reinforced our ESG (environmental, social and governance) initiatives and total customer focus, injecting strength for the second Product Lineup, which foresees 15 market launches.

The care with the **People**, under Our VW, resulted in the Great Place to Work (GPTW) seal. We have taken important steps in 2022 to be a more diverse and inclusive company, especially in the expansion of women in leadership, advancing on our public commitment to have this participation at 30% in the next three years.

In the line of **Products**, we have successfully started to renew our portfolio with deliveries of the Jetta GLI, the New Polo (record in pre-sales) and the passing of the baton from the Gol, with a special farewell edition, to the Polo Track, which has renewed our entry segment. It highlighted the brand's performance as well among the compact SUVs and the investments to decarbonize our products, with electric models soon to be introduced.

We follow our goals to simplify VW with lean and digital **Processes**, streamline operations and ensure security in the supply of parts, making our results more efficient. All this leads us to a culture centered on **Customer**, strengthened every year to raise our Brand among the Top 3 in sales in the CSI (Customer Satisfaction Index) survey.

We spare no effort to expand the **Sustainability** in the company, with targets to zero emissions in the factories and, financially, to reach zero debt by 2024. We inaugurated the Way to Zero Center and we partnered with 10 universities, boosting local research on



energy efficiency and the use of low-carbon energy sources. Another important action was the agreement with Raízen to supply renewable biomethane gas to operate our factories. Today we are certified in all factories for the use of electric energy 100% from renewable sources.

Finally, I highlight that among all the obstacles in 2022, the shortage of components (especially semiconductors), changes in legislation, and the crisis in global logistics had a considerable impact on Volkswagen Brazil production, especially in the first four months of the year. What could be a sign of an adverse year was transformed into recoveries and turnarounds over the following months thanks to the commitment and creativity of our team. We thus ensured positive results for the third consecutive year, paving the way for the company to accelerate in the coming years.

Now, in 2023, we celebrate VW's 70th anniversary in Brazil. We look to the future aware of our progressive growth toward sustainability over these seven decades.

The summary of our journey in 2022 is gathered in the following chapters.

Have a good read!

Ciro Possobom

CEO of Volkswagen Brazil



Volkswagen

Brazil

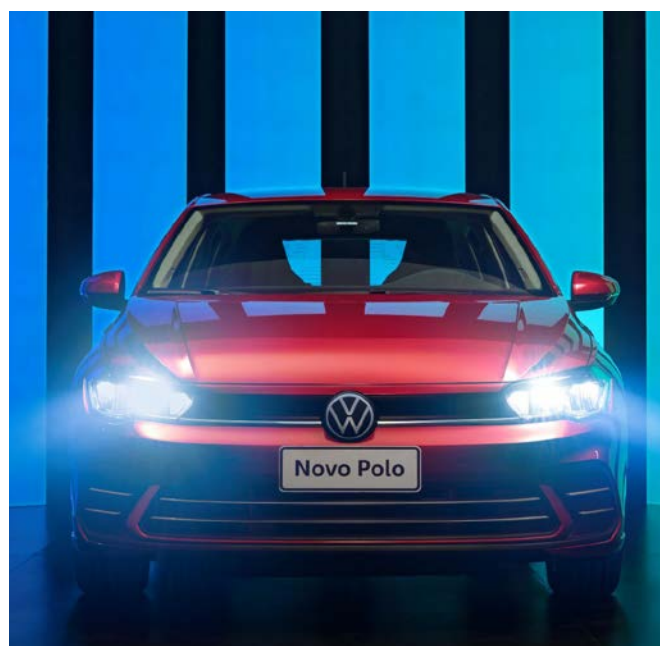




- Company closes the year with 346,405 vehicles produced and 3rd place in market share.
- Car brand most recognized by consumers: VW is Top of Mind for the 31st time.
- Sustainability actions are recognized by AutoData Award.

Flexibility to overcome adversity

A year of many obstacles overcome by the team's determination and the stake on projects for the future. This is how 2022 can be summarized at Volkswagen Brazil. The crisis in the supply of inputs and in global logistics, observed in recent years, plus high interest and inflation, with restricted access to credit, were some of the challenges faced during the year.



In addition, the adjustments to comply with the Proconve L7 (Program of Air Pollution Control by Motor Vehicles), created 36 years ago and that, since January, brings more restricted limits in emissions, impacted production. As the factories prepared to accelerate the assembly, they felt the effects of the shortage of parts on the market, especially in March. An aftermath that lasted throughout the year, resulting in stoppages and lay-off. It is worth noting, however, that Volkswagen Brazil did not resort to extending the deadlines of PL7, even with the effects of the pandemic on production, fully complying with the government calendar and ensuring its commitment to the compliance and the company's environmental goals.

The strategy to get around the economic gridlock had flexibility as a guide, directing efforts to paths that brought results, such as focusing on higher profit margin cars. Volkswagen Brazil ended the year in 3rd place in market share (13.7%), a setback of 1.6 pp compared to the previous year. Despite the challenges, the Brand maintained its leadership in the A0 SUV segment, with the highlight being the T-Cross, the second best-selling sports SUV of the year.



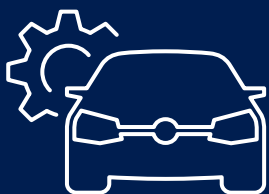
The recovery accelerated in the second half of the year, with gains of 1.5 pp in market share compared to the same period of the previous year, driven by the positive response to the first launches of the new Product Lineup, such as the New Polo, with 7,000 units sold in just two hours and an estimate of 100,000 sales for 2023. In Taubaté, the factory went through a line adaptation, with the withdrawal of the Gol and Voyage, to implement the MQB platform in the production of the Polo.



In exports, government restrictions in Argentina and the lack of ships to transport cars weighed on the volume of cars shipped in 2022. Even so, the company sought recovery throughout the year. In all, 88,849 vehicles were shipped to countries in Africa and the LAM Region (Chile, Colombia, Ecuador, Paraguay, Uruguay, Peru, Curaçao, and the Dominican Republic), Argentina, and Mexico. In June alone, VW shipped 11,591 cars on 20 ships, the best monthly result for exports since May 2019. Overall in the year, Saveiro, Gol and T-Cross were the most exported models. Another highlight was the combined mark of 100,000 units exported of Polo and Virtus (in the compilation since October 2017 and January 2018, when they were respectively launched in the foreign market).

2022 in numbers

(GRI 2-1, 2-6)



346,405

vehicles produced in the country by Volkswagen Brazil by 2022



BRL\$ 28.2 bi

net revenue

BRL\$ 2.8 bi

paid in taxes
(direct and indirect)

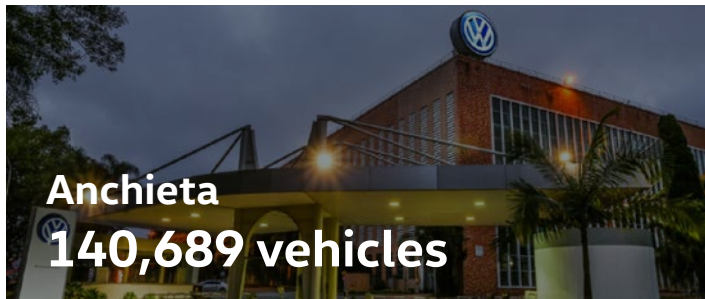
BRL\$ 1.9 bi

employee salaries
and benefits

BRL\$ 5.7 mi

social
investments

Production volume in 2022 per factory:



46,282 Saveiro

24,640 Polo

13,020 Virtus

56,747 Nivus



79,991 Gol (production ended in December)

42,584 Voyage (production ended in December)

130 Polo



83,011 T-Cross



36,696 EA111

322,678 EA211

55,411 EA211 Exportation (Argentina and Mexico)

Imports

Amarok

(General Pacheco – Argentina)

Taos

(General Pacheco – Argentina)

Jetta

(Puebla – México)



12,809
employees



478 points
of sale in Brazil

Direct economic value generated and distributed (BRL\$) - Volkswagen Brazil

(GRI 201-1)

	2020	2021	2022
Direct economic value generated: revenue	22,067,503,360	25,762,510,850	28,200,970,810
Economic value distributed: operating costs, employee salaries and benefits, payments to suppliers	1,920,153,380	1,985,677,303	1,907,933,350
Retained economic value: "direct economic value generated" minus "economic value distributed"	2,836,058,620	2,947,430,020	2,856,156,186

The brand most remembered by the consumer



Volkswagen Brazil has positioned its brand in the market to be more diverse, digital, agile, customer centric and carbon neutral. These five pillars represent each of the actions fronts of the corporate strategy (in the so-called 5 Battles) for the development of new technologies and solutions in mobility that will corroborate for a company that is more and more solid and always with a human eye. In 2022, VW focused efforts on new experiences, sought to be close to the customers (human approach), be more connected and a loved brand.

As results, VW was **recognized for the 31st time as the car brand most remembered by consumers**, according to the Top of Mind survey, conducted by Datafolha. Once again, the company alone won the top spot in the Car category. It was also the brand that won the most in this category, in 32 editions of the survey.

Innovation Recognition

For the second year in a row, Volkswagen Brazil is the leader among car manufacturers listed in the **Prêmio Valor Inovação**, awarded by Valor Econômico magazine in partnership with Strategy&, PwC's strategic consulting firm. Among the company's actions that stood out in the award are the calculator Fuel Consciously; the expansion of the VW Sign & Drive program, the Digitalization on the Net journey (DDX and the My Volkswagen app), and the offer of applications within the VW Play Apps. In addition to the sector ranking, VW rose eight positions in the overall ranking of 150 companies, reaching 44th place.



Prêmio BandNews
Marcas Mais Admiradas do Brasil

VWB received as well the **BandNews Most Admired Brands Award in Brazil** in the Auto category, held in partnership with AtlasIntel and audited by the Águila Institute. The trophy was awarded for the company's consumer-focused efforts to offer technology, connectivity and design in the service and experience throughout the customer journey.

Featured products in the market



Quatro Rodas magazine elected the VW T-Cross as the compact SUV with the lowest cost of use in the country, beating four other direct rivals. The calculation included fuel costs, maintenance, insurance, monthly costs, and list price.



In the award **Best Purchase 2022**, the SUV VW Taos was awarded the best SUV up to BRL\$ 220 thousand in the Comfortline version. The Jetta GLI, for the first time in the awards, was the winner in the category cars up to BRL\$ 250 thousand, reinforcing its unique package in the sports sedan class.



Nivus and Virtus took the **Best Resale Value 2022** seal in the Entry-level SUV and Compact Sedan categories, respectively. Both with valuation above 6% after one year of use.





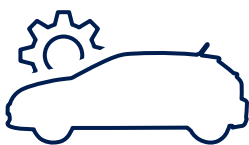
Awarded sustainability

Volkswagen's efforts in placing ESG issues as the main fronts of its strategy have been recognized by the market. After three months of an open election and almost 10,000 votes, VW has won the **AutoData Award in the Sustainability category**. The Way to Zero Center, inaugurated at the Anchieta factory, the agreement with Raizen for the supply of renewable biomethane gas at the factories and the renewable energy project for the Dealers Network contributed to the result.

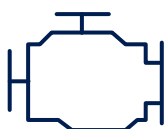
Historical Milestones: **seven decades of technological pioneering**



33 different
product lines



24 million
units manufactured



12.5 million
engines built in the country



1950's

VW democratizes the automobile

In 1953 Volkswagen started operations in Brazil, in the district of Ipiranga, São Paulo, with the VW Beetle and Kombi. At the time, parts were imported and the company had only 12 employees. The acceleration was even more visible starting in 1959 with the inauguration of the Anchieta factory in São Bernardo do Campo (SP), the first Volkswagen factory built outside Germany. With the installation, half of the production is now manufactured locally, with more affordable prices, democratizing the automobile and mobility in the 1950's.



A Volkswagen "Made in Brazil"

In 1965, VW was a pioneer in Brazil with the inauguration of the first Development, Research and Design Center at the Anchieta factory. The Center was opened with the goal of creating new products, including designs, tools, and prototypes. During this period models such as the Karmann-Ghia were launched, in partnership with the German company of the same name, and the beginning of design of vehicles that marked the history of VW, such as the SP and the Brasília, which would be launched in the following decade.



New era for Volkswagen

In 1972, the SP1 and SP2 arrived at dealers, both recognized by enthusiasts as the design most beautiful in VW's history. A year later, in 1973, the brand presented the Brasília model, with a modern concept of bodywork hatchback, the first in the country. Completing the beginning of the New Era, in 1974, it was the Passat's turn, taking a technological leap in the application of the new liquid-cooled front powertrain, combined with coil springs in the suspension, delivering a more dynamic, comfortable and responsive set.



A legend was born: The Gol

In 1980, VW inaugurated a new phase in the national automobile industry, bringing a new family of models, headed by the Gol in its first generation. It was so successful that the model remained in the leadership position for 27 consecutive years and is still the most produced, sold, and exported model in the Brazilian market.

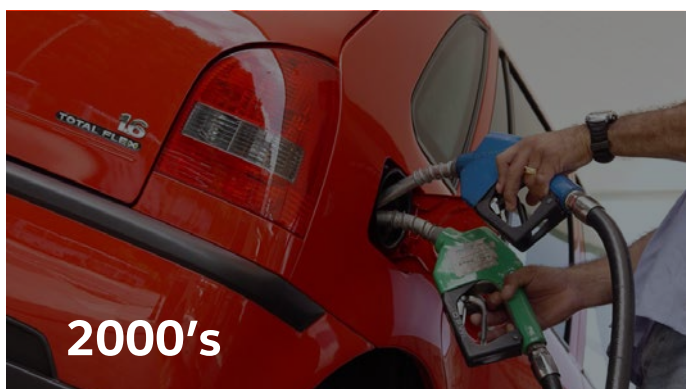
Still in its first generation, the VW Gol became the first car with electronic fuel injection in Brazil, with the arrival of the GTi version. With the Santana, VW entered the upper segment in 1984. Based on the European Passat, the sedan was created by Brazilian engineers and designers with a high-tech package, revolutionizing automotive safety in the following decade.



1990's

Technological leap

In its second generation, the VW Santana brought, in two consecutive years, pioneering innovations in safety and motorization items: was the first national vehicle to offer ABS brakes and catalytic converters in the exhaust system, for ethanol or gasoline motorization. In 1994, the Gol reached its second generation, affectionately called "Bolinha" (little ball) because of its rounder design lines. The Gol Bolinha was also responsible for popularizing electronic fuel injection.



2000's

Ethanol or gasoline

In 2002, VW made its mark in the compact segment premium with the arrival of the Polo at the São Bernardo do Campo factory, inaugurating the new platform "PQ-24". The Gol third generation, in 2003, was the pioneer in flex motorization (fueled with ethanol or gasoline) in Brazil. Named "Total Flex", the technology launched by VW changed paradigms in the automotive industry and remains until today in the entire national line of the Brand. In the same year, the compact family grew with the arrival of Fox, the first compact "high roof" in Brazil, entirely designed in the country and marketed also in Europe. Starting in 2007, with the importing of the Passat, VW defined a new trend in engines with the inauguration of TSI engines in the Brazilian portfolio.



2010's

Top rating for safety

The model up!, launched in 2014, was the first vehicle in the compact entry market to achieve the highest ratings in Latin NCAP crash tests. In 2015, the São Carlos (SP) factory also started producing the TSI engines, part of the EA211 family, marking a transformation in the powertrain market in terms of performance and low fuel consumption. With the New Polo (2017) and Virtus (2018), a new Volkswagen was launched, inaugurating the MQB modular platform, a benchmark for rigidity and safety, the basis on which models like T-Cross and Nivus were subsequently built. During this period, the company carried out the largest portfolio renewal in its history in Brazil.



More connectivity and sustainability

The arrival of the Nivus, in 2020, revolutionized VW in design and connectivity. The model was the first SUV with coupe lines in the segment and inaugurated VW Play, a platform of infotainment 100% national. The SUVW is the first vehicle fully developed in Brazil that is being produced and marketed in Europe, renamed Taigo. In 2021, it was time for the Taos, an SUVW made in Argentina and the only model to achieve top marks in the Latin NCAP tests following the new protocol. The Polo Track, launched in 2022, started a new family of VW's entry-level models.

Other new developments are on the way for this decade, with a focus on digitalization and decarbonization of the brand. Tests with electric cars have already begun, including the ID family models. In addition, the company is also studying flex models with a low carbon footprint.



Strategy and **Management**





- › ACELERA VW: company defines goals until 2025 and presents new Product Lineup.
- › Volkswagen opens Way to Zero Center with focus on decarbonization.
- › Social contribution reaches BRL\$ 5.7 million for health and technical training.
- › Together for Integrity: company reinforces qualification on ethics and compliance.

Acelera VW guides the company's course until 2025

Volkswagen Brazil introduced to the market the new strategy that will guide its actions over a four year period (2022 a 2025): **The ACELERA VW**. It updates the 5 Battles (as the company's actions fronts are called), brings the global strategy (ACCELERATE) into the regional context, and introduces 21 projects to drive business success and sustainability. Among the main objectives of the new strategy are decarbonization in the factories, the increase of female leadership, increased customer satisfaction, financial profitability, recognition as one of the best companies to work for, and the new Product Lineup. In all, 21 work groups are responsible for these actions that will change the company's processes.

7 main goals of the VW ACELERA (2022-2025):

ACELERA VW
2025



Launching 15
priority flex and
electric vehicles



Obtaining/
maintaining the **Great
Place to Work** seal



30% of women in
leadership roles



Being among the
CSI TOP 3 (Customer
Satisfaction Index)



Zero debt and **ROI**
(return on investment)
above 6%



Carbon neutrality
in factories



Transformation Office and
New Administrative Center

ACELERA VW
+ Diversa



Battle 1 **People + Diverse**

Among the objectives are keeping the health and safety of employees first, being a great place to work, integrating people into modern spaces of coworking, "Exemplary Leadership", to be a more diverse and inclusive company and the change of mindset, creating more agile, digital, and innovative teams.

In 2022, the company achieved one of the objectives of the People pillar, with the Great Place to Work certification, and now seeks to maintain the seal. In addition, it started the hiring review process, to create more diverse and inclusive teams, committed to achieving 30% of female people in leadership positions in the company.



This pillar reinforces the offer of digital services, biofuels, flex-fuel engines and new business models, always focusing on the right technology for the future, solutions for global markets and on improving the customer experience. Among the main goals are the development of new products based on the decarbonization strategy, the solutions for connected cars and the new Product Lineup, with 15 new vehicles flex and electric cars by 2025.

The first four models to renew the portfolio were presented throughout 2022 with the launches of the Jetta GLI, New Polo, the Polo Track (entry-level car promised in the German brand's 2021 investment package in South America) and the Gol Last Edition, with a special run for the farewell of a historic model for Volkswagen Brazil.



Battle 2 Products + Digital



Battle 3 Processes + Agile

The main projects focus on optimizing operations and processes, enhancing local and regional synergies between factories, brands and countries with impacts on economic efficiency and cultural diversity. The goal is simplify VW, making the company increasingly more agile, practical, efficient, digital and without bureaucracy.

Currently, the Brand is searching for inefficiency zero in Production Planning, redesigning its processes to gain agility in decision making. Another new development in progress is the Shared Services Center, which will centralize operational activities, seeking more productivity in costs and processes.



The goal is to develop a customer centric culture that involves everything from internal processes to the consumer journey. The actions in this pillar seek to place consumer satisfaction at the center of all discussions, treating it as a strategic issue and the responsibility of everyone in the company.

Among the goals are to win the Top 3 in the ranking of the customer satisfaction survey, further strengthen the relationship with the dealers through actions such as the creation of working groups with Assobrav (Brazilian Association of Volkswagen Distributors) and to restructure the VW Network.



Battle 4 **Customer +** **Customer Centric**



Part of this battle are the pillars of zero debt, reduction of CO₂ – including partnerships with universities and research centers to advance decarbonization in emerging markets–, more profitable portfolio, maintain positive cash flow and operating profit, and the creation of new forms of revenue to overcome the global crises that have been accumulating since 2020.

The Way to Zero Center, priority in this battle, was delivered and has been operating since November, contributing to the global goal of being carbon neutral by 2050. Through the new center, Volkswagen has partnered with 10 universities and seven companies such as Shell and Bosch. With Raízen, VW has started the project to replace natural gas of fossil origin with renewable natural gas (biomethane) in the Taubaté and São Bernardo do Campo (SP) units.



Battle 5 **Sustainability +** **Carbon Neutral**

Throughout the chapters of the Annual Report, some ESG initiatives will be indexed according to the battles they fall under, detailing actions and results.

Way to Zero Center: VW's new research and development center

(GRI 302)

(Battle 5: Sustainability + Carbon Neutral)



Volkswagen Brazil inaugurated, in November, the Way to Zero Center, a research and development unit installed in the Anchieta (SP) factory. The center covers projects and technologies that contribute to decarbonization in South America and that can be exported to other markets. The name chosen refers to the company's own global strategy that determines the neutralization of carbon by 2050.



The team will focus on verifying where local technologies that contribute to the reduction of CO₂ can be used, supporting its implementation in countries in Latin America, Asia and Africa; evaluate which technology has the best environmental and social impact, as well as its feasibility. From the new center, Volkswagen Brazil wants to be a key partner of the Group for sustainable strategies and projects in emerging markets through knowledge generation, management, and exchange on low carbon technologies.

Partnerships with companies and universities for decarbonizing the automotive sector

(GRI 302)

(Battle 5: Sustainability + Carbon Neutral)

The Way to Zero Center has partnerships with 10 Brazilian universities, such as Unicamp, Unesp, USP and UFABC; and seven companies, among them Raízen, Shell, and Bosch, for the development of efficient energy solutions and sustainable sources, such as biofuels. Other projects are under discussion to evaluate and improve the recyclability of the materials, always paying attention to carbon neutrality during the life cycle of the Brand's vehicles, from their manufacture to their decommissioning.

New deals in 2022



Unesp

The term signed with the institution foresees experiments and technology transfer to include natural fibers in the thermoplastic parts for the interior of VW vehicles. Besides being lighter and more sustainable, the substitution of mineral fillers for natural fibers will result in parts with a high rate of recyclability at their end of life.



USP

The agreement signed with The Innovation Center of the University of São Paulo (InovaUSP) has three axes of action: semiconductors, in order to acquire extensive knowledge of the component so that Brazil can be less dependent on imports and can have knowledge for local production; hardware e software with diverse automotive applications; and flex-fuel engines, with the objective of reducing consumption and emission of CO₂ for ethanol. The projects seek to bring together industry and academia with a focus on preparing professionals for the future.



Bosch

The projects contemplated in the agreement cover solutions for the efficiency and performance of biofuel engines and the reduction of pollutant emissions. Another point of the agreement foresees new traffic safety measures. The partnership will focus on sensor optimization and identification of South American traffic scenario features for driver assistance systems, as well as braking system adjustments to enable energy recovery and fuel economy.

Raízen

The new Raízen factory under construction - Bioparque Costa Pinto, located in Piracicaba (SP) - will supply renewable energy to the VW factories, replacing fossil natural gas with biomethane (learn more in the chapter Factories). In addition, the company has had an agreement since 2021 for the installation of electrostations throughout Brazil. In 2022, the partnership reached Anchieta and Taubaté factories that received a fast charging station for electric vehicles. The energy used in these chargers is 100% clean, coming from renewable sources (mainly hydro), constituting another step towards regional decarbonization.



Vision, Values and Purpose

(GRI 2-23)

Internal and external principles guide the actions of the Volkswagen Brazil team, especially the Vision, Values, and Purpose of the company.



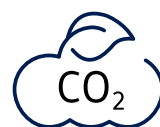
Vision

Most desirable brand of sustainable mobility.



Values

United, bold, customer-oriented, efficient, genuine and conscientious.



Purpose

On the way to carbon neutral mobility for all.

Guidelines and principles

In addition to these, the company assumes internal and external integrity commitments, among which are:



Internal:

Volkswagen Group Code of Conduct, with versions for employees and business partners, with expanded communication and training in 2020 (learn more in the chapter Our Image); Volkswagen Social Charter, which discusses social rights and industrial relations in the company; and the Standards, in order to identify and analyze possible conflicts of interest among employees. In addition, the company has a Labor Relations Charter, which expresses Volkswagen's commitment to representational and social rights and principles.

External:

The Volkswagen Group is a signatory to global commitments and declarations with effect and action in all its units around the world, such as the agreement with the International Labor Organization (ILO), guidelines and conventions of the Organization for Economic Cooperation and Development (OECD), the Women's Empowerment Principles (WEPs), an initiative created by UN Women to promote gender equality, and the UN Global Compact, major initiative of corporate sustainability in the world. It is also the first car manufacturer to join the Paris Agreement, with the goal of becoming emission-neutral by 2050. Nationally, Volkswagen Brazil is inserted in the Business Pact for Integrity and Against Corruption (Clean Company).

Governance Structure

(GRI 2-1, 2-9, 202-2)

Volkswagen Brazil is a subsidiary of the Volkswagen Group, a limited and privately held company, which operates independently and autonomously from the parent company.



Corporate Governance is led by the Volkswagen Executive Committee (Comex) of Brazil and SAM Region, currently consisting of 13 members chosen by the parent company. The group meets weekly, with the objective of addressing the company's activities and ensuring alignment with the strategies stipulated for the business.

Besides the Chairman and the CEO, six vice-presidents and five directors participate, 11 men and two women. Of this total, 54% are Brazilians.

The company also has an Executive Committee for the SAM Region, which encompasses, besides Brazil and Argentina, 27 other countries in South and Central America and the Caribbean. The committee is formed by 11 members, representatives from VW Brazil and VW Argentina, and is leading the regionalization process of the Brand. In Latin America, the actions are coordinated by Chairman (President) Executive, focusing on strategic business issues in the region.

Executive Committee Composition



Volkswagen SAM Region
(South America, Central
America and the Caribbean)



Volkswagen
Brazil



Alexander Seitz

Chairman Executive at
Volkswagen in Latin America



Ciro Possobom

CEO at Volkswagen Brazil



Thomas Owsianski

Vice-President of Sales,
Marketing and Post-Sales SAM



Miguel Sanches

Vice-President of Operations at
Volkswagen Brazil Region SAM



Luiz Eduardo Alvarez

Vice-President of Procurement
at Volkswagen Brazil and
Region SAM



Douglas Pereira

Vice-President of Human
Resources at Volkswagen
Brazil and Region SAM



Matthias Michniacki

Vice-President of Product
Development and Baureihe
at Volkswagen Brazil and
Region SAM



Roger Corassa

Vice-President Sales &
Marketing at Volkswagen Brazil



Cristina Cestari

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Sustainability framework

Sustainability is treated transversally at Volkswagen Brazil. Since 2021, the company has implemented the Sustainability directorate, integrated into the Communication and Sustainability area, which coordinates ESG (Environmental, Social and Governance) actions and reports directly to the Region's Chairman and Brazil's CEO. Currently, six fixed areas make up the Committee of Sustainability/ ESG: Sustainability, Human Resources, Institutional and Governmental Relations, Operations, Purchasing, Product Development. Other business areas (Legal, Finance, Sales & Marketing and Governance, Risk and Compliance) participate on demand.



Objectives and goals of sustainability¹

Social Responsibility

Base Year	Commitment	Deadline	Status 2022
2012	Structuring of a program to encourage volunteer work.	2022	With the support of the Volkswagen Group Foundation, the company created a corporate work group that aims to discuss an annual calendar for volunteer actions and social projects, in addition to training leaders for the program.
2020	Increase from 14% to 26.3% the number of women in executive positions.*	2024	The number of women in executive positions increased from 13.8% in 2020 to 18.3% in 2022.
2020	Increase from 9% to 25.7% the number of women as managers and executive managers.*	2024	There was a significant increase in the progression of the goal, jumping from 8.9% in 2020 to 16.5% in 2022.

Footnote:

¹ Learn about Volkswagen Brazil's environmental commitments expressed in the Environmental and Energy Policy. (<https://www.vw.com.br/pt/volkswagen/Responsabilidade-Corporativa/Sistema-de-Gestao-de-Compliance-Ambiental-e-de-Energia-SGCAE/politica-ambiental-e-de-energia.html>)

* Targets tied to ESG debt with Bradesco.

Environmental Responsibility

Base Year	Commitment	Deadline	Status 2022
2012	Energy (MWh/vehicle produced) = 0.88	2025	In 2022, Volkswagen Brazil reached 1.72 MWh/ vehicle produced. With the result, the target stipulated for the indicator was not met due to the reduction in the volume of vehicles produced, which affected energy and environmental efficiency. Even so, the company has implemented several actions focused on energy efficiency in the factories.
2012	CO ₂ (kg/vehicle produced) = 89	2025	In 2022, Volkswagen Brazil registered 150 kg of CO ₂ /vehicle produced. With this result, the company did not reach the target stipulated for the indicator due to the reduction in the volume of vehicles produced, which affected energy and environmental efficiency. Even so, VW has 100% of its electrical energy from renewable sources in production factories, certified by I-REC as of 2022. (Value according to GHG Protocol)
2020	Transfer the emissions of CO ₂ of fossil origin from scope 1 to biogenic by 12%, through the replacement of 20% of natural gas of fossil origin by biomethane (Generation Guarantee).*	2024	Partnership signed between Volkswagen Brazil and Raízen to enable the transfer of CO ₂ from fossil origin to biogenic origin and the substitution of natural gas from fossil origin to biomethane.

Footnote:

¹ Learn about Volkswagen Brazil's environmental commitments expressed in the Environmental and Energy Policy. (<https://www.vw.com.br/pt/volkswagen/Responsabilidade-Corporativa/Sistema-de-Gestao-de-Compliance-Ambiental-e-de-Energia-SGCAE/politica-ambiental-e-de-energia.html>)

* Targets tied to ESG debt with Bradesco.

Volkswagen Group Foundation

The Volkswagen Group Foundation invests in **education and development of communities** and directs its actions to two priority causes: **urban mobility and sustainable communities, and social mobility and inclusion**. The resources come from a fund set up by Volkswagen. Representatives from Volkswagen Brazil, Volkswagen Trucks and Buses, and Volkswagen Financial Services are part of the Foundation's governance.



Among the outstanding projects of the VW Group Foundation are Sewing the Future, Knowledge Carriers, Mobility in Transformation, and Play, in addition to volunteer actions, social assistance, and support to non-profit organizations. Annually, the institution publishes the results of its actions in the Activity Report. More information is available at: <https://fundacaogrupovw.org.br/transparencia/>

To support a cause, please visit: <https://doe.fundacaogrupovw.org.br/>

Company's social investments per sector

(GRI 3-3, 203-1)

Sector	2020	2021	2022
Education		BRL\$ 4,382,570.61	BRL\$ 2,128,588.57
Sport			BRL\$ 200,000.00
Social Actions	BRL\$ 162,032.94	BRL\$ 461,127.37	BRL\$ 265,195.27
Health	BRL\$ 5,546,110.74	BRL\$ 2,280,245.18	BRL\$ 3,192,882.86
TOTAL	BRL\$ 5,708,143.68	BRL\$ 7,123,943.16	BRL\$ 5,786,666.70

Company's social investments by source

Source	2020	2021	2022
Own resources / direct investment		BRL\$ 278,196.00	BRL\$ 304,666.00
Tax incentives	BRL\$ 5,546,110.74	BRL\$ 6,662,815.79	BRL\$ 5,321,471.43
Employee donations to charities	BRL\$ 162,032.94	BRL\$ 182,931.37	BRL\$ 160,529.27
TOTAL	BRL\$ 5,708,143.68	BRL\$ 7,123,943.16	BRL\$ 5,786,666.70

Social investments promoted by Volkswagen Brazil in 2022

Description	Projects	CNPJ benefited	Values 2022
Tax incentives	Renovation of the Helipad and the basement of the Women's Annex to activate the Human Milk Bank at the Curitiba Workers Hospital	Fundação da Universidade Federal do Paraná para o Desenvolvimento da Ciência, Tecnologia e da Cultura - FUNPAR CNPJ 78.350.188/0001-95	BRL\$ 3,192,882.86
Tax incentives	Paraná Knowledge Carriers	Serviço Nacional de Aprendizagem Industrial - SENAI, Paraná Regional Department CNPJ 03.776.284/0001-09	BRL\$ 2,128,588.57

Social investments promoted by Volkswagen Brazil in 2022

Description	Projects	CNPJ benefited	Values 2022
Direct Investment	NGO Um Litro de Luz	Associação Um Litro de Luz Brasil CNPJ 20.326.780/0001-71	BRL\$ 104,666
Direct Investment	São Bernardo do Campo Marathon	Ivan Gomes Junior Assessoria Esportiva ME CNPJ 17.853.047/0001-09	BRL\$ 200,000
Donations from employees for philanthropic entities	1 Hour for the Future Project	Centro Cultural Afro-Brasileiro Francisco Solano Trindade CNPJ: 03.409.038/0001-00	BRL\$ 160,529.27
		Entidade Filantrópica Projeto Esperança São Pedro Apóstolo CNPJ: 04.960.194/0001-28	
		ACORDE - Associação de Capacitação, Orientação e Desenvolvimento do Excepcional CNPJ: 57.716.185/0001-52	
		TOTAL	BRL\$ 5,786,666.70

Social Contribution

(GRI 3-3, 203-1)

Volkswagen Brazil has a Protocol of Intentions signed with the Paraná state government since 2013, through the Competitive Paraná Program, which made investments in the Volkswagen factory in São José dos Pinhais feasible for the production of the T-Cross. The social counterpart in 2022, within the agreement, was carried out in the areas of health and education for professional qualification, with investments in the General Hospital of the Worker of Curitiba, in partnership with the Foundation of the Federal University of Paraná (Funpar), and the Knowledge Carriers, a partnership with SENAI-PR. In 2022, the projects carried out under the Competitive Paraná Program had the technical management of the Volkswagen Group Foundation.

Hospital of the Worker in Curitiba, Paraná

Volkswagen Brazil has invested more than BRL\$ 3 million in two construction sites in the Hospital of the Worker in Curitiba to expand the helipad and remodel the facilities in the basement of the Women's Annex, which now houses the Human Milk Bank. The projects were executed in partnership with the Federal University of Paraná Foundation (Funpar) and had the technical management of the Volkswagen Group Foundation.

The work on the helipad will allow the reactivation of the site (closed since 2018), contributing to reducing the time of arrival of serious and unstable victims to the hospital and thus increasing the chance of saving these patients. The helipad is also important for transporting organs for transplantation. The creation of the Human Milk Bank, in turn, will be a space to encourage breastfeeding and the administration of human milk to sick or premature newborns.



Architectural project for Colombo Hospital

In March, Volkswagen Brazil delivered the architectural project, with an investment of BRL\$ 835 thousand, for the Maria Chemin Lazarotto General Hospital of Colombo (PR), developed in partnership with Santa Casa de Misericórdia.

The State Government of Paraná, through the State Secretariat of Health, and the Municipality of Colombo will now contribute more than BRL\$ 65 million to the project. In this first phase, the Hospital Geral of Colombo will have 126 effective hospitalization beds and the capacity to perform 15 thousand exams and 400 surgeries per month.



Knowledge Carriers offer more than 2.2 thousand vacancies

The Knowledge Carriers are mobile units equipped with classrooms, workshops and all the necessary infrastructure for professional training. In 2022, they passed through 63 locations in Paraná with 2,292 free vacancies, in more than 120 classes in the afternoon and evening periods, with qualification courses, totaling more than 10,000 hours of activities.

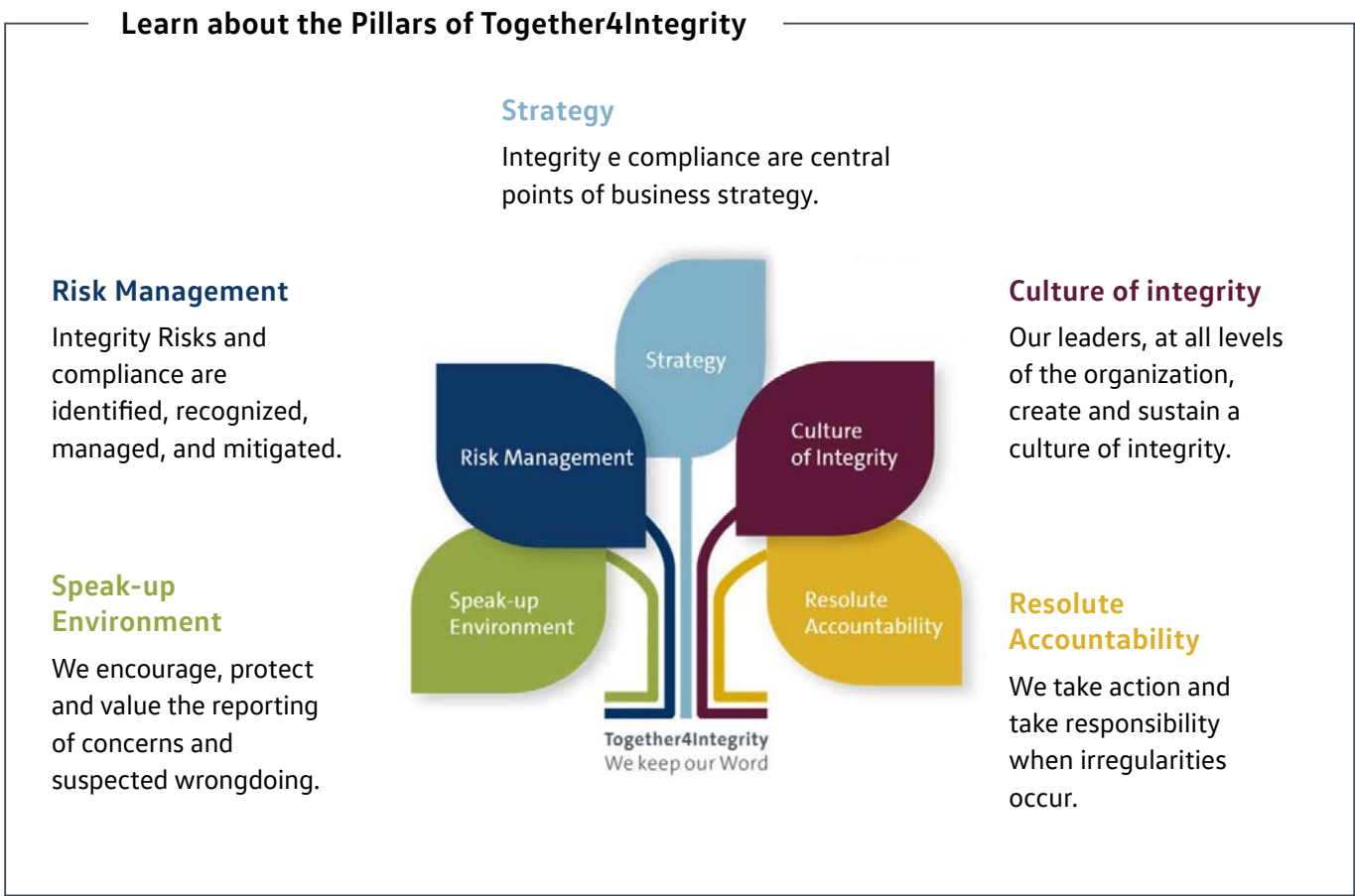
Options were open for courses in the areas of car mechanics, automotive electricity, industrial automation, baking, cutting and sewing, air conditioner installation, industrial mechanics, motorcycle mechanics, information technology, and building electricity. Between 2019 and 2022, the Carriers offered about 10,000 vacancies in the state of Paraná. The execution is done in partnership with the Volkswagen Group Foundation and the National Service for Industrial Learning (SENAI) and aims to boost employability and entrepreneurship in the regions where it operates.

Together for Integrity: ethics and transparency in the company

(GRI 2-16, 2-27, 205-1, 205-2, 206-1, 417-3)

Through the global program Together4Integrity - T4I (Together for Integrity), active since 2019, the company's values (seven principles listed below) are experienced by employees in their work routine. At Volkswagen Brazil, the actions are followed by integrity ambassadors, a team trained to disseminate a culture of integrity, which provides support and guidance on the topics of ethics and compliance.

All the company's actions are guided by the guideline expressed in the Code of Conduct, the Compliance Policy and in Government Affairs Governance Policy, among other internal and external documents that seek to ensure compliance with the determinations. In 2022, the company did not file any lawsuits filed for unfair competition, trust practices and monopoly in which the organization was identified as a participant. No non-compliance with laws, regulations, or fines were identified by the company's Legal Department. The company also showed no non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.



Integrity perception

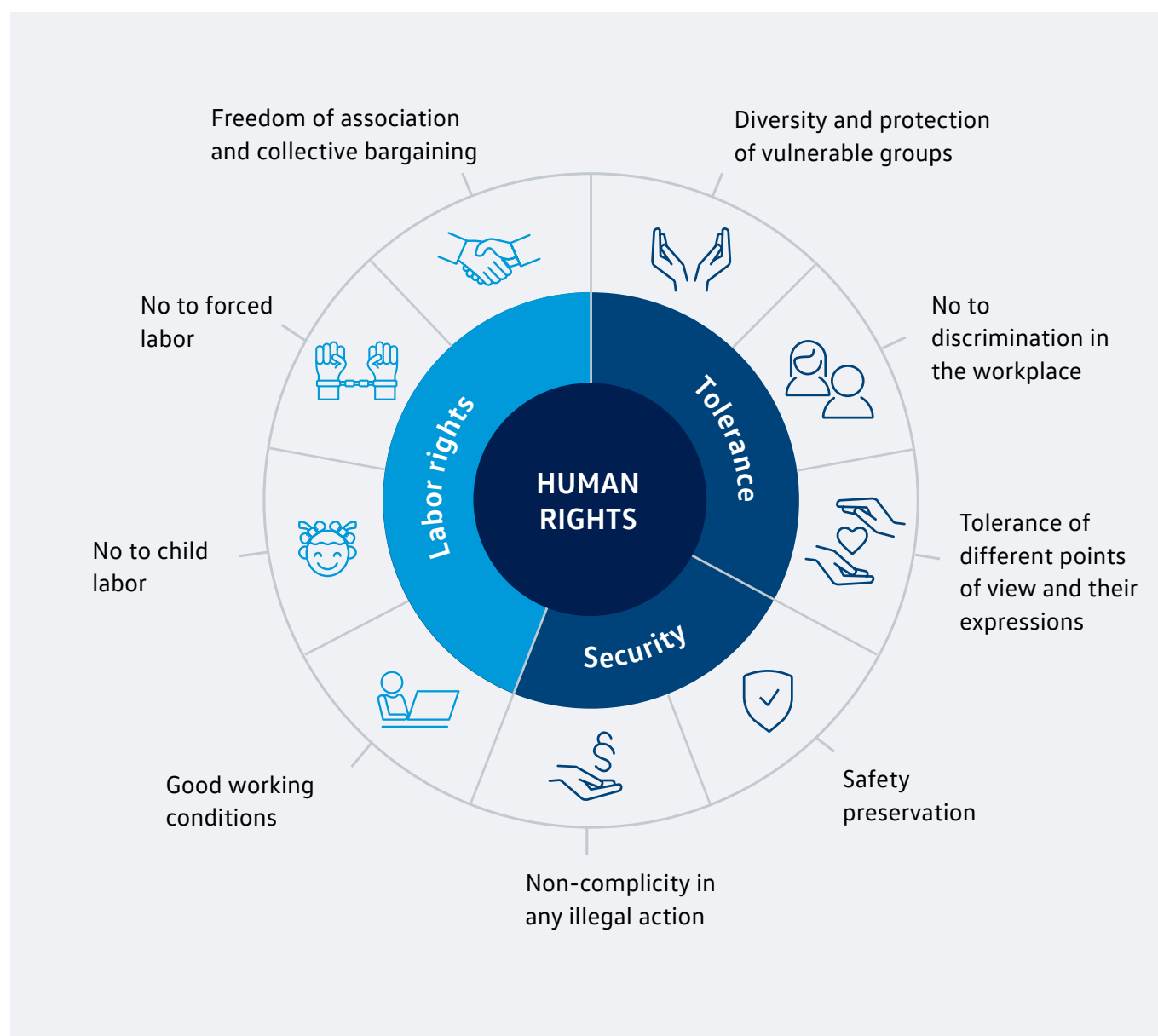
The third edition of Perception Workshop of the T4I Integrity Program (Together for Integrity) connected over 150 employees from various areas and units of Volkswagen Brazil with the mission of making a diagnosis on how people perceive ethics, integrity and compliance in day-to-day work. the workshop debated cases related to the themes of diversity, PCMS and information security. The panels were made available for access by all employees on the VW Learning platform.

Actions aligned to **human rights**

(GRI 2-27)

Volkswagen Brazil is committed to the responsibility for human rights, acting ethically and with integrity to ensure that good working conditions as well as freedom of association and collective bargaining are maintained within the Group. On the subject of working conditions, the company has a statement on the “Modern Slavery Law”, as well as the [Code of Conduct for employees](#) and the [Code for Business Partners](#).

Pillars of human rights at VW





General Data Protection Law (LGPD)

(GRI 418-1)

In 2022 Volkswagen Brazil carried out several awareness actions with employees about the LGPD, such as the Mandatory Training on Privacy and Data Protection and the elaboration of the Internal and External Privacy Notice in Visual Law. In addition, it has launched specific training for the integration of new employees, training for third parties, and information for dealers.

Another relevant development was the publication of two new policies related to the theme (Policy for Retention and Deletion of Personal Data and the Policy for Response to Personal Data Incidents), with dissemination actions scheduled for 2023.

The Legal area in partnership with the Privacy Ambassadors started the review of the RoPA (Record of Processing Activities), this work seeks to update the mapping of activities that contain personal data in Volkswagen for the constant monitoring of LGPD in the company. These actions together ensured the integrity of the data collected by VW from customers and employees. The company did not record any leak, theft, or loss of privacy-violating information in 2022.

Strong stance against LGBTphobia

A post of Volkswagen Brazil was the target of prejudiced comments in social networks in 2022. The company positioned itself and reinforced its commitment to inclusive behavior and the culture of respect, which is part of its essence, principles and values. The blunt response to the company's premises generated positive repercussions for the Brand.

Note to the community

“Difference enriches, respect unites. Volkswagen Brazil celebrates sexual and gender identity diversity. Promoting Diversity & Inclusion is one of the Brand's strategic pillars. Our premise is to ensure respectful and inclusive behavior, inside and outside the company, with direct or indirect business partners.

We believe that each person, of different races, ethnicities, gender, sexual orientation and age/ generation, has unique experiences, which added together contribute to strengthen not only the company culture, but also the environment in which we live. It is our responsibility to continue learning how we can contribute to the fight against any form of prejudice, because we consider it fundamental to reconcile differences in order to build a fair society for all.



Monitoring of the processes

(GRI 205-1, 205-2)

At Volkswagen Brazil, the Internal Audit department has a team of 17 professionals with varied backgrounds who seek to improve the organization's processes from an annual plan based on risk analyses and the Code of Conduct.

The monitoring is complemented by a corporate committee composed of representatives from the GRC, Human Resources, Audit, Security, and Legal areas, which defines strategies to ensure the company's alignment with the principles of the Code of Conduct and other regulations.

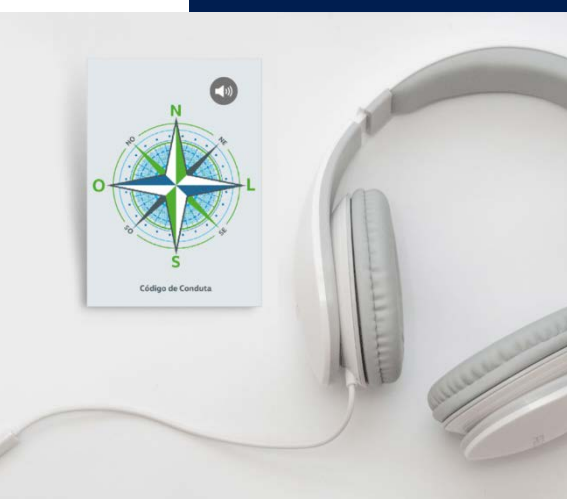
In addition, the administrative employee performance assessment process (GAP) checks how well each employee performs in compliance with the regulations and procedures to which his or her activity is exposed.

In 2022, 100% of Volkswagen Brazil's units were contemplated by the assessment of risks related to corruption, covering 22 business areas distributed in the four production units and in the Parts and Accessories Distribution Center. Volkswagen Brazil 's systematic process assesses corruption-related risks that are distributed across the business areas based on three significant variants: active corruption, passive corruption and conflicts of interest.

Reports, suspicions, or indications of corruption are investigated and dealt with by the responsible committees. Each case is analyzed and corrective actions are taken, as far as possible, seeking to minimize negative effects. If they are cases related to the public administration, for example, the company has a policy of providing any and all assistance to the competent authorities, aiming at the clarification and possible reimbursement, when applicable. Volkswagen periodically communicates the importance of ethical conduct and integrity to all company employees, including business partners.

Code of Conduct

(GRI 2-23)



The [Code of Conduct Volkswagen](#) defines the basic principles to which all employees must adhere. The document offers guidance and support for the management of ethical issues present in day-to-day life, reinforcing the company's commitment to comply with internal and external regulations. Since 2021, VW has also made an audio version available, as an inclusion tool for people with disabilities.

Training on-line – the company makes courses and training available to employees through VW Learning, a digital teaching platform. In 2022, the modules on Anticorruption, Code of Conduct, Denouncement Channel and, recently, the Prevention of Money Laundering were updated and re-launched.



Aligned Integrity

(GRI 205-2)

To maintain the culture of integrity, the company holds refresher training on the Code of Conduct and Anticorruption every two years. All employees are communicated, trained and warned on a regular basis. The leadership receives specific training and Volkswagen is keen to show that the company's values are taken care of from top to bottom ("tone from the top"). The trainings are mandatory and failure to attend them may result in disciplinary action as provided for in the internal policy.

Corruption in Brazil is a crime under Criminal Code (Decree-Law No. 2848/1940) and in the Anti-Corruption Law No. 12846/2013). At Volkswagen Brazil, the concept is defined in the Compliance Policy and is broader than that provided by law. Specific guidelines on the subject can be consulted by all employees in the Anticorruption Primer.

Aspects related to the theme were addressed in the following trainings: Code of Conduct, Antitrust, Risk Management, Business Partner Verification, Antitrust Law, Prevention of Money Laundering & Terrorist Financing, and Respect & Diversity. The training program is reviewed annually so that the public subject to greater exposure to the risks of corruption are constantly trained.

Directors communicated¹ and trained² on anti-corruption procedures³

(GRI 205-2)

	2020		2021		2022	
	Communicated	Trained	Communicated	Trained	Communicated	Trained
Total members of the company's Board of Directors	12		12		13	
Directors communicated/ trained	12	12	12	12	13	13
% of directors communicated/trained	100%	100%	100%	100%	100%	100%

Employees communicated¹ and trained² on anti-corruption policies and procedures³ (GRI 205-2)

	2020		2021		2022	
Factories, Parts and Accessories Center and offices in the Southeast	Communicated	Trained	Communicated	Trained	Communicated	Trained
Total number of employees communicated/trained	100%	10,155	100%	8,367	100%	11,359

Footnote:

¹ Employees who have received at least two communications on topics related to compliance and integrity, such as the Code of Conduct and internal Policies, among others.

² Employees who received specific training on the theme of compliance and integrity (publics identified as having higher risks due to the activities performed).

³ Communications and training on anti-corruption policies and procedures also extend to business partners.

Standards

Administrative employees (executives, monthly wage earners, third parties, service providers) and hourly wage earners (leaders and officers of the Product Development, Manufacturing Engineering, QA - Purchased Parts, Sales & Marketing, and Procurement areas) declared in the Standards any conflicts of interest, meeting the requirements of the Code of Conduct and Compliance Policy. Since 2021, the form is electronic with on-line filling in through the VW Portal, contributing to the speed of data analysis and the confidentiality of the information.

The members of the Comex (Executive Committee) also reference the self-declaration "[Living the Integrity](#)". The document includes themes such as environment, culture, sports, products, suppliers and, in 2022, was updated with the theme employees.



File a complaint channels

(GRI 2-26)

File a complaint channels are an important tool for reporting misconduct or violations that may affect the company. In the Volkswagen Group, these channels are available 24 hours a day, every day of the week, by telephone or via the Internet to all its stakeholders. The platforms gather the complaints that reach the automaker, addressed in a standardized way and directed to the areas responsible for the investigation.

All of the channels [can be found on the website](#), intranet and application for employees, ensuring easy access for all. Volkswagen Brazil, the channels receive around 100 reports per year. The evaluation of the manifestations received is the responsibility of the Governance, Risk, and Compliance area and provides subsidies for the improvement of internal processes and important evaluations of potential acts of misconduct.

In 2022, the company intensified communication about misconduct related to diversity, encouraging the use of internal channels for cases of racism and xenophobia (attitude of discrimination based on a racial or ethnic group), sexism (attitude of discrimination based on gender), ageism (discrimination against people based on stereotypes associated with age), LGBTphobia and religious intolerance, in addition to sexual and moral harassment. As an effect, the number of complaints related to diversity and harassment has grown in the company, and they are duly dealt with by the responsible areas.

The new Federal Law 14,457, which instituted the Employ More Women Program in 2022, established rules and laws that must be complied with to combat harassment, especially against women. The law also determines, in an unprecedented manner, a responsibility for CIPA (Internal Commission for Accident Prevention (Comissão Interna de Prevenção de Acidentes), which will now deal with the subject aligned to good practices, with a focus on diversity, inclusion and people's well-being.

Confirmed cases of corruption and actions taken

(GRI 205-3)

The indicator is considered confidential. All cases are received by the Reporting Channel, evaluated and addressed by the company's Compliance and Internal Audit teams. The ascertained data is then reported directly to the Volkswagen Group.

File a complaint channels headquarters



0800 59127 43



io@volkswagen.de



www.bkms-system.com/vw

Local file a complaint channels



0800 770 5 770



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Via Anchieta, Km 23,5 - CPI: 1050 SBC
São Paulo - Zip Code 09823-901



People





- Volkswagen wins Great Place to Work certification.
- Company conducts census and creates Diversity & Inclusion groups.
- Factories increase the number of female executives by 17.5%.
- VW Learning gains new content and now accounts for 40% of the company's training.

Our Volkswagen advances in **diversity and inclusion**

One of the pillars of the VW ACELERA strategy is people. Seeking to consolidate the cultural transformation in the company, Volkswagen Brazil has expanded its operations to become more agile, digital, human, and more diverse. For this, it undertakes a range of actions in favor of diversity, equity and inclusion, with inspiring leadership and opportunities for all, in order to be an attractive employer and an excellent place to work, based on management values and principles. This is "Our Volkswagen". The updated motto in 2022 carries the team spirit ("We, not me") and directs the Brand to new times, attentive to the perception and experience of employees.

A company **Great Place to Work**

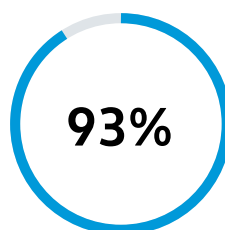
(GRI 3-3)

(Battle 1: People + Diverse)

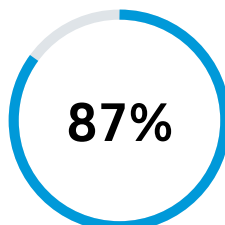


Participation in the organizational climate survey of global consultancy Great Place To Work (GPTW), a reference in people management, was one of the goals set by the ACELERA VW strategy. Already in the first survey, Volkswagen Brazil won the seal and now seeks to grow in the satisfaction indexes. The evaluation includes 63 affirmative questions divided into five pillars: credibility, respect, fairness, pride and camaraderie.

What the employees say:



are proud to tell other people that they work at VW



intend to work at VW for a long time



Five-Time Top Employer

For the fifth consecutive time, Volkswagen Brazil won the Top Employer certification, being the only car manufacturer in the country to receive the recognition. The certification, granted by Top Employers Institute, active in 123 countries, is considered the most important international recognition of excellence in Human Resources practices.



Among the 10 most attractive companies

Volkswagen Brazil was elected one of the 10 most attractive companies to work for in the country, according to the Randstad Employer Brand Survey 2022, a specialist in Human Resources focused on recruitment and selection. The independent survey included about 163,000 respondents, 5,944 companies and 31 countries, including Brazil.

The evaluation attributes that brought Volkswagen to 8th place overall were: financially healthy, good reputation, opportunities for career development, attractive salary and benefits, long-term security in the company, pleasant work environment, balance between personal and professional life, concern for the environment and return to society, and the possibility of working remotely (hybrid system for administrative teams).

Opinion Barometer Survey

The Opinion Barometer Survey is conducted annually by Volkswagen Brazil in all its units to evaluate the level of employee satisfaction at work. In 2022, the survey obtained 96% participation and 86.6% in the satisfaction index. The indicator was positive, even in a challenging year, and remained close to last year (87.4%), when it obtained the best historical result. The information is collected by a questionnaire on-line and free opinion. Based on the survey results, the leaders draw up Action Plans together with their teams, aimed at improving the work environment.



Reinforcing the employees' health



(Battle 1: People + Diverse)

Volkswagen Brazil is the newest partner of Integral Health, a corporate health program developed by Hospital Alemão Oswaldo Cruz. The initiative benefits all of the company's employees, who can now count on the service at the outpatient clinics in the company's four factories. Brazil: São Bernardo do Campo, in São Paulo Metropolitan area; Taubaté and São Carlos in the interior of the state, and São José dos Pinhais, in Paraná.

The Program takes the hospital's Primary Care Outpatient Clinic into the factories, permitting proximity of internal medical teams and patient follow-up throughout the entire care cycle; from prevention and health promotion to rehabilitation. To attend to VW's employees, the hospital has a team of 120 professionals between primary care physicians, nurses, nursing technicians, and multiprofessional teams, who work in health promotion, prevention, and control of chronic diseases.

Diversity & Inclusion extended

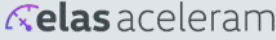




(Battle 1: People + Diverse)

The actions for the promotion of D&I at Volkswagen Brazil are increasing. The company has a thematic booklet, distributed in three versions (employees, dealers and partners), which brings explanatory content and guidance on postures and behaviors aligned with the strategic axes handled by the company today.

In 2022, VW promoted lectures, training sessions and seminars on the theme, such as the 3rd edition of the Diversity & Inclusion Week. In addition, the company completed the Diversity Wins program (training for leaders to foster debate on inclusive behavior), set goals for inclusion, especially of women in leadership positions, took a stand against LGBTphobia, and structured the Diversity & Inclusion Committee, with periodic meetings to deliberate on the directions and advances of D&I in the company's Cultural Transformation.

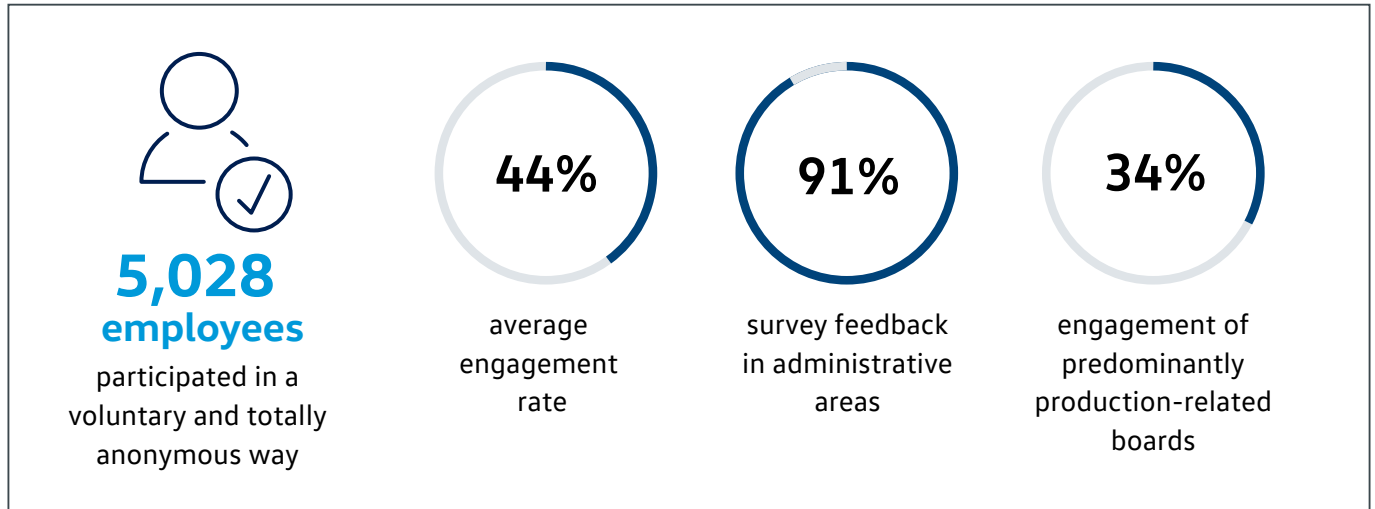
At the beginning of the year, VW launched the Dialog Groups, in charge of designing affirmative actions in the factories to foster awareness, visibility, representativeness, social impact, internal policy adjustments, and literacy.

Dialog Groups

	<p>Gender / The women accelerate</p> <p>It works processes on the gender equality agenda - encouraging mentoring (for men and for women) -, combating harassment and advocating for the career acceleration of female talent, maintaining the Brand's goal (in accordance with the UN Global Compact) of 30% women in leadership positions by 2030.</p>
	<p>LGBTQIA+ / Coloring</p> <p>It seeks to create an environment where there is more understanding about the LGBTQIA+ cause, through literacy and corporate education programs on the subject, giving visibility to the community within the company and adding people allied to the cause.</p>
	<p>Generations / Connected Generations</p> <p>It combats ageism and encourages the connection between generations in the company, from the youngest to the most experienced, valuing experiences and knowledge, in addition to discussing propositional actions about the future of generations in the company.</p>
	<p>Race & Ethnicity / We</p> <p>It develops affirmative programs and clear goals for the anti-racist struggle, in addition to awareness and literacy campaigns on the subject, and acts to raise awareness about other ethnic groups.</p>
	<p>PcD / No limits</p> <p>Promotes dialogues about the necessary accessibility for people with disabilities, in addition to broadening the internal dialogue in relation to other types of disabilities and/or neurodiversities, aiming at welcoming PcD employees or those who are allies of the cause.</p>

Diversity census

Volkswagen Brazil accomplished, between June and July, its first demographic mapping of diversity. The research was conducted by an external consulting firm, fully on-line while respecting the confidentiality of the information. The data generated will serve to support future strategies and strengthen actions towards Diversity, Equity & Inclusion.



Diversity Week



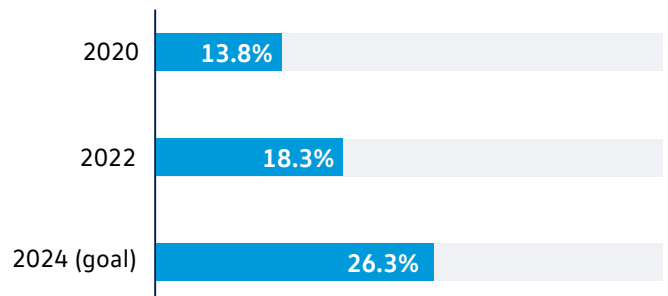
Volkswagen promoted, in August, the third edition of the Diversity & Inclusion Week for employees of the SAM Region, in the units in Brazil and Argentina simultaneously. With the motto "Stories that Drive", the webinars discussed topics such as gender equity in the automotive industry, empowerment, generations at work, racial equity, LGBTQIAP+ inclusion, and innovation. Executives from the VW Group, guests from the market, employees, and representatives from the company's Executive Committee participated.

Women in leadership

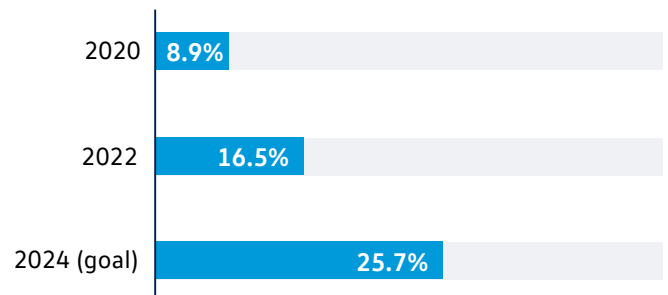
Historically, the presence of women in the automotive industry is low. The study Diversity in the Automotive Sector, done by Automotive Business in 2021, points out that their presence has been stationary for years at around 20%. To leverage these numbers and promote equity, Volkswagen Brazil has been implementing a series of actions, both in career development and in new hirings.

In 2022, the company signed an agreement with Bradesco to raise bank debt tied to ESG targets (see graph). Since 2020 Volkswagen has been a signatory to the Women's Empowerment Principle, an initiative created by UN Women.

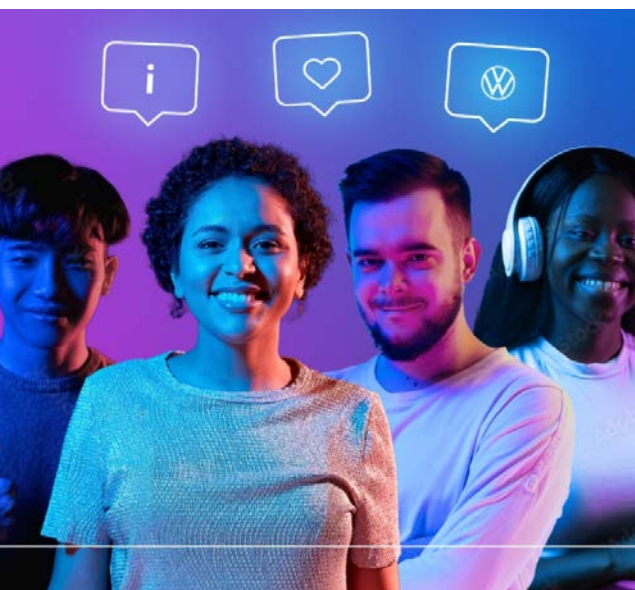
Executive women (supervisors and above):



Women managers and executive managers:



An advance of over 78% compared to 2020, when the company strengthened its internal actions on this indicator, even before the ESG commitment.



Talent sourcing with inclusion and equity

The Human Resources area constantly monitors the hiring process with the ambition that 50% of the new talents are diverse. The goal is also valid for the internship programs and trainee of the company. In 2022, 54.6% of hirings were within at least one of the five Dialog Groups (Gender, Race & Ethnicity, PcD, Generations, and LGBTQIA+). In addition, the company implemented a cross-functional group to review the Talent Sourcing process, impacting mainly the leaders, responsible for recognizing their unconscious biases and conducting the selection process.

The workforce profile

(GRI 2-7, 202-2, 401-1 e 404-2)

Volkswagen Brazil continues with the company's restructuring plan and ended 2022 with 12,809 employees. The reduction of almost 3% (compared to 2021) is associated with strategic planning, underway since 2014, and the drop in production volume. There is, however, a slight increase in the number of employees over 50 years of age in the factories.



The adjustments in the workforce follow the Collective Agreements entered into between the company and the local unions. For departures, the Voluntary Departure Program (PDV) mechanism was favored, with a special financial incentive proportional to the length of service in the company. As the scope of this program, employees voluntarily apply to leave and can redesign their lives after leaving the company, taking advantage of the financial incentive and the legal severance pay.

In August 2020, VW promoted joint negotiations with the unions of all its factories, considering the impact of Covid-19, with a considerable drop in factory production. The objects of this negotiation were, among others, the opening of a new Voluntary Departure Plan, to adjust the headcount. The negotiation is valid until 2025, which contributed significantly to the result achieved. In general, turnover rates at VW Brazil are low, which contributes to the consolidation of well-trained and high-performance teams.

Volkswagen Private Pension (VWPP) kept in 2022 the Awakening for the Future Program, which proposes to the participant information and reflections about the post-career transition. The content was revised after the classes of 2021 and made 100% digital, with greater coverage. VWPP has also created a LinkedIn page, launching another communication channel with participants, beneficiaries and the general public, with themes related to complementary pension plans.

For 2023, VW Brazil established as a goal that 22.35% of the positions executives (Supervisor e above) be occupied by women and that 21.05% be in managerial positions and executive management in the company. These short-term definitions affirm the automaker's progressive commitment to gender equity.



Employees by gender and region¹

(GRI 2-7)

Region	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Anchieta	741	6,861	7,602	713	6,422	7,135	740	6,140	6,880
Curitiba	122	2,116	2,238	115	2,020	2,135	102	1,970	2,072
Regional	28	144	172	18	130	148	18	128	146
São Carlos	97	811	908	94	757	851	90	728	818
Taubaté	139	2,892	3,031	165	2,710	2,875	233	2,612	2,845
Vinhedo	13	39	52	15	28	43	15	33	48
Total	1,140	12,863	14,003	1,120	12,067	13,187	1,198	11,611	12,809

Employees by type of employment contract and gender¹

(GRI 2-7)

Contract type	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Temporary Employees (Determined Time)	52	8	60	47	28	75	146	95	241
Permanent Employees (indetermined period)	12,811	1,132	13,943	12,020	1,092	13,112	11,465	1,103	12,568
Total	12,863	1,140	14,003	12,067	1,120	13,187	11,611	1,198	12,809

Employees by type of employment contract, gender and region¹

(GRI 2-7)

Region	2020					2021					2022				
	Determined time		Indetermined time		Total	Determined time		Indetermined time		Total	Determined time		Indetermined time		Total
	Women	Men	Women	Men		Women	Men	Women	Men		Women	Men	Women	Men	
Anchieta	0	0	741	6,861	7,602	0	0	713	6,422	7135			740	6140	6,880
Curitiba	7	52	115	2,064	2,238	0	0	115	2,020	2135			102	1970	2,072
Regional	0	0	28	144	172	0	0	18	130	148			18	128	146
São Carlos	1	0	96	811	908	1	1	93	756	851			90	728	818
Taubaté	0	0	139	2,892	3,031	27	46	138	2,664	2875	95	146	138	2,466	2,845
Vinhedo	0	0	13	39	52	0	0	15	28	43			15	33	48
Total	8	52	1,132	12,811	14,003	28	47	1,092	12,020	13,187	95	146	1,103	11,465	12,809

Footnote:

¹ The data was considered based on reports from the SAP system. Headcount Cars & Lights, including employees in lay-off.

Employees by gender and category functional²

(GRI 405-1)

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives	49	306	355	57	323	380	73	327	400
Unit Managers and Specialists	19	123	142	17	107	124	21	114	135
Monthly employees	518	1,815	2,333	473	1,651	2,124	499	1,665	2,164
Hourly employees	494	10,509	11,003	499	9,850	10,349	551	9,424	9,975
Apprentices	60	110	170	74	136	210	54	81	135
Total	1,140	12,863	14,003	1,120	12,067	13,187	1,198	11,611	12,809

Footnote:

² Interns are not included in the total number of employees.

Number of employees by age group²

(GRI 401-1)

	2020	2021	2022
Under 30 years	1,001	966	1,011
Between 30 and 50 years	11,112	10,362	9,683
Above 50 years	1,890	1,859	2,115
Total	14,003	13,187	12,809

Footnote:

² Interns are not included in the total number of employees.

Total and rate of new hires by gender and age group

(GRI 401-1)

	2020				2021				2022			
	Men		Women		Men		Women		Men		Women	
	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)
Under 30 years	65	0.09	33	0.11	134	0.20	95	0.32	115	0.17	87	0.27
Between 30 and 50 years	68	0.01	4	0.01	41	0.00	25	0.03	157	0.02	94	0.12
Above 50 years	4	0.00	1	0.02	3	0.00	0	0.00	9	0.00	5	0.07
Total	137	0.01	38	0.03	178	0.01	120	0.11	281	0.02	186	0.16

Total and rate of new hires by region

(GRI 401-1)

	2020				2021				2022			
	Men		Women		Men		Women		Men		Women	
	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)
Anchieta Factory	96	0.01	13	0.02	75	0.01	58	0.08	130	0.02	79	0.11
São José dos Pinhais Factory	13	0.01	10	0.08	26	0.01	15	0.13	1	0.00	4	0.04
São Carlos Factory	3	0.00	2	0.02	3	0.00	2	0.02	4	0.01	2	0.02
Taubaté Factory	24	0.01	13	0.09	66	0.02	44	0.27	133	0.05	98	0.42
Regional VW Offices	1	0.01	0	0.00	8	0.06	0	0.00	12	0.09	2	0.11

	2020				2021				2022			
	Men		Women		Men		Women		Men		Women	
	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)
Parts and Accessories Center Vinhedo	0	0.00	0	0.00	0	0.00	1	0.07	1	0.03	1	0.07
Total	137	0.01	38	0.03	178	0.01	120	0.11	281	0.02	186	0.16

Total and turnover rate by gender and age group

(GRI 401-1)

	2020				2021				2022			
	Men		Women		Men		Women		Men		Women	
	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)
Under 30 years	82	0.12	32	0.11	75	0.11	48	0.16	104	0.15	50	0.15
Between 30 and 50 years	532	0.05	45	0.06	433	0.05	87	0.11	309	0.03	46	0.06
Above 50 years	354	0.19	21	0.42	512	0.28	10	0.19	312	0.15	9	0.12
Total	968	0.08	98	0.09	1,020	0.08	145	0.13	725	0.06	105	0.09

Total and turnover rate by gender and region

(GRI 401-1)

	2020				2021				2022			
	Men		Women		Men		Women		Men		Women	
	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)
Anchieta Factory	435	0.06	36	0.05	554	0.09	94	0.13	413	0.07	52	0.07

	2020				2021				2022			
	Men		Women		Men		Women		Men		Women	
	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)
São José dos Pinhais Factory	368	0.17	23	0.19	117	0.06	22	0.19	50	0.03	18	0.18
São Carlos Factory	17	0.02	4	0.04	56	0.07	6	0.06	38	0.05	8	0.09
Taubaté Factory	138	0.05	33	0.24	261	0.10	15	0.09	209	0.08	24	0.10
Regional VW Offices	7	0.05	1	0.04	19	0.15	6	0.33	14	0.11	2	0.11
Parts and Accessories Center Vinhedo	3	0.08	1	0.08	13	0.46	2	0.13	1	0.03	1	0.07
TOTAL	968	0.08	98	0.09	1,020	0.08	145	0.13	725	0.06	105	0.09

Partnerships that strengthen the team



In addition to the direct employees, around 10 thousand third parties (specialized service providers) work at Volkswagen Brazil's factories. All companies that operate within VW are monitored for compliance provided in the Health, Safety and Ergonomics Manual for Contractors (which is in its 13th version, updated in 2022), encouraging its employees to be aware of the norms so that they can develop their activities avoiding accidents.

Training

(GRI 404-1)

In 2022, the average amount of training per person reached almost 47 hours when adding up the activities directed to executives and to employees of all areas, 247% more compared to 2021 (with an average of 19 hours). The exponential growth of training activities is related to the launching of new products, which caused an increase in training hours for hourly wage earners, in addition to the VW Learning platform, which makes courses and training available on-line to the employees. Another highlight was the training directed at women in the factories, which jumped from an annual average of 23 hours (in 2021) to 103 hours in 2022 (learn more below). The training dedicated to leadership registered 36 hours on average per manager.

Development programs

In 2022, the company gave prominence to leadership qualification actions, with the updating of initiatives, and with a focus on women in management positions and innovation. Volkswagen maintained the Women's Mentoring program throughout the year, with the objective of improving its professionals through the exchange of experiences; implanted the Agile Promoters program, which has as its objective agile mindset for leaders and analysts, an initiative applied at VW Learning with face-to-face moments; and followed up on Executive Coaching, which works on VW's 5 principles of leadership.



The company also has Communication Forums held in the units for the alignment of information and goals among all hierarchical levels, in addition to the "Virtual Coffee with the COO" and the "Comex Responds", chat rounds with employees about professional and organizational topics, in a relaxed way, encouraging the silo-busting.



New content in VW Learning

(Battle 3: Processes + Agile)

Volkswagen's teaching and learning platform reached 100% of employees in 2022, with new partnerships and content for training and professional qualification. Currently, VW Learning registers an average of 6,650 accesses per month, of which 40% are training hours (mandatory or not). The other most popular topics are Excel, Power BI and digital transformation. With the Development Cup, accesses increased by 260% and the platform had 19 thousand additional hours of engagement. The company signed a partnership with Trillio, for the promotion of competencies and behavioral skills.

Average annual training hours by gender

(GRI 404-1)

	2020			2021			2022		
	Total number of employees	Training hours	Average training hours	Total number of employees	Training hours	Average training hours	Total number of employees	Training hours	Average training hours
Men	-	-	-	11,931	224,559.86	18.82	11,611	478,292.00	41.19
Women	-	-	-	1,046	24,183.75	23.12	1,198	123,528.00	103.11
Total	-	-	-	12,977	248,743.61	19.17	12,809	601,820.00	46.98

Average annual training hours by gender and functional category

(GRI 404-1)

	2020			2021			2022		
	Total number of employees	Training hours	Average training hours	Total number of employees	Training hours	Average training hours	Total number of employees	Training hours	Average training hours
Executives	355	13,448.33	37.88	380	10,250.67	26.98	429	15,631.00	36.44
Women				57	1,900.50	5.88	77	2,440.00	31.69
Men				323	8,350.17	146.49	352	13,191.00	37.47
Monthly employees	2,475	28,926.17	11.69	2,248	31,648.76	14.08	2,270	33,658.00	14.83
Women				490	8,406.38	17.16	516	7,852.00	15.22
Men				1,758	23,242.38	13.22	1,754	25,806.00	14.71
Hourly employees	11,003	175,594.03	15.96	10,349	206,844.18	19.99	10,110	552,531.00	54.65
Women				499	13,876.87	27.81	605	113,236.00	187.17
Men				9,850	192,967.31	19.59	9,505	439,295.00	46.22
Total	13,833	217,968.53	15.76	12,977	248,743.61	19.17	12,809	601,820.00	46.98

Return to work and retention rates after maternity/paternity leave

(GRI 401-3)

A gender-equitable choice for maternity/paternity leave and other rights related to such leave can promote greater employee retention, as well as increase employee engagement and productivity. At Volkswagen, the return rate among men in women in 2022 averaged 99% and retention, i.e., staying for one year after leave, was 97%.

In the year 2022, 58 women went on maternity leave, which represents 4,84% of Volkswagen Brazil's female headcount. Of those, 98% remained in the workforce after the 12-month return period. All of the company's factories have a collective labor agreement extending maternity leave for a total of 6 months. The number of paternity leave represents 1.94% of the total male employees.

		2020	2021	2022
Total number of employees entitled to maternity/paternity leave	Men	12,863	12,067	11,611
	Women	1,140	1,120	1,198
Total number of employees who went on maternity/paternity leave	Men	401	231	225
	Women	60	37	58
Total number of employees who returned to work after the end of maternity/paternity leave	Men	401	231	225
	Women	58	37	57
Total number of employees who returned to work after maternity/paternity leave and were still employed 12 months after returning	Men	396	228	218
	Women	56	36	56
Return rate (employees who returned after the end of the leave)	Men	100%	100%	100%
	Women	97%	100%	98%
Retention rate (staying at work after 12 months from the date of return from leave)	Men	99%	99%	97%
	Women	93%	97%	97%



Health, safety and ergonomics

(GRI 403-1)

The Health, Safety and Ergonomics activities are organized and managed in order to comply with both the legislation in force (Ordinance No. 3,214 of June 8, 1978 of the Ministry of Labor and other applicable standards) and Volkswagen's highest standards in engineering, medicine and ergonomics.

Management is monitored and evaluated through audits, inspections, workstation evaluations and biological monitoring. The Risk Management Program (PGR) and the Occupational Health Medical Control Program (PCMSO) are the tools for controlling the exposure of employees to risks in the company. The first focuses on the preservation of workers' health and integrity, through the anticipation, recognition, evaluation and consequent control of existing or emerging environmental risks. Aligned with this and the Regulatory Norms (NRs), the PCMSO focuses on the prevention, tracking and early diagnosis of work-related health problems.

The preventive actions for the workers' health are based on the pillars of the Volkswagen's Living Well Program, focused on physical, mental and social health. It is up to the members of the Specialized Services in Safety and Occupational Medicine (SESMT) provide the necessary advice for the development and application of preventive measures and, if necessary, corrective measures for occupational risks. The evaluation of these measures as well as their management brings more commitment from the workers with the preventive conduct, which is the main objective of Occupational Health within Volkswagen.



Workplace accidents

(GRI 403-9)

Indicators	2020		2021		2022	
	Number	Index	Number	Index	Number	Index
Deaths resulting from work-related accidents	0	-	1	-	0	-
Accidents at work with serious consequences (except fatalities)	1	0.1	4	0.4	3	0.3
Mandatory reporting of occupational accidents	106	11.7	119	11.5	124	12.1
Rate of days lost	427	47.2	1,549	150.3	1,375	134.3
The number of hours worked	9,052,016	-	10,308,770	-	10,238,551	-

The actions aimed at accident prevention and employee awareness have generated a positive result in employee awareness. The main accidents recorded during the year were cuts on hands and fingers, sprains and traumas, without loss of limbs. For the coming months the company plans an analysis of the accidents and the flow of withdrawals, as well as a review of the safety index, the deployment of the Security Guards; modernization of the PPE delivery system, reinforcement in the communication and awareness activities and the beginning of the implementation of ISO 45001 - Work Safety Management.

Flexibilization and dialogue with unions

(GRI 2-29, 2-30)



Volkswagen Brazil maintains a constructive relationship with the trade union representation entities. This type of participative relationship is mirrored in the German model, where trade union committees are structured and legitimately represented, including on the VW Group's Board of Directors.

100% of hourly and monthly wage earners (Operational and Administrative) at Volkswagen Brazil's units are covered by collective bargaining agreements, which involve matters such as base date, profit sharing program, time bank, annual production calendars containing additional production days and compensation for bridging holidays, social clauses, headcount adequacy, possibilities of outsourcing, among others. Executives are not covered by collective bargaining and agreements, the definitions are derived from the individual employment contract, internal procedures, VW policies and current labor legislation.

In all Brazilian Volkswagen factories, the Internal Representation of Employees (RIE) develops the role of interface between the employees and the hierarchical levels of the company, creating alternatives to improve the organizational climate and the joint solution of internal demands. The trade union representatives are elected periodically and have a mandate, in part, with free time to develop their representation activities. In 2022, the RIE completed 40 years of dialogue, building important agreements that ensure predictability for employees and factories.

Volkswagen Brazil recognizes that there are common interests of the employees and the company that can be better equated if addressed together. Permanent and constructive communication increases mutual trust, develops mutual respect, stimulates cooperation, and promotes integration and harmony in the work environment, reducing tensions, misunderstandings, and confrontations. Furthermore, the search for socially responsible solutions should guide the actions of those involved in labor relations, including issues related to working conditions, as guided by Volkswagen's Charter of Social Rights and Industrial Relations, since June 2002.

The dialogue with representatives is part of Volkswagen's regular agenda. During the Flow Meetings, which returned to a face-to-face format in 2022, Information such as VW's current scenario, perspectives, and challenges with a focus on labor relations are allied between the parties, maintaining a balanced and transparent relationship for the sustainability of the business.

Compensation policy

(GRI 202-1)

The company seeks to maintain a competitive internal compensation policy, in order to attract and retain the best professionals in the market, valuing their commitment and performance. The wages are updated according to the Collective Agreements signed by the automaker, with specific negotiations for each factory, considering the reality of the region where they are located.

In 2022, the percentage ratio between the minimum wage in Brazil in the period and the lowest wage paid by the automaker, considering all factories, was 38%.

In addition to direct remuneration, all employees enjoy a benefits package. Considered a reference in the market, the package includes medical plan, private pension, meal, chartered transportation, and nursery assistance, among others.



Conecta RH

(Battle 3: Processes + Agile)

VW Brazil launched in its factories a space for employee service to improve HR's day-to-day performance and experience with the so-called Our Volkswagen (employer branding). In the digital area, Conecta RH has updated the telephone service channels, created the Facilita VW system (accessible through the app and the portal) for opening and monitoring HR requests, and brought the area's services to the palm of employees' hands, with a section in the VW&EU app.



Products





- › Volkswagen has largest portfolio in Latin NCAP safety ranking.
- › Product Lineup foresees 15 new vehicles by 2025, with priority to flex and electric vehicles.
- › Company expands safety and energy efficiency items in the 2022 models.

Five stars in safety

(GRI 3-3 e 416-1)

Volkswagen has the broadest portfolio of products on sale in Brazil with five stars in the safety ranking of Latin NCAP (New Car Assessment Program), an independent new car assessment program for Latin America and the Caribbean. The T-Cross, Taos, and Nivus models offer maximum safety in occupant protection according to the evaluation.

VW leads the way as the first automaker to achieve a top score for safety within the institute's new test protocols, valid from 2020 to 2024. The SUVW Taos earned five stars in all requirements, considering adult, child, and pedestrian protection as well as driver assistance systems.

All the VW models evaluated have in common the MQB Modular Strategy, which is the most modern production concept of the Volkswagen Group in the world.



Acelera VW launches **portfolio renewal**

(Battle 2: Products + Digital)

One of the pillars of the strategy ACELERA VW is related to the development of the Brand's products and the renewal of the portfolio until 2025. The new Lineup announced by the company foresees 15 new vehicles, mainly flex and electric, besides actions to increase the decarbonization and digitalization of the automaker. The resources are part of the investment package announced for 2021, with the Group investing BRL\$ 7 billion in the region.

In 2022, four models were launched on the market, starting with the Jetta GLI, the Brand's fastest passenger vehicle in the country. In the celebration of Polo's 20th anniversary in Brazil, Volkswagen presented two models, advancing the Product Lineup: the Polo Hatch and the Polo Track, a vehicle produced on the MQB platform that replaced the Gol on the production line as part of the plan to renew the entry segment. The special edition that brought the Gol farewell completed the list (learn more below).

Product Lineup 2022



New Polo



Jetta GLI



Polo Track



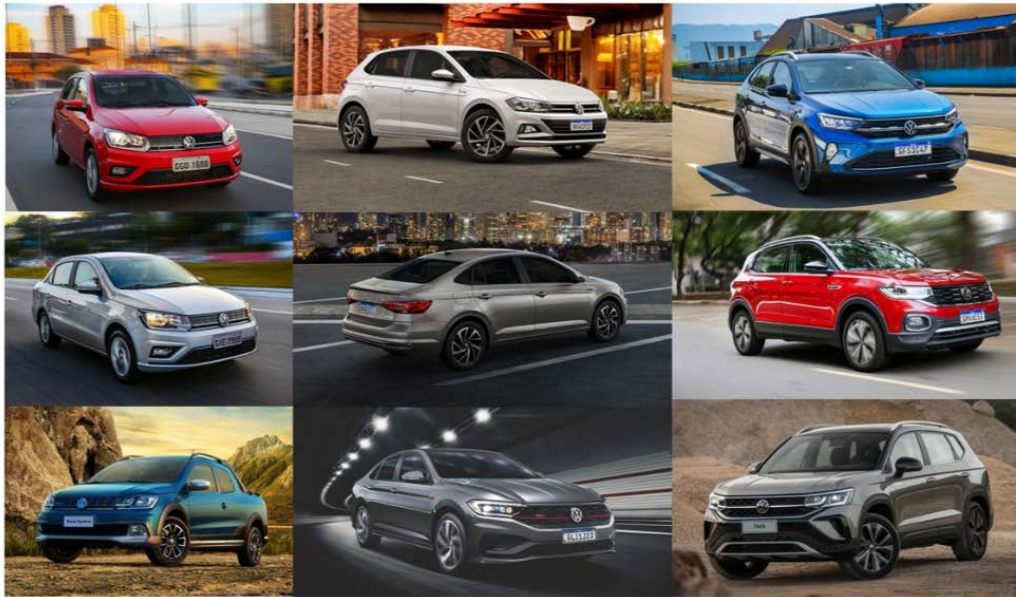
Gol Last Edition: the farewell to a national classic

After 42 years of uninterrupted production at the Taubaté factory, the GOL has been discontinued. The model is the most produced car (+8.5 million units), sold and exported (+1.5 million) in the history of the Brazilian market. To honor the farewell of this classic of the Brazilian automotive industry, Volkswagen has produced the Gol Last Edition. Numbered and limited to 1,000 units, the version was specially developed by Volkswagen Brazil's Design team and sold out in only 30 minutes of sales.

PL7 and Rota 2030: VW reduces emissions in its new car lineup

(GRI 302)

(Battle 2: Products + Digital)



Volkswagen has reduced emissions and consumption of all its models to meet the new phase of Proconve (L7), regulated by Conama (National Council of Environment), and the targets set by Rota 2030. With the objective of establishing new vehicle emission standards, including the reduction of air pollution and fuel economy, the Brand's engineering worked on the development of the largest portfolio in the country, which includes 10 models, among them Gol, Voyage, Polo, Virtus, Nivus, T-Cross, Taos, Jetta, Saveiro and Amarok, covering 90% of the market segments in the country.

The PL7 established even stricter limits for gas emissions (which came into effect at the turn of 2023), requiring equally severe new testing and analysis. Emissions had to be reduced by at least 38% for volatile organic compounds and nitrogen oxides, 23% for carbon monoxide and 25% for aldehydes compared to the previous legislation, the PL6.

When it comes to fuel consumption, Volkswagen customers are also driving more efficient cars. These changes exceed the determinations of Rota 2030, a federal program aimed at the automotive chain with the objective of supporting technological development, innovation, vehicle safety, environmental protection, energy efficiency and the quality of the vehicles launched in the national market.

VW presents **Way to Zero** actions at Rock in Rio

(Battle 4: Customers + Customer Centric)



Volkswagen Brazil took advantage of its sponsorship quota for Rock in Rio 2022 to publicly present initiatives developed in the global program Way to Zero, which aims to neutralize the emissions of CO₂ of the company by 2050. THE ID. Buzz (the electric Kombi) was one of the highlights and made its Latin American debut. It stood alongside the ID.4, the brand's electric SUV, and other models from the SUVW family.

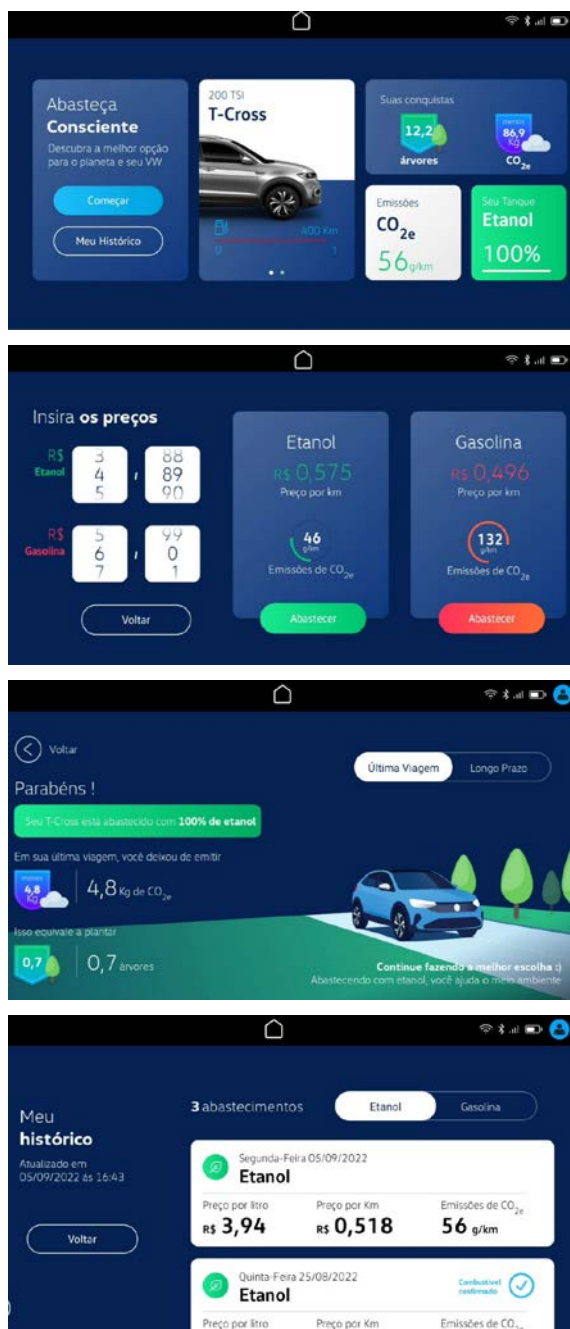
During the seven-day event, the public could also participate in the Enjoy Consciously activation, a quiz to test their knowledge about decarbonization. The activity included guidance on climate protection and CO₂ in the fuel, showing the environmental advantages of using ethanol.

Rock in Rio Brazil 2022 brought the motto "For a better world" with a 100% carbon neutral event. Volkswagen, as one of the sponsors, had its neutralized participation as well. The stand near the World Stage was built with reusable material and the tarpaulins were destined to the Sewing the Future project, of the Volkswagen Group Foundation.

Fuel Consciously Program

expands partnerships

Volkswagen Brazil has signed a partnership with Bosch; Localize; Raízen, licensed brand Shell; Volkswagen Financial Services and LM; Union of the Sugar Cane and Bioenergy Industry (Unica) for the Fuel Consciously Program, which encourages the use of ethanol to fuel cars.



The agreement provides exclusive benefits from partners to VW customers. Since 2021, Volkswagen Brazil has been discussing the future of the automotive industry regarding decarbonization, adopting an approach that takes into consideration renewable energy sources and the use of biofuels as a complementary strategy to the adoption of electric vehicles. To encourage the use of ethanol, which avoids the emission of up to 90% of CO₂ in the atmosphere compared to gasoline, VW offers consumers the Fuel Consciously calculator.

Far beyond the financial question, the tool shows which is the emission of CO₂ according to the fuel chosen, considering the “well-to-wheel” methodology, that is, from the cultivation or extraction of natural resources, their production process and transport, to their combustion in engines. Thus, the customer can consider - at the same time - the pocket and the environment. In one year, more than one million simulations were made by customers on the calculator.

VW enters the NFT market

Volkswagen launched in 2022 the Digital Garage, an environment to store, trade, and sell collectible digital cards. Accelerating digitalization and keeping up with trends, the Brand is the first automaker to market a collection of NFT cards and develop a platform for fans to collect items created by the manufacturer itself.

NFT stands for Non-Fungible Token. It is the combination of any item (image, video, music, or even an object) with a "smart contract" registered in blockchain, which guarantees its authenticity and makes this item unique.



In the first 30 days alone, the platform has counted more than 58,000 hits, 97 card options available in 3,600 packs, one auction sold for more than BRL\$3,000 and digital card buyers from 12 countries.



100 thousand units

The VW Nivus, the first model entirely developed in Latin America, celebrated in September the mark of 100,000 units produced in São Bernardo do Campo (SP). Nivus revolutionized the way Volkswagen developed its vehicles, in an innovative project, 100% digital, without having to make a single physical prototype. For comparison, in the past up to 70 physical prototypes were used. The model has already been exported to 15 countries in Central and South America. In July 2021, it started being produced and marketed in Europe under the name VW Taigo.



Vehicle safety

(GRI 416-1 e 416-2)

Volkswagen was a pioneer in crash tests in Brazil. Since 1971, the company has had a Vehicle Safety Laboratory that works both in the creation and design of new models and in the improvement of vehicles in production.

Today, active safety and driver assistance systems play an important role in protecting vehicle drivers and passengers, as well as pedestrians. In addition to the traditional tests that have been conducted for decades, the engineers and technicians at the Vehicle Safety Laboratory are working to develop and improve systems based on digitalization and data processing. The digital evolution makes it possible for systems like the ABS brakes to interact with a variety of sensors, ranging from accelerometers to cameras, radar, and ultrasound.

Among the best-known features that equip Volkswagen cars are electronic stability control, electronic brake-force distribution, fatigue detector, post-collision braking, adaptive cruise control, emergency brake assist, front assist, distance alert, blind spot detector, airbags front and side and ISOFIX® with top-tether for attaching child seats in the rear seat.

In 2022, no non-compliance with non-compliance regulations related to impacts caused by products and services on customer health and product safety was identified.

New actions for energy efficiency

(GRI 2-27, 302-5, 307-1)

(Battle 5: Sustainability + Carbon Neutral)

Volkswagen reinforced its commitment with a focus on developing and producing increasingly more technological and efficient vehicles, within the Way to Zero strategy. Among the technologies that have helped reduce emissions and lower consumption in VW cars are engine and transmission upgrades, an air-conditioning system with a magnetic clutch, aerodynamic improvements, the adoption of tires with low rolling resistance ("green") compounds, and Start-Stop for almost all models. The economy in energy consumption reached 16% (with variations from 4% to 16% according to the version and model).

The company adopted the multilayer fuel tank and the new catalyst in the exhaust system with optimization of precious metals in the components; increased activated carbon filter volume; redesigned engine components and introduced parts to improve the aerodynamics of the cars.



Digitalization, new business models, and vehicle connectivity

(GRI 3-3)

Digitalization is increasingly present in Volkswagen's processes, bringing benefits such as high technology, productivity, ergonomics and new business. The company has an Open Innovation area responsible, among other things, for accelerating partnerships with startups, universities and large companies. In the first semester, VW implemented the BTO (Business Transformation Office), with the objective of promoting the transformation of the company through innovation, digitalization and agile mindset, premises that are in line with the VW strategy ACELERA.

For the economy, this translates into new revenues. For the environment, the digitalization actions are reflected in new ways to educate and encourage sustainability as, for example, the emissions calculator CO₂ and the Cognitive Manual, which significantly reduces the amount of paper in the manuals that accompany the Brand's vehicles. The company has broadened its experience in and around the car, delivering better services and convenience with the use of digital tools and constantly updating data, such as the VW Play (a system of infotainment developed entirely in Brazil) and the customer's digital journey, which invests in technological solutions to broaden the experience with the Brand.

The management of these actions is guaranteed in tests and internal prototypes, with validation phases before being released to the market, roadmap (digital mapping) of corrections and improvements, feedbacks of customers, analytic data, and market analysis (measured by downloads, records, interactions, usage time etc.), beyond service to the customer and transparency of information.

Details in every step

(GRI 3-3 e 416-1)



Product development

From the very beginning of the project, occupant safety aspects are extremely relevant and foreseen in detail. Pedestrian protection is an item that has also received increasing attention.



Certification

The certification of the product is made through destructive tests on crash tests, indispensable step that precedes its release to the market. During the process, state-of-the-art anthropometric mannequins allow the biomechanical values obtained in vital organs to be certified. The results exceed the safety standards required by law.



Marketing and communication

The Marketing and Technical Assistance areas are responsible for disseminating the vehicle safety aspects to the consumers, guiding them about the use of the available resources.



ISO 9001

All stages that make up the life cycle of the Volkswagen Brazil's products and services are structured based on the company's Quality Management System (ISO 9001), which is added to other internal standards.



Research and development

The components incorporated to the vehicles are elaborated under the most modern laboratory processes, with the use of resources such as vehicle prediction simulations - of the component, of the complete vehicle and of its interaction with the others during the crash tests, testing for emissions, performance, durability, noise, electronic integration, etc.



Manufacturing and production

The automaker starts manufacturing the product only after the certification of the efficiency of the components and the complete vehicle. The model must meet the specifications approved in the project.



Use of the product

The orientation about the available safety resources and their correct use is a constant concern of the automaker. It is portrayed in detail in the media and in the owner's manual. In addition to this, Volkswagen provides customers with vehicle safety guidelines and a safe driving booklet, with instructions on how to adjust safety components in order to obtain the ergonomically safest driving position and achieve the best system performance in the event of a collision.

Information available to consumers

(GRI 417-1, 417-2)

(Battle 4: Customers + Customer Centric)

All products are identified by means of labels and engravings, which meet the legal requirements (product safety, environment, quality and telecommunications) and bring complementary information from Volkswagen Brazil itself about the functionality and correct use of certain equipment and for vehicle maintenance. The VW Guide, also known as the Owner's Manual, is made available (in booklet and/or digital format) to all customers, with information presented in a didactic way to facilitate the correct use by consumers, ensuring their safety.

Focused on process optimization, cost reduction and environmental awareness, the After-Sales team sought common information among the vehicles to unify the document. Currently, a manual is already implemented for the entire line of national vehicles, one for those exported to Argentina and another for imported vehicles. For the LAM and North African markets, the strategy is under development. By establishing connections with digital platforms, it was possible to create leaner printed manuals (only 60 pages), covering safety and legislative topics. The texts direct the reader to learn more on the VW website or in the My VW App, with exclusive digital manuals per model and with the entire content (up to 350 pages). Besides the information available in the instruction manual and in the Volkswagen Guide, the customer also has at his disposal the Cognitive Manual, which applies artificial intelligence to understand and answer questions.

With regard to environmental protection, it is worth noting that there are more than two dozen observations in the manual. Volkswagen Brazil participates in the Brazilian Vehicle Labeling Program coordinated by INMETRO and, since 2017, labels 100% of its vehicles. No warnings, fines or penalties for non-compliance with regulations and voluntary codes concerning product information and labeling were recorded for Volkswagen Brazil in 2022.



Customers





- › Volkswagen closes the year in 1st place in After Sales according to CSI satisfaction survey.
- › Company opens channel to sell parts and accessories on the Internet.
- › Way to Zero takes biogas to the Dealers Network.

Customer satisfaction as a priority and focus on the relationship with the dealers

(GRI 3-3)

Volkswagen Brazil wants to be ever closer to its customers and, to do so, is betting on the consumer's experience. In 2022, the company expanded the actions of tests and presentations of the brand's models, such as at Rock in Rio and at ID. Week, where it promoted its portfolio of electric vehicles.



In partnership with the dealers, the network is modernizing all its 500 stores in Brazil with the New Brand Design, bringing innovation, with modern and digital spaces. Currently, Volkswagen serves 353 revitalization projects (73% of the network). In December, the company launched an offensive to receive the missing 27% and reach 100% of the Network with processes sent.

To circumvent the semiconductor crisis, which once again weighed on production, the company reinforced corporate sales. The strategy resulted in second position in its category in the entire Volkswagen Group. The brand closes the year in 1st place in After Sales and 6th in Sales, according to the CSI (Customer Satisfaction Index) satisfaction survey, which measures customer approval. Now she is committed to raising the rates by 2023, with a goal of reaching 3rd place in Sales.

Volkswagen launches **e-commerce of parts and accessories**

(Battle 4: Customers + Customer Centric)

The new [sales path on-line of VW](https://pecas.vw.com.br) (pecas.vw.com.br) allows the offer of parts and accessories directly from the Dealers Network all over Brazil. The main benefits for the customer are faster deliveries, product volume, and support in the purchase of parts. The new e-commerce has approximately 50 thousand items to serve Volkswagen's circulating fleet (between new and old).

The development of the digital platform occurred together with Assobrav, an association that mediates the relationship between automakers and dealers. This novelty is a way to supply the market that involves, besides owners (final customer), professionals who repair the vehicles.

Daily, the site receives 3 thousand visits of customers looking for original Volkswagen parts, accessories, and collectibles. Only in the first six months, the e-commerce reached BRL\$ 500 thousand in sales throughout Brazil.



Way to Zero in the Dealers

(Battle 5: Sustainability + Carbon Neutral)

Partnerships between Volkswagen dealers and Raízen advanced in 2022 with the use of renewable energy to decarbonize the automotive sector. The first to close a contract was the Germânica Group, the largest unit in the interior of the state of São Paulo and the second largest group in the country, located in Mogi Mirim (SP). Soon, the partnership will be expanded to the entire Network.

The project is part of the Way to Zero strategy, which develops decarbonization solutions throughout the production chain, from suppliers to the Dealers Network. With the partnership, the Mogi Mirim unit will receive clean and renewable energy generated through biogas, thus avoiding the emission of 29 tons of carbon in five years. The unit will be able to save 10% to 23% on its electricity bill per year, depending on the tariff flag, with Raízen's Distributed Generation solution.

In addition, for the second year in a row, the Dealers Network participated in the survey about the emission rate of CO₂ conducted by the Volkswagen Group. The questionnaire was applied in all markets and has the objective of measuring the emission level of each location (dealer) in order to engage, raise awareness and stimulate the Network in the progressive reduction of CO₂, reaching zero by 2050. Also in 2022, for the first time, the #Project1hour was applied to the employees of the Dealers Network, a global action of the Volkswagen Group that consists of dedicating one hour a day to climate change, promoting the exchange of information and stimulating concrete personal contributions to the theme. The action was carried out on Earth Day (April 22) and had 100% participation of key people from the dealers.

City store: innovative and intimate customer experience



Volkswagen Brazil inaugurated in September, at Casa Shopping, located in Barra da Tijuca (RJ), its first City Store, in partnership with Grupo Recreio, the largest in the country in number of stores for the brand. The City Store meets a market trend of more compact stores, which can easily be applied in places where physical space is smaller, prioritizing the use of technology and digitalization to show the attributes of Volkswagen cars, like The DDX (Digital Dealer eXperience).

Strategies aligned for the kick-off

(Battle 3: Processes + Agile)

Throughout the year the Sales and After-Sales projects were under discussion by the internal teams. The strategies were aligned in events such as the Kick-Off, with 400 employees engaged in solutions for customer satisfaction; the VW Kick-off, which presented the modernization and digitalization plan of the Dealers Network, the "Retail in Focus", which moved more than BRL\$ 21 million in parts and accessories; the Customer Week, with 2,800 participants in webinars among other activities to scale up the growth in the CSI index, one of the goals set in the VW ACELERA strategy.

Dealers Network

(GRI 2-6)





Factories

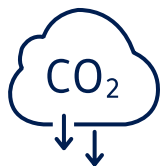




- Zero Impact Factory implants 112 environmental improvement actions in 2022.
- Volkswagen is the first automaker to use biomethane in the energy matrix of its factories.
- Units receive International Renewable Energy Certificate (I-REC).
- Volkswagen's Emissions Laboratory Celebrates 45 Years.

VW progresses in decarbonization and reduction of impacts of factories

Volkswagen Brazil commits all of its products and mobility solutions to reduce environmental impacts - from the extraction of raw materials by suppliers to the disposal of materials. In 2022, the company hired a specialized consulting firm to evaluate, propose new actions and validate the decarbonization strategy. These initiatives are aligned with VW's global programs, such as Zero Impact Factory and Way to Zero.



Zero Impact Factory

Reducing approximately 50.4% of the emissions of CO₂ by 2030 (based on 2018 data) and decreasing environmental indicators per unit produced by approximately 30% by 2025 (based on 2010 data).



Way to Zero

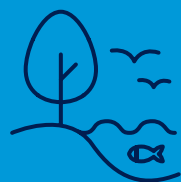
Reaching to carbon neutralization by 2050.

The environmental mission of VW Brazil: four pillars



Protecting the climate

The company is a signatory to the Paris Agreement, which stipulated an ambition level of 1.5° C (limit of global temperature increase compared to pre-industrial levels). To this end, it has concentrated its efforts in the electrification of products, decarbonization of the entire value chain and in the expansion of renewable energy generation to supply sites and customers. The goal is to be a company neutral in liquid CO₂ by 2050.



Preserving ecosystems

Volkswagen seeks to reduce the harmful emissions to the air, the soil and the water. In addition, it plans to minimize the impacts of commercial activities on the biodiversity and ecosystem services, promoting projects to preserve them.



Preserving resources

By using recycled and renewable resources, Volkswagen aims to reduce the necessity of raw materials. By such, the company has improved its energy and resource efficiency and established cycles for materials and water. Alongside business partners, VW has been reducing its use of natural resources along the supply chain.



Ensuring environmental compliance

VW Brazil wants to be a reference as a modern, transparent and successful company in terms of integrity and compliance, through effective environmental compliance management systems to identify and manage environmental risks and opportunities throughout the life cycle of mobility solutions. The company values an open dialogue with the stakeholders and considers their expectations in the decision making.

Zero Impact Factory

The Zero Impact Factory global initiative has as an objective to reduce 50.4% of absolute emissions of CO₂ by 2030 (based on 2018) and NetZero by 2050. The program Zero Impact Factory is a continuation of the previous program, Think Blue. Factory, that started in 2010, focusing on the five quantitative indicators with monthly goals in the factories: energy consumption, water consumption, waste generation, emission of solvents and CO₂. In addition, the Zero Impact Factory adds 11 qualitative aspects, such as environmental compliance, architecture and perception, planning, digitalization, efficient water use, energy efficiency and climate protection, material efficiency, soil, biodiversity, pollutants and mobility.



Data management is done on-line and shared annually with the German parent company, where it undergoes an independent audit by a verification body. Periodically, the parent company itself sends external auditors for a complete check of the indicators.

In 2022, 112 actions of environmental improvements were implemented in the factories within the program, which resulted in a reduction of electric energy equivalent to the monthly expenses of 165 thousand homes and the water consumption of 267 thousand homes in one month.

Evaluation of natural resource consumption and gas and waste emission

Environmental indicators	Goal per vehicle 2022	Result per vehicle produced	Absolute numbers
Energy consumption (kWh)	1,651	1,854	597,356,997
Emissions of CO ₂ (kgCO ₂)	121.94	139.70	45,773,969
Waste for thermal disposal or landfill (kg)	0.41	0.20	64,320
VOC emissions - volatile organic compounds (kg)	3.77	4.81	1,514,352
Water (m ³)	2.67	3.82	1,249,382

The production stoppages at VW Brazil's factories impacted some indicators, which were lower than expected such as energy, CO₂, VOC (Volatile Organic Compounds) and water. However, even with the stoppages, the company managed with great effort to significantly improve the waste indicator.

VW pioneers in the use of biomethane in production

(Battle 5: Sustainability + Carbon Neutral)

Volkswagen Brazil will be the first vehicle manufacturer in the country with a partnership for the production of renewable natural gas (biomethane). The project is intended for the second half of 2023 at the Taubaté (SP) unit and in 2024 in Anchieta, in São Bernardo do Campo (SP).



Biomethane comes from the use of sugar and ethanol production waste from sugar cane to produce renewable energy, with a smaller carbon footprint. The total produced by Raízen's biopark in Piracicaba (SP) and made available to the National Interconnected System (SIN), with energy credit generated at Volkswagen factories, may reach 50 thousand m³ of biogas per day, representing a reduction of more than 90% in the emissions of CO₂ when compared to the fossil alternative.



The amount contracted by VW corresponds to approximately 65% of the volume used in the two factories - Taubaté and Anchieta. The reduction, from the acquisition of biomethane, makes it possible to transfer approximately 30% of the fossil emissions of the two units into biogenic emissions. With the natural gas, VW will cease to emit around 19 thousand tons of CO₂ of fossil origin each year.

Audited environmental quality and efficiency: maintenance of ISO certificates

(Battle 3: Processes + Agile)

The external audit of the Quality Management System (QMS) returned to face-to-face auditing of all the organization's processes in 2022, after the constraints of the pandemic period. The obtained result at VW Brazil was: seven minor non-conformities, two opportunities for improvement and 12 positive points. The evaluation, carried out by the IQA (TÜV) certification body, endorsed the maintenance of the ISO 9001 certificate. The document is one of the requirements for the company to, among other things, import and export its products.

Before the external evaluation, the company promoted an internal audit in all its processes. More than just an obligation of the quality management system, the procedure is seen as a tool for continuous improvement, optimizing administrative and productive processes.



Energy and Environmental Compliance Management System (SGCAE)

(GRI 3-3, 2-27)

All Volkswagen factories in Brazil have undergone a rigorous process of SGCAE audits, both internal and external, which resulted in the maintenance of ISO 14001 (Environmental Management) and ISO 50001 (Energy Management) in all production factories and in the parts and accessories unit in Vinhedo.

The environmental legislation monitoring is done in a complementary way by an outsourced company, which sends monthly updates to Volkswagen. In addition, the Environmental Risk Management Committee meets quarterly for the prevention of potential negative impacts. During the period of this report, no real negative environmental impacts were identified.

Actions aligned to the Group

(GRI 3-3, 2-27)

Volkswagen Brazil has been working since 2019 on the implementation and continuous improvement of an Environmental Compliance Management System that follows the corporate standards developed by the Volkswagen Group. In this period, the company has undergone five version updates of the Volkswagen Group Environmental Compliance Policy and four full checks of the management system. During the process, thousands of procedures and documents were thoroughly tested by the US Monitors, the external auditing body and representatives of VWAG. Only on the last test, more than 600 documents, procedures and operational evidence were evaluated and attested to the compliance in all the factories required by the Group.

More economical and certified electric energy

(Battle 5: Sustainability + Carbon Neutral)

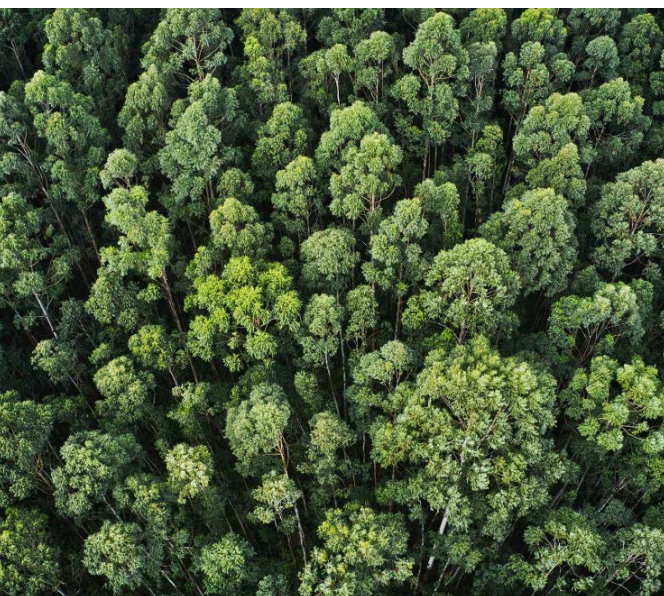
All the electrical energy consumed at VW factories in Brazil comes from renewable sources, according to standard international of GHG protocol (inventory of greenhouse gas emissions). The innovation obtained in 2022 was the inclusion of I-RECs certificates, which guarantee the traceability of the source. In addition, the company went to the market to contract 50% of all energy for future consumption with a significant gain in comparison to the average values of the current contracts and flexible to market fluctuations.



The “International Renewable Energy Certificate”, or “I-REC”, serves as proof that the electrical energy consumed comes from a renewable source, signaling the company’s commitment to reducing environmental impact. The certificate also represents engagement with the reduction of harmful gases and the impact generated by energy consumption, called Scope 2 in the inventory of emissions of CO₂.

Factories increase environmental preservation area

(Battle 5: Sustainability + Carbon Neutral)



Volkswagen launched in April the Green Reserves project, which foresaw an increase of approximately 25% of the environmental preservation areas in the factories, totaling, between the legal reserves and the new areas, about 1.3 million square meters of green areas, equivalent to approximately 120 soccer fields or the size of the Ibirapuera Park (SP). The action was part of the Tree Day celebrations. All four VW production factories in Brazil reached the goal throughout 2022.

Emissions Laboratory completes 45 years with updates

(Battle 2: Products + Digital)



Pioneer in Brazil, the Vehicle Emissions Laboratory at Volkswagen Brazil was inaugurated in 1977 with the objective of promoting research on consumption and exhaust gases. With the creation of Proconve (Motor Vehicle Air Pollution Control Program), the laboratory took on the responsibility of meeting the requirements of the emissions laws. For this, it received an investment of about BRL\$50 million.

Besides the recurrent tests for engine development, production control and product homologation, the most recent performance of the Emissions Laboratory was to provide the necessary tests for Volkswagen to comply with phase 7 of Proconve, which will come into operation in the beginning of 2023. The company acquired four Real Drive Emission equipment, a kind of mobile laboratory installed on the back of the car to collect gases and measure them in real time while driving on the street. In 2022, the laboratory was prepared to carry out tests on electric vehicles and has been working on future projects that must comply with the new legislation in force in the country.

Inside the Emissions Laboratory

Anchieta Factory, São Bernardo do Campo (SP)



10,500
tests per year

5
measuring cells

40
dedicated professionals in two shifts

Certified
in NBR ISO 17025



Visita Adriano

Anchieta open to the community

Volkswagen Brazil seeks to maintain dialogue and proximity with society to raise not just customer satisfaction, but also the relationship with all the stakeholders. In July, the Anchieta factory, in São Bernardo do Campo (SP), opened its doors to carry out the dream of Adriano, 7 years old.

Everything started when the boy recorded a video at the door of the factory requesting: "Volkswagen, let me come visit you". Quickly the Anchieta team mobilized to fulfill this desire. The small fan of VW is on the autistic spectrum and was accompanied by his parents, with the right to a tailored uniform and a personalized badge. The initiative touched all the employees at the national VW convention and won the Biggest of the Crowd Award, in the Brand recognition program, counting thousands of votes among the participants.

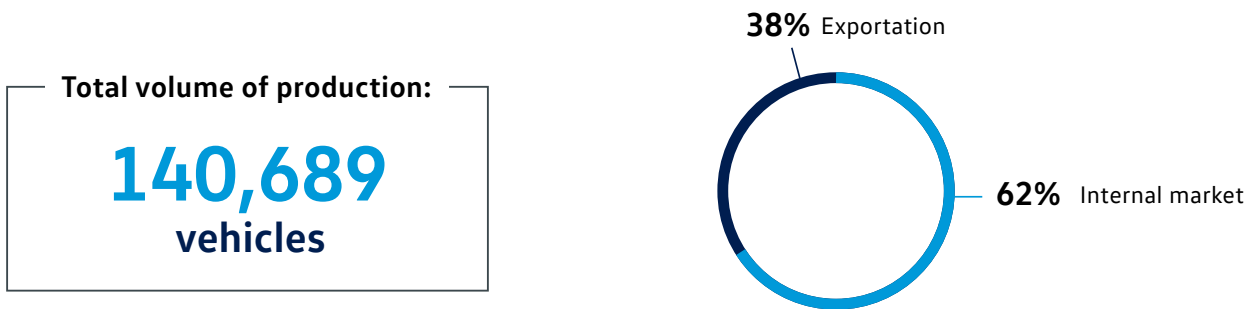
Economy Figures

In all, the Anchieta factory performed 51 actions in 2022 that resulted in the reduction of 13,559 MWh and financial gain of BRL\$ 5.3 million, among them:

- Deactivation of 10 electrical transformers, with a reduction of 2,987 MWh, equivalent to the consumption of 1,000 low-income households.
- Replacement of 2,540 conventional light bulbs with LEDs in 2022. Since 2017, 63,000 lamps were replaced at the factory, with a gain of BRL\$ 2.9 million and a reduction of 8,406 MWh, equivalent to the consumption of a city of 5,500 inhabitants.
- Installation of 8 frequency inverters in the water pumping systems, with gains of 520 MWh. The measure made it possible to reduce the energy contract, generating savings of BRL\$ 555 thousand per year.

Industry 4.0

The Anchieta factory continues to work on projects for process stability, efficiency and quality, through automation projects (Fahrwerk in Assembly, Bin-Picking in Framing), digitalization (Digital Maintenance, IMON Digital), Pokayokes (Automatic floor inspections, flange control), and is preparing for more automation with Industry 4.0 features that will improve ergonomics in all areas.



Units produced by model:



Taubaté is modernized with the arrival of the Polo Track

Volkswagen's factory in Taubaté (SP) has prepared itself in 2022 to receive the manufacturing of the New Polo Track. The model is part of the BRL\$ 7 billion investment package in Latin America until 2026 and is the first of a family of compact vehicles in the entry segment. As of now, all Volkswagen factories in South America are prepared to produce cars based on the MQB matrix (Cross Modular Matrix, standard on VW vehicles).



About 80 new robots were acquired in the Frame, which reflected in a 33% increase in production capacity. The unit brings the combination of two state-of-the-art robot models, of distinct technologies, that work together to build the most modern models in car body automation. With the acquisition of the trifocal laser welding equipment, the Taubaté factory becomes the only one at VW in Brazil with the flexibility to weld parts (roof and sides), with different raw materials.

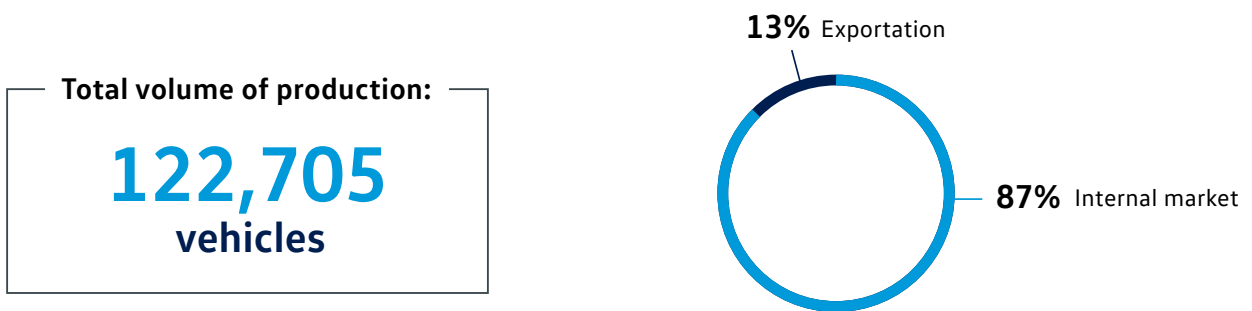
In Assembly, the main change occurred in the expansion and adaptation of the Fahrwerk - where the union of the drive train (engine, transmission and suspension) with the body is made, enabling the Taubaté unit to manufacture new models with the MQB platform. All employees were trained for the arrival of the new compact, adding up to a total of more than 40 thousand hours invested in training. In Painting, a team of specialists received training to reprogram the entire line of robots, vision systems, and equipment in the area for the arrival of the new product.

Economy Figures

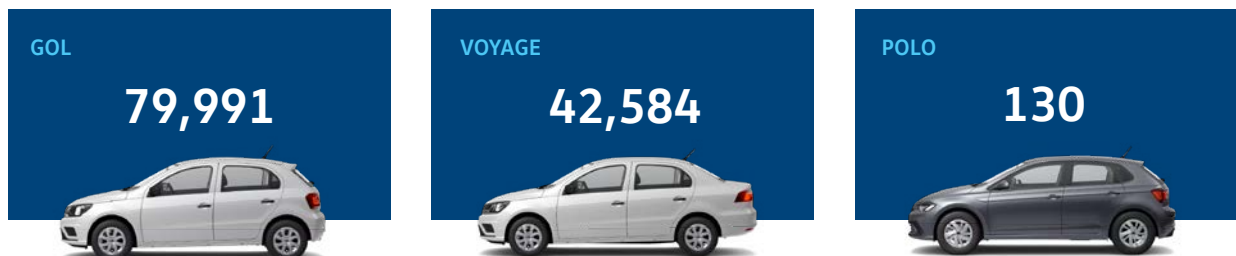
- The change of the automotive painting process from concentrated solvent to solvent-free solution (VOC 0) generated a great gain in the "VOC Emission" indicator of Zero Impact Factory, from reduction of approximately ½ ton VOC emissions per year, thus contributing to the fight against climate change.
- Implementation of 37 measures to reduce power consumption throughout the factory, adding up to a gain of 9,350 MWh with large-scale actions such as natural lighting in warehouses, more efficient compressors, installation of motors with frequency inverters, and the replacement of 26,438 hot bulbs for LEDs. This action alone contributed to a reduction of 5,408 MWh/year, generating savings of R\$2.1 million.
- The contracting of biomethane supply in detriment to the use of natural gas, contributing to the reduction of greenhouse gases of the Taubaté factory as of the second half of 2023.

Industry 4.0

In the logistics area, the factory implemented the autonomous tow truck, which enables the movement of materials in the factory with 100% autonomous equipment. It operates between the Final Assembly and Packaging Depot areas, guided by means of an inductive wire on the floor and by several sensors to identify obstacles, recognizing people or objects that are in the field of vision. Like Picking by Tablet - sequencing (selection / separation) of highly complex materials by tablets -, the factory eliminated the printing of 2 million A4 sheets per year. In the Manufacturing area, the Smart Inspection system modernized the assembly, with a camera system that detects defects in the vehicles, ensuring maximum quality products.



Units produced by model:



São José dos Pinhais engages employees in the ESG

The São José dos Pinhais factory was engaged in #Project1Hour, a global Volkswagen initiative for environmental preservation, which counted on the participation of all of the factory's collaborators. During the event, the unit debated initiatives for preserve the planet, both at work and in their personal life. The action involved workshops about environmental awareness, planting of seedlings of native trees in the region, lectures on the diversity of the local ecosystem, visits by employees to the factory's reforestation areas, and donation of seedlings to the community and employees.



The #Project1Hour is held annually in all units of the Volkswagen Group around the world, mobilizing about 660,000 employees. The initiative invites you to interrupt your work for at least one hour and dedicate this time to think of ways to contribute for climate protection.

Economy Figures

- Installation of a water reuse system, with a reduction of more than 90% of the volume used, saving more than 20 million liters of water per year, enough to supply 600 families of 4 people per year.
- Increase in the temperature of the chilled water used by the Painting process with a gain of more than 2,500 MWh per year, equivalent to the average annual consumption of approximately 16,000 households.
- Replacement of almost 90% of the factory's building and process lighting for LED technology, high efficiency, with up to 8 times less consumption.

Industry 4.0

In 2022, the partnership of the São José dos Pinhais factory with a startup resulted in Autaza, a project to verify the conformity of the vehicle surface using artificial intelligence, bringing gains in product quality and agility in the inspection. Another highlight was the use of drones in the Logistics warehouses for inventory control. The equipment scans the material label and sends the information to the company's system (learn more below).

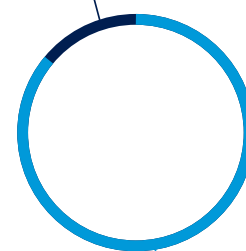
Total volume of production:

83,011
vehicles

Units produced
by model:



16% Exportation



84% Internal market

São Carlos reduced **152 tons of waste**



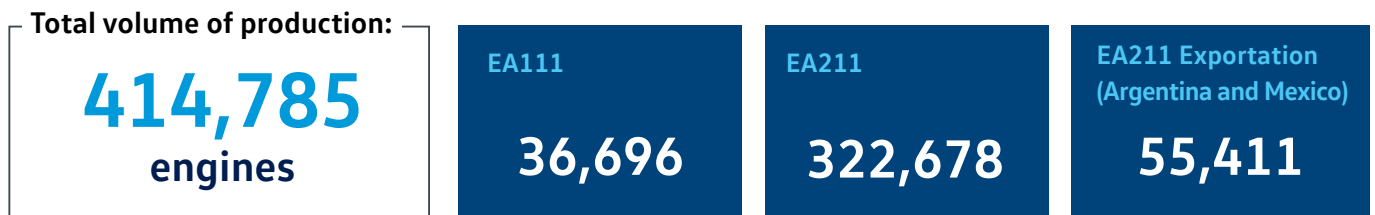
The São Carlos team developed a project over 2022 to replace cardboard packaging with returnable ones, which resulted in the reduction of 152 tons of waste by the factory. The initiative establishes a close relationship between suppliers and the VW team, integrating the Product Engineering, Central Logistics, Quality and Purchasing teams. The project aims to develop returnable packaging, seeking to optimization of transport, product quality assurance, lower development costs and, mainly, the non-generation of waste. The intelligent solution reflected positively in the indicators of disposal of materials and emission of CO₂, as a function of a more optimized transport.

Economy Figures

- Implementation of the Slowdown System in the cooling tower, using a closed water cycle, in which water goes to the factory system and when it reaches a certain temperature, returns to the tower for cooling. Previously, this cycle could only be done three times and with the new system it has been increased to five times, that is, the factory now uses 40% less water in the cooling system.
- Replacement of all the light bulbs in the factory by LED. Of 21 factories monitored by the VW Group, São Carlos is among the best in the environment category, which demonstrates the factory's level of awareness.
- Adoption of a new process in the separation of scrap that enabled the reuse of hard metal and resulted in an estimated 10,000% increase in revenue from recycling.

Industry 4.0

São Carlos practices paperless, transformed some factory manuals into digital primers, accessed by QR code. The unit has also invested in the digitalization of processes, placing network points in older machines, thus generating more data to support decision making. Next to Anchieta, the São Carlos factory digitalized the control of preventive, predictive and corrective maintenance.



Inventory performed **by drone**

To optimize the logistics process and minimize storage errors, the teams SAM Logistics and IT (Information Technology) at Volkswagen Brazil, in partnership with the companies T-Systems and Sesé, have implemented a new system for the management of the company's products. The Anchieta factory a project that uses drones to inventory the factory stock. The technique brought productivity gains and information accuracy, besides increasing security, since all barcode readings are performed by the equipment, even from parts in more difficult locations (stored on top), and sent in real time to the system.



The project was among the three best innovation initiatives of the VW Group at the RPP Awards (Rollout Programm Produktion), a VW brand program for sharing innovation, technology and best practices in Operations. Anchieta and São José dos Pinhais already use the system that will soon integrate all the factories in Brazil.

VW factories are highlighted in the world championship



Taubaté was the big winner of 2022 in the Fit 4 Finish (F4F) category Race 4 Performance, realized by VW parent company in Germany. The F4F evaluates the optimization of processes throughout the entire operation to deliver the car with maximum quality to the end customer. The mapping of the production chain, which resulted in balancing actions and restructuring of rework areas, was decisive for the award. The Taubaté strategy allowed for savings of BRL\$1.62 million and the best VBZ (productivity indicator measured by hours worked divided by the time spent in production) among VW factories (2.53 h/vehicle).

Throughout 2021, 14 factories worldwide were evaluated on Quality, Productivity, Logistics and Efficiency criteria. In the Performer of the Year award, Taubaté finished in 2nd place, behind Puebla, Mexico. The Anchieta and São José dos Pinhais factories also stood out in the ranking, occupying the 3rd and 6th positions.

Energy Intensity^{1 2 3}

The figures represent the consolidated figures of the four Volkswagen factories (Anchieta, Taubaté, São Carlos, and São José dos Pinhais) and the Parts and Accessories Center (PAC), in Vinhedo (SP).

(GRI 302-3)

	2020	2021	2022
Energy consumption within the organization (in GJ)	1,989,548.1	2,199,342.3	2,090,244.8
Energy consumption outside the organization (in GJ)	19,584.2	17,265.1	17,680.9
Total energy consumption of the organization (in GJ)	2,009,132.3	2,216,607.4*	2,107,997.2
Energy intensity (within the organization)	5.7	5.8	6.0
Energy intensity (outside the organization)	0.06	0.05	0.05
Energy intensity (total organization)	5.8	5.8	6.1

Footnote:

¹ Energy intensity is the ratio of absolute energy consumption per vehicle produced.

² Types of energy included in the intensity rate: electric power, natural gas, and diesel.

³ The energy intensity indicators had an increase in the year 2022 compared to the year 2021. There has been a reduction in the number of vehicles produced per day worked, which has affected energy and environmental efficiency.

* Data has been revised and updated from what was published in 2021.

Energy consumed inside the company (in GJ) ¹

(GRI 302-1)

	2020	2021	2022
Fuel from non-renewable sources (diesel and natural gas)	803,118.2	949,310.3	881,451.6
Energy consumed (electricity)	1,186,429.9	1,250,031.9	1,208,793.1
Energy sold (electricity)	0	74.99	71.56
Total energy consumed	1,989,548.1	2,199,342.3	2,090,244.8

Footnote:

¹ Figures calculated according to the actual consumption reported to the Zero Impact Factory, VW 98000 and GHG Protocol.

Energy consumed outside the factories (in GJ) ^{1 2}

(GRI 302-2)

2020	2021	2022
19,584.2	17,265.1	17,680.9

Footnote:

¹ The figures correspond to the sum of the energy consumed at the financial office in Jabaquara, São Paulo, and at the Parts and Accessories Center in the city of Vinhedo.

² The value reported in 2022 remained close to the 2021 value due to the continuation of the hybrid work installed in 2021.

Reductions in energy consumption as a result of implemented improvements (in GJ) ^{1 2}

(GRI 302-4)

	2020	2021	2022
Increase of chilled water temperature during winter from 6°C to 8°C (Curitiba)	21,193.0	12,222.7	8,693.3
Changing general lighting to LED technology (Taubaté)	1,685.9	11,467.8	19,470.2
Changing general lighting to LED technology (São Carlos)	80,899.4	8,956.8	7,229.2
Compressor pressure reduction from 12 bar to 10 bar (Anchieta)	810	5,940	7,920
Total	104,588.3	38,587.3	43,312.6

Footnote:

¹ The largest reductions from the year 2022 were chosen (one per factory). The sum of all reduction actions can be identified in GRI 302-1.

² Only the values reported in 2022 are relative to the new stocks inserted in the index. The actions for the 2020 and 2021 numbers can be found in previous editions of the annual report.

Atmospheric Emissions

(GRI 3-3, 305)

At Volkswagen Brazil, the inventory of greenhouse gas emissions (GHG) is the tool used to monitor atmospheric emissions and guide the management of the theme. The document underwent external verification in 2018, attesting to the reliability of the values reported by the automaker and compliance with the standards and methodologies stipulated by the GHG Protocol program. Verification is scheduled to occur every five years

Focused on environmental and climate responsibility, the GHG Protocol is a program that ensures the registration and public sharing of GHG emissions volumes, on a voluntary basis, by companies that operate in the country. More information about the program and consultation of the published inventories is available at www.ghgprotocolbrasil.com.br.

All indicators are tracked has a Corporate System for the Management of Environmental Compliance and Energy (GSCAE), following the internal standard KRL17 (which brings environmental guidelines from the German parent company) and VW 98.000.

Direct greenhouse gas emissions (tCO₂ equivalent) - Scope 1

(GRI 305-1)

	2020*	2021**	2022
Generation of electricity, heat or steam	45,650.1	54,124.8	50,510.6
Leaked emissions	2,652.7	4,957.2	1,601.4
Total gross emissions of CO ₂	48,302.8	59,082	52,112

Footnote:

*For the values reported in 2020, after the publication of the Annual Report, an audit was performed by an independent certifying body that validated the new values inserted in the Annual Report.

** There was a small increase in emissions in 2021 due to the increase of days worked.

The 2020 and 2021 data included "emissions from transportation of materials, products, waste, employees, and passengers," which as of 2022 was considered in scope 3 (GRI 305-3). Thus, the sums for the years 2020 and 2021 no longer talk to the reports for.

	2020*	2021*	2022
Biogenic emissions from CO ₂ (t CO ₂ equivalent)*	2,903.42	3,795.88	6,192.15

Footnote:

*Corrected data relative to the 2021 publication, the first year in which the indicator was reported. The small development was observed from 2020 to 2021 due to the increase of days worked.

Indirect emissions from energy acquisition - Scope 2

(GRI 305-2)

After the definition, in 2016, of the exclusive use of renewable sources for generating the electricity used by Volkswagen Brazil, the emissions of CO₂ generated by electricity became null.

As of 2022 the I-REC (International Renewable Energy Certificate) certificate went into effect, which proves that the electricity consumed comes from a renewable source, signaling the company's commitment to reducing environmental impact.

	2020	2021	2022
Indirect emissions from the acquisition of energy (t CO ₂ equivalent)	22,115.1	43,835.3	14,403.9

Footnote:

Year-Base: 2010 - Program Think Blue. Factory (total of emissions in the year- base: 22,956 tonCO₂ and year) and 2018 - GHG Protocol (Total emissions in the year-base: 28,619 ton. CO₂ and year).

Other greenhouse gas emissions - Scope 3 (tCO₂ equivalent)

(GRI 305-3)

	2020*	2021**	2022
Assets and acquired services	-	-	127.8
Transport and distribution of materials and parts	9,740.9	21,637.7	18,786.5
Business travel	561.1	1,239.2	1,398.7
Transport of employees	5,468.6	5,865	4,820
Transport and distribution of vehicles	144,028.5	222,132.2	231,608.1
Total	159,799	250,874.1	256,741.4

Footnote:

*For the values reported in 2020, after the publication of the Annual Report, an audit was performed by an independent certifying body that validated the new values inserted in the annual report.

** There was a small increase in emissions in 2021 due to the increase of days worked.

Gases included in the calculation: CO₂, CH₄, N₂O.

Year- Base:2018 - GHG Protocol (total emissions in the year-base: 264,340 tonCO₂).

Reduction of greenhouse gas emissions (tCO₂ equivalent)

(GRI 305-5)

	2020	2021	2022
Reductions from indirect emissions from energy procurement (Scope 2) - I-REC project	22,115.1	6,541.4	14,404
Total			

Footnote:

Avoided emissions with the use of 100% of electricity from renewable sources with I-REC (PCH + factories).

Figures calculated according to the real consumption reported to the Zero Impact Factory, VW 98000 and GHG Protocol.

Values of 2020 and 2021 updated in comparison with the previous reports, according to the new GHG Protocol rules, considering Scope 2 (I-REC).

Emissions of ozone-depleting substances (ODS)

(GRI 305-6)

CFC-11 is not used at Volkswagen Brazil.

Significant air emissions (t)

(GRI 305-7)

	2020	2021	2022
NOx	102.1	151.8	141.6
SOx	1.5	0.2	0.1
Volatile Organic Compounds (VOC)	1,287.2	1,435.3	1,514.3

Footnote:

Numbers calculated in accordance with the real consumption reported to the Zero Impact Factory and VW 98000.



Water Consumption

The identification of new opportunities to reuse water, with the consequent reduction in demand for the resource, is a priority in the company's management of water consumption.

Interactions with water as a shared resource

(GRI 303-1)

The company is committed to the continuous improvement of its management system and environmental performance to achieve compatibility between processes, activities, products and services and the environment, as well as with the preservation of natural resources. The reduction of water consumption is planned among the indicators of the global Zero Impact Factory initiative (- 30% based on 2010 data).

Consumption data management is done on a monthly basis. Volkswagen has a system on-line action management system, which allows the constant monitoring of the quantity of actions, the expected gains, and the implementation schedule, making it possible to generate reports and benchmarking, in addition to researching actions implemented in other factories of the VW Group. Every year, all environmental indicators are reported to the German parent company and undergo external auditing.

Water intake (m³)

(GRI 303-3)

	2020	2021	2022
Surface water (total)*	183.5	212.3	271.1
Groundwater (total)	115,976.9	115,167.5	71,945
Third-Party water	944,535	1,067,832.5	1,177,315.8
Total intake	1,060,695.4	1,183,212.3	1,249,531.9

Footnote:

* Rainwater intake was considered in the surface water indicator.

Total water consumption and total water discharge (m³)

(GRI 303-4 e 303-5)

	2020	2021	2022*
Total water discharge	1,315,011.7	102,475.1	929,695.9
Total water consumption (= total water intake - total water discharge)	-254,499.8	158,248.9	319,564.9

Footnote:

For water from the utilities, the total consumption of the Anchieta, Taubaté, Curitiba, and São Carlos factories were added together. There is no consumption of surface water and effluent from another organization.

Figures calculated according to the actual consumption reported in m³ for the Zero Impact Factory and VW 98000.

Due to the effects of the pandemic, the shortage of semiconductors and its aftermath, such as factory closures for a few months, reduced production and others, total indicators were strongly influenced.

* In 2022, Volkswagen Brazil disposed of more water than it consumed due to the large volume of water stored in the factories.

Waste generated (t)

(GRI 306-3)

	2020	2021	2022
Total weight of waste generated (metric tons)	61,837.6	71,464.1	74,593.8
Hazardous Waste	3,709.6	5,064.1	4,012.9
Non-hazardous waste	58,128	66,400.1	70,580.9

Most of the waste generated by Volkswagen Brazil are non-hazardous compounds forwarded for recycling, of which metals are the largest part. The remaining waste is directed to reuse, recycling, composting, thermal processing or landfill. Disposal is done directly by the company or by third parties, or even confirmed directly by VW.

Waste not destined for disposal per recovery operation (t)

(GRI 306-4)

Hazardous waste	2020	2021	2022
Reutilization	0.00	2.42	318.6
Recycling	1,036.5	782.1	754.1
TOTAL	1,036.5	784.5	1,072.7

Non-hazardous waste	2020	2021	2022
Reutilization	95.5	306.1	1,620.9
Recycling	55,055.2	63,320.5	66,912
Composting	260.9	301.3	251.1
TOTAL	55,411.6	63,927.9	68,784

Waste destined for disposal per disposal operation (t)

(GRI 306-5)

Hazardous waste	2020	2021	2022
Incineration (with energy recovery)	2,670.2	3,598.6	2,937.8
Incineration (no energy recovery)	2.9	3.8	2.4
Landfill containment	0.0	677.1	0.0
Total	2,673,08t	4,279.5	2,940.2

Non-hazardous waste	2020	2021	2022
Incineration (with energy recovery)	2,215.2	2,056.6	1,734.8
Incineration (no energy recovery)	0.00t	0.00t	0.00t
Landfill containment	501.2	415.7	62.2
Total	2,716.3	2,472.2	1,796.9



Suppliers





- › Verification of the supply chain strengthens environmental, labor, and Human Rights measures.
- › VW Group recognizes 25 A-rated suppliers.

Human rights and environmental risks gain strength in the supply chain

Volkswagen Brazil has reinforced its supply chain performance in 2022 by performing more than 60 environmental audits. In October, ISO 14.001 certification is now mandatory for suppliers with more than 100 employees. The company also promoted 1st ESG Supply Chain Journey, a series of 4 workshops for more than 200 partners, which addressed environmental, social and compliance, with suggestions for implementing simple and inexpensive ideas in sustainability. The day also highlighted gender, sexuality and race inclusive actions in the automotive supply chain, bringing the best practices of VW and its business partners to the debate.

Another highlight was the beginning of the effects of the new Supply Chain Verification Act (LKSG), which came into force in Germany in 2023 and provides for measures to control and verify environmental, labor, and human rights aspects for the entire supply chain, so that all of the Group's factories had to prepare for the new scenario throughout 2022.

In a further step, the company carried out several internal training courses and reinforced the team to act in compliance sustainability and compliance with global rules in the supply chain. With this, the social pillar applied to business partners has gained even more relevance at Volkswagen.



Adverse context

In 2022, Volkswagen Brazil continued to suffer from the lack of semiconductors, taking on the challenge of scheduling the vehicle production in an unpredictable parts supply scenario. This scenario was reflected in the production of incomplete vehicles, with the company's focus on keeping the factories running and a portion of the vehicles waiting for parts to arrive. To mitigate the unstable context, VW bet on flexibility, changing the mix of products in production and, mainly, developing components and seeking alternative suppliers to guarantee the volumes expected for the year.

Q Day Supplier

bets on technology and innovation



The 18th Q Day Supplier brought together 55 strategic parts suppliers to discuss strategies for innovation, new technologies, cost optimization, and on-time delivery to ensure customer satisfaction. The agenda included presentations on new scenarios in the global supply chain, logistics challenges, decarbonization, cultural transformation, connectivity, new products, quality innovations, and the Supply Base Improvement Plan program (learn more in the box below). During the event, some suppliers were invited to sign quality agreements with targets set for 2023.

Supply Base Improvement Plan enters new phase

Created in 2019 to maintain the synergy and high level of supply work to Volkswagen Brazil, the Supply Base Improvement Plan launched a new edition in 2022. Previously, the program sought to recover suppliers that were in a veto situation for new projects. The goal now is to make Volkswagen's Purchasing and Quality structure available as a consultancy, provided free of charge to suppliers in 2022.

25 suppliers achieve A rating in process auditing

Volkswagen Brazil, along with two other brands of the VW Group (Scania and Volkswagen Truck & Bus) recognized 25 strategic suppliers with an A rating, the highest in the VDA 6.3 (Verband der automobilindustrie - Union of Automotive Industries) process audit, a prestigious system in the automotive sector.

To receive VDA 6.3 certification, the partner companies have undergone a global audit. This assessment was developed by German companies, including Volkswagen, and establishes quality requirements to ensure sound processes and product excellence at all levels of the supply chain, eliminating waste and ensuring high quality.

Back On Track



To strengthen Volkswagen's relationship with its partner network, the Procurement area developed the Back on Track program. One of the initiatives that has been led by the program has been the Supplier Council, which every semester gathers CEOs, presidents, and directors of nine strategic partners with great influence in the automotive industry. The meetings discussed the industry's challenges, including the supply crisis for semiconductors and other parts; market visions - of the automotive sector, the country's economy and politics - ESG and decarbonization. The suppliers also presented their perceptions about VW and the relationship with the company, future vision, and suggestions for joint strategies.

The five steps of the supplier development program

Volkswagen Brazil has, since 2019, a system for supplier selection - Sustainability Rating (Sustainability Assessment) - which establishes criteria for meeting environmental, social and compliance of the company.

To become part of the VW partner network, everyone goes through a five-step assessment:

- 1 Inputs**
Identification of potential suppliers through the evaluation of quality indicators, logistics, engineering and sustainability.
- 2 Awareness**
Contact the vendor to detail a possible development plan. Once accepted, the goals, procedures and scope of the project are defined.
- 3 Assessment**
Preparation of the Current Value Stream Map of the previously defined part or process.
- 4 Workshop**
It aims to evaluate the production process looking for optimizations and, with this, build an Optimized Value Stream Map.
- 5 Implementation**
Phase in which the optimized process is realized, carrying out the follow-up for implementation of the improvement actions identified.

Supplier Profile

(GRI 3-3, 2-6, 204-1)

Volkswagen Brazil's purchasing processes are guided by the ethical principles of the Code of Conduct and the Best Practices for Acquisition of Goods and Services booklet, a document that presents the company's current supply norms, as well as the way to conduct negotiations and eventual direct contracting of a supplier, taking into consideration ESG (environmental, social and governance) aspects, as well as the economic issues of the business, used as criteria for appointing new suppliers.

Annually, workshop, training and audits are held with the supplier chain in order to ensure best practices and compliance with the instructions established in the General Purchasing Conditions. This dialog with companies is used to promote preventive actions and mitigate negative impacts (reactive). In addition, Volkswagen relies on the Grievance process, which works as a channel for complaints and aims to verify possible violations of human rights and the environment by direct and indirect suppliers of the Group.



The management of Purchasing practices is maintained through the evaluation of suppliers using the SAQ 5.0 questionnaire (Self-Assessment Questionnaire), a global methodology for supplier selection through the analysis of sustainability requirements, in which environmental, social and compliance criteria are evaluated. Currently, Volkswagen Brazil has 67% of its turnover with rating "A" for sustainability, a considerable leap compared to 2021, when it registered 47% of the value invoiced with rating "A" on the indicator. The goal is to reach 85% with the maximum rating by 2025.

In the company selection process, VW seeks to offer opportunities to small and medium suppliers - as long as they are duly registered in the LDB (Liferant Data Base) process -, encouraging the country's economy and social development. In 2022, suppliers located in Brazil represented 83% of the automaker's purchasing costs (see chart below). New internal methodologies are being implemented so that, in the coming years, there will be a greater representation in the localization process, aiming at cost reduction.

In December 2022, the Volkswagen Group made changes to its supplier selection criteria to comply with the new German due diligence (LKSG) that concerns sustainability issues in the supply chain, including environmental protection, anti-corruption principles and guidelines, and compliance with social standards, especially human rights, in its business activities and throughout the value chain. From this, the company has implemented a complex due diligence verification and investigation procedure (detailed gathering of information and documents), with the objective of mapping, monitoring, and mitigating future and upcoming risks. As a goal for 2023, Volkswagen Brazil will update all sustainability policies and procedures in the supply chain, aiming to contemplate the guidelines set forth in the LKSG.

Expenses with local suppliers¹

	2020	2021	2022
Budget for suppliers (BRL\$ billion)	14.14	13.58	13.82
Amount invested in local suppliers (BRL\$ billion)	11.39	11.90	11.53
% of budget invested in local suppliers	80.6%	87.6%	83.4%

Footnote:

¹ Data referring to Volkswagen Brazil's four factories and the Parts and Accessories Center are categorized as local all the parts produced in Brazilian factories, as well as goods and services supplied.

Environmental assessment of suppliers

(GRI 308-1, 308-2)



Volkswagen Brazil's supplier environmental evaluation process follows the VW Group's Environmental and Energy Policy, which has as its principle the compliance with applicable legislation and norms, in addition to the continuous improvement of the Environmental and Energy Compliance Management System (SGCAE) and of the environmental and energy performance of the company and its supply chain. This process is complementary to the Sustainability Rating, which evaluates suppliers' ESG (Environmental, Social and Governance) criteria prior to their nomination. The criteria and information about this system are mentioned in the Registration Manual for New Suppliers.

The environmental evaluation of suppliers is carried out by means of documentary audit and/ or in-loco. Suppliers categorized as having a critical environmental risk, i.e., those identified as having significant negative environmental impacts, were communicated the need for corrective and preventive actions within an agreed time. In parallel, the Procurement and Operational areas received the result from the Environmental Management sector, to monitor the actions taken and, if necessary, seek new suppliers compatible with Volkswagen Brazil's requirements, specified in the General Purchasing Conditions. The suppliers with the best performance were invited to participate in workshops of sustainability in the company, presenting its cases of success.

The company audits "Tier 01" and "Non-Productive Critical" (transportation and waste and effluent treatment) potential and active suppliers. For active suppliers, the company adopts selection criteria such as: companies whose activity has a high polluting potential (e.g.: foundry, electroplating, machining, incinerators, landfills, etc.); strategic or insolvent suppliers; and the requests made by other areas. Within the new evaluation process, Volkswagen works in partnership with suppliers in order to assist them in recoveries of rating.

The periodicity and frequency of a new audit is defined by the supplier's risk level, so Volkswagen evaluates the need and the possibility of scheduling the audit in the field.

Concerning the emission of CO₂ by business partners, VW has globally aligned measures to verify emission indexes throughout the product life cycle. Parallel to this procedure, Volkswagen Brazil holds discussions with the partners whose product represents higher emission indexes, working in detail on the mapping of the production of parts and supplied parts and discussing specific emission reduction projects.

New suppliers selected based on environmental criteria

(GRI 308-1)

	2020	2021	2022
New suppliers considered for contracting	1,493	899 ¹	919
New suppliers contracted based on environmental criteria	717	349	412
Percentage of new suppliers contracted based on environmental criteria (%)	48%	38.8%	44.8%

Footnote:

¹ Reduction in the numbers of registered and contracted suppliers due to the consolidation strategy.

Suppliers with potential and actual negative environmental impacts

(GRI 308-2)

	2020	2021	2022
Evaluated Suppliers ¹	75	79	116
Identified suppliers	47	46	52
Significant negative environmental impacts identified ²	6	14	12
Suppliers with agreed-upon improvements as a result of the assessment	6	15	16
Percentage of suppliers with agreed-upon improvements as a result of the assessment	13%	32.6%	30.8%
Vendors identified with whom relationships were terminated as a result of the assessment	5	2	1
Percentage of identified suppliers with whom relationships were terminated as a result of the assessment	10.6%	4.3%	1.9%
Reasons why relationships were terminated with suppliers	Failed vendor in audit opted to decline the performed service to try to recover rating		

Footnote:

¹ Evaluated suppliers are located in Brazil. Those considered critical are mostly located in the states of São Paulo, Minas Gerais and Paraná.

² The impacts considered in the environmental assessment are: not having environmental documentation (Environmental License, AVCB, Ibama, Controlled Products, ISO 14001 Certificate, Water Resources Grant, reports and evaluations that demonstrate compliance with the Operational License); not being in compliance with the current legislation on waste management, effluents, atmospheric emissions and in monitoring noise and vibration; in addition, have environmental liabilities or infraction notices and public civil actions. With the procedural revision carried out in 2020, which establishes that the suppliers that fail without sending the documentation are submitted to an internal escalation system in Purchasing, if the supplier does not send the documentation, he is blocked from new business in the VW Group.

There was an increase in the number of suppliers with actual and potential negative environmental impacts. This was in most cases due to lack of legal documentation required to maintain operations (e.g.: operating license, minimum requirement for supplier approval). Currently, suppliers that are disapproved without sending the documentation are submitted to an internal escalation system in Purchasing, the so-called Grievance process. If the supplier does not send the documentation, he is blocked from further business with the VW Group.

Worth noting that in 2022 there were more audits conducted, raising, consequently, the efficiency of this process. With this, the assessment became more robust and impartial, detecting a higher number of risks in the supply chain.

Social impact

(GRI 2-27, 408-1, 409-1, 414-1, 414-2)

Volkswagen was the first company in the Brazilian automobile sector to demand social responsibility from its suppliers. They must sign “Special Purchase Conditions for Sustainable Supply” and “Sustainability Conditions” contracts which, among the clauses, establish a commitment to eradicate child and slave labor.

The company operates in line with international conventions and guidelines that aim at valuing ethics, respect for human rights, and business transparency, especially the ILO Declaration on Fundamental Principles and Rights at Work (learn more in the Strategy and Management chapter). The diffusion of the LKSG (new German due diligence law) in the supply chain, planned for 2023, is one of the ways to strengthen transparency and continuously monitor sustainability violations.

Volkswagen Brazil’s ESG requirements are communicated to suppliers through the Sustainability in Relations with Suppliers Primer, and the automaker’s Compliance Policy guides the business partners’ verification routines to ensure that the guidelines are met. These social criteria were decisive for 100% of the new suppliers contracted by the company in 2022.

In all audits conducted by VW, whether in the scope of quality (V.D.A 6.3), environmental management (ISO 14001), or sustainability (S-Rating or analysis by Intertek), it is observed whether there are actual or potential child labor practices at the site of visit. Of the 204 suppliers evaluated in 2022, no operation was identified as a significant risk for the occurrence of child or slave labor, or non-compliance with labor legislation.

If any actual or potential negative impact is detected, the Group has a specific methodology to deal with the deviation, the “Grievance Mechanism”, which works as a channel for complaints and aims to verify possible violations of human rights and the environment by direct and indirect suppliers, with appropriate measures after the facts are investigated.



GRI

Summary



GRI Content Summary

(GRI 102-55)

GRI Standard	GRI 2021	Disclosure	Where to find	Sustainable Development Objectives	Theme Material in 2022
	2-1	Details of the organization	Volkswagen Brazil Strategy and Management		
	2-3	Reporting period, frequency, and contact point	Presentation		
	2-4	Reformulation of information	Presentation		
	2-6	Activities, value chain and other business relationships	Volkswagen Brazil Customers Suppliers		
	2-7	Employees	People	8	
	2-9	Governance structure	Strategy and management		
	2-22	Declaration on sustainable development strategy	Message from the CEO		
	2-23	Policy commitments	Strategy and management	16	
	2-26	Mechanisms for counseling and raising concerns	Strategy and management		

GRI Standard	GRI 2021	Disclosure	Where to find	Sustainable Development Objectives	Theme Material in 2022
	2-27	Compliance with laws and regulations	Strategy and management Products Factories Suppliers	9, 10	Social and environmental responsibility
	2-29	Approach to engage the stakeholders	Presentation People	17	
	2-30	Collective bargaining agreements	People	8	
	3-1	Material themes definition process	Presentation		
	3-2	List of material themes	Presentation	17	
	3-3	Management of material themes	Strategy and management People Products Customers Factories Suppliers		Customer satisfaction Digitalization, new business models, and vehicle connectivity Organizational climate Social and environmental responsibility
201-1		Direct economic value generated and distributed	Volkswagen Brazil	8	Company performance and economic viability
202-1		Ratio between the lowest wage and the local minimum wage, with gender breakdown	People	1, 5, 8	

GRI Standard	GRI 2021	Disclosure	Where to find	Sustainable Development Objectives	Theme Material in 2022
202-2		Proportion of board members hired from the local community	Strategy and management People		
203-1		Investments in infrastructure and service support	Strategy and management	9, 10	Social and environmental responsibility
204-1		Proportion of spending with local suppliers	Suppliers	12	Sustainable supply chain
205-1		Operations assessed for risks related to corruption	Strategy and management	16	Ethical conduct and transparency
205-2		Communication and training on anti-corruption policies and procedures	Strategy and management	16	Ethical conduct and transparency
205-3		Confirmed cases of corruption and actions taken	Strategy and management	16	Ethical conduct and transparency
206-1		Lawsuits for unfair competition, trust practices and monopoly	Strategy and management	16	
302		Energy	Strategy and management	7, 8, 11, 12, 13	Reduced emissions in vehicle use
302-1		Energy consumption within the organization	Factories	7, 8, 11, 12, 13	

GRI Standard	GRI 2021	Disclosure	Where to find	Sustainable Development Objectives	Theme Material in 2022
302-2		Energy consumption outside the organization	Factories	7, 8, 11, 12, 13	
302-3		Energy Intensity	Factories	7, 8, 11, 12, 13	
302-4		Reduced energy consumption	Factories	7, 8, 11, 12, 13	
302-5		Reductions in energy requirements of products and services	Products	7, 8, 11, 12, 13	Reduced emissions in vehicle use
305-1		Direct emissions (Scope 1) of greenhouse gases (GHG))	Factories	3, 12, 13, 15	
305-2		Indirect emissions (Scope 2) of greenhouse gases (GHG) from the acquisition of energy	Factories	3, 12, 13, 15	
305-3		Other indirect emissions (Scope 3) of greenhouse gases (GHG)	Factories	3, 12, 13, 15	Reduced emissions in vehicle use
305-5		Reduction of greenhouse gas emissions (GHG))	Factories	3, 12, 13, 15	Reduced emissions in vehicle use
305-6		Emissions of ozone-depleting substances (ODS)	Factories	3, 12, 13, 15	

GRI Standard	GRI 2021	Disclosure	Where to find	Sustainable Development Objectives	Theme Material in 2022
305-7		NOX, SOX and other significant air emissions	Factories	3, 12, 13, 15	
306-3		Generated waste	Factories	12	
306-4		Waste not destined for final disposal	Factories	12	
306-5		Waste destined for final disposal	Factories	12	
308-1		New suppliers selected based on environmental criteria	Suppliers	8, 12	Sustainable supply chain
308-2		Negative environmental impacts of the supply chain and measures taken	Suppliers	8, 12	Sustainable supply chain
401-1		New hires and employee turnover	People	5, 8	
401-3		Maternity/paternity leave	People		
403-1		Occupational health and safety management system	People	3, 8	

GRI Standard	GRI 2021	Disclosure	Where to find	Sustainable Development Objectives	Theme Material in 2022
403-9		Workplace accidents	People		
404-1		Average hours of training per year, per employee	People	4, 5, 8	Employee development and training
404-2		Employee skills enhancement and career transition assistance programs	People	4, 5, 8	Employee development and training
408-1		Operations and suppliers with significant risk of child labor cases	Suppliers	8, 16	
409-1		Operations and suppliers with significant risk of cases of forced or compulsory labor	Suppliers	8	
414-1		New suppliers selected based on social criteria	Suppliers	8, 12	Sustainable supply chain
414-2		Negative social impacts of the supply chain and actions taken	Suppliers	5, 8, 16	Sustainable supply chain
416-1		Assessment of health and safety impacts caused by product and service categories	Products	3, 16	Safety and quality of the vehicles

GRI Standard	GRI 2021	Disclosure	Where to find	Sustainable Development Objectives	Theme Material in 2022
416-2		Cases of non-compliance regarding health and safety impacts caused by products and services	Products	3, 16	Safety and quality of the vehicles
417-1		Requirements for product and service information and labeling	Products	12	
417-2		Cases of non-compliance regarding product and service information and labeling	Products		
417-3		Cases of non-compliance regarding marketing communication	Strategy and management		
418-1		Proven complaints regarding breaches of privacy and loss of customer data	Strategy and management		

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