



VOLKSWAGEN

GROUP KOREA

Leading the Transformation of Mobility in Korea

COMPANY PROFILE 2022

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Leading the Transformation of Mobility in Korea

Since the foundation in 2004, our company housed the Korean operations of distinguished and exciting brands including Volkswagen, Audi, Lamborghini and Bentley, bringing vehicles that combined engineering and art of styling, which helped to offer attractive and safe automobiles to the Korean customers.

This year, our company embarks on a new journey under the name of Volkswagen Group Korea as a wholly owned subsidiary of Volkswagen AG, which is one of the world's leading automobile manufacturers and the largest carmaker in Europe.

The industry is standing on a turning point, which requires a pure vehicle manufacturer to evolve into a mobility provider. Making our core product – the car – the most important internet device of the future is our big opportunity as the car would be equipped with more software and will receive and transmit much more data for new digital user applications.

We have a dedicated organization for digitalization and connectivity, which helped to combine all the digital expertise of various brands in a single unit. We are also working diligently to drive the evolution of the automobile toward electric mobility to achieve carbon-neutral by optimizing our offering of petrol or diesel engines, while enriching it with new electric models. With data and electricity being the main driving force, we aim to develop new digital products, services and customer interfaces, which are of great significance to our Group.

Through this Brochure, you will be able to gain an insight into our company and how we are leading this transformation to become a technology company.

Stay tuned for our regular updates on our progress, and we look forward to your continued support on our new journey.

With my best personal regards,

Till Scheer

Group Managing Director
Volkswagen Group Korea

Volkswagen Group

One of the best carmakers
to become a globally leading provider
of sustainable mobility.

The Group comprises ten brands from five European countries: Volkswagen, Volkswagen Commercial Vehicles, ŠKODA, SEAT, CUPRA, Audi, Lamborghini, Bentley, Porsche and Ducati. In addition, the Volkswagen Group offers a wide range of further brands and business units including financial services. Volkswagen Financial Services comprises dealer and customer financing, leasing, banking and insurance activities, and fleet management.

Dr. Herbert Diess Chairman of the Board of Management

1961 Year Established

671,205 No. of Employees

123 No. of Production Plants

153 No. of Selling Countries

Brands on the move

Volume



Volkswagen

For millions of people, Volkswagen epitomizes mobility.



Volkswagen Commercial Vehicles

The brand's light commercial vehicles offer highly flexible and cost-effective performance for everyday driving.



ŠKODA

Clever solutions for everyday car journeys - that is ŠKODA's aspiration.



SEAT

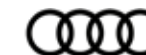
SEAT combines temperament and precision.



CUPRA

CUPRA is an unconventional and emotionally-charged brand.

Premium



Audi

Audi is "Vorsprung durch Technik".



Lamborghini

An uncompromisingly sporty identity, extreme design, ultimate performance - Lamborghini.



Bentley

Individual luxury, handcrafted perfection and powerful performance - the Bentley experience, every time.



Ducati

The Ducati name stands for motorcycles in a class of their own, with optimal performance, state-of-the-art technology and exciting design.

Sport



Porsche

Porsche's mission is to build sports cars that go full throttle on the circuit but also hold their own on everyday journeys.

Other Brands and Business Units



CARIAD
CARIAD is an independent automotive software company in the Volkswagen Group.



Volkswagen Group Components
Volkswagen Group Components is a realignment of the Group - wide components business under the Volkswagen AG umbrella.



Volkswagen Financial Services
Volkswagen Financial Services comprises a diverse product portfolio.



Volkswagen Group Fleet International
Wholesale business in the Volkswagen Group is co-ordinated by Volkswagen Group Fleet International.



TRATON GROUP
The TRATON GROUP aims to become a global champion of the commercial vehicle industry.



MAN
Technological expertise in transportation and energy is a characteristic of all MAN products.



SCANIA
Scania trucks, buses and engines offer maximum efficiency and absolute reliability.



NAVISTAR
Navistar, Inc. is a purpose-driven company, reimagining how to deliver what matters to create more cohesive relationships.





MOIA
MOIA provides pioneering on-demand mobility for people in cities.

NEW AUTO

 Mechatronics

 Software

 Battery & Charging

 Mobility Solutions

Group strategy NEW AUTO

- Mobility for Generations to Come

“NEW AUTO”: Volkswagen reinvents itself

The world of mobility will change fundamentally by 2030: electric drive and fully-networked transportation with autonomous drive will determine how we move around in future. With the new Group strategy “NEW AUTO – Mobility for Generations to Come”, the Volkswagen Group will be a significant driver of this transformation and accelerate its realignment from vehicle manufacturer to a leading, global software-driven mobility provider. A company that is redefining mobility while also doing business climate neutrally and conscientiously. The guiding principle: the development of sustainable, connected, safe and tailored mobility solutions for future generations.

Strong brands and the automobile will continue to play a central role in individual mobility in the future. At the same time, the Volkswagen Group's core product - the car - and the underlying business model are changing fundamentally. The sources of revenue will change gradually between now and 2030: from conventional combustion engine models to zero-emission electric cars, and from vehicle sales to software and mobility services, boosted by the key technology of autonomous driving.

With its “NEW AUTO” strategy, the Volkswagen Group is rigorously realigning itself and building up the new competencies this requires. In addition to software development and the capability for autonomous driving, this also applies to areas such as battery technology, battery recycling, charging infrastructure and mobility services.

With global revenues from mobility expected to double by 2030, the prospects are promising. Volkswagen will boost this potential via its strong brands and based on superior technology platforms, primarily in Europe, the USA and China.

“The car and individual mobility have a bright future. With its innovative brands and state-of-the-art technology platforms, Volkswagen is preparing to play a leading role in the new mobility world,” says CEO Herbert Diess.

Mechatronics	SSP: The next generation of mechatronics platform
Software	The foundation for autonomous driving
Battery & Charging	Battery and rapid charging – key to success
Mobility Solutions	Autonomous driving to be a game changer

NEW AUTO



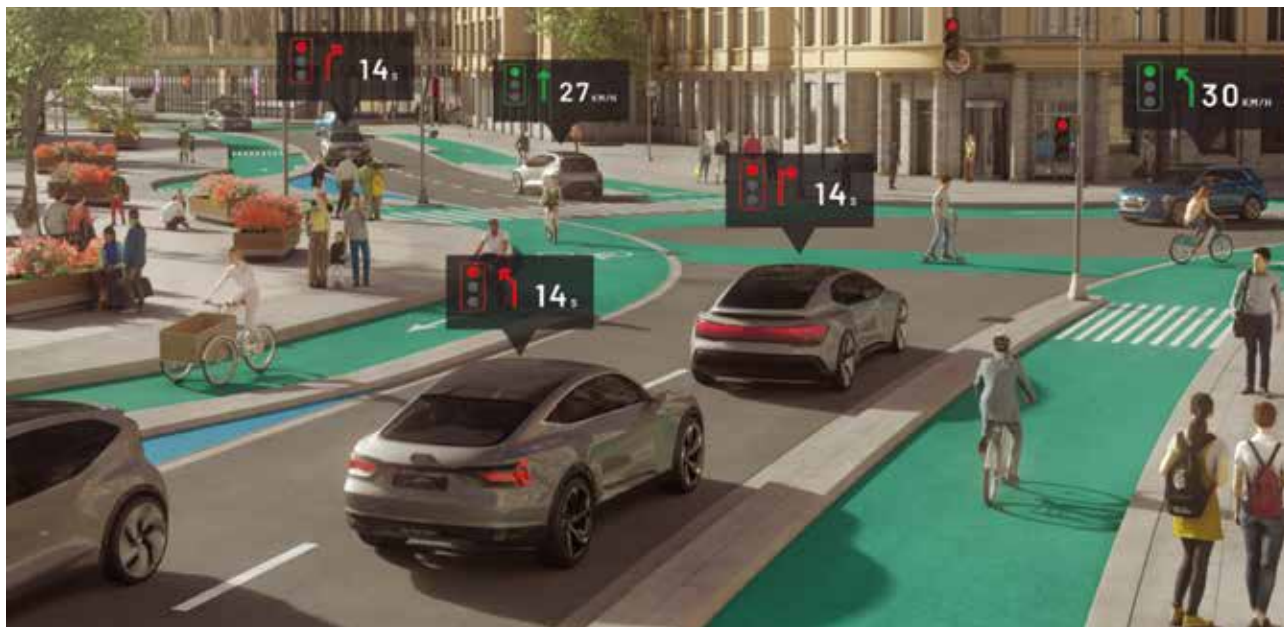
Mechatronics

SSP: The next generation of mechatronics platform

From 2026, the Volkswagen Group will bundle its future technologies on the Scalable Systems Platform (SSP). After the Modular Electric Drive Kit (MEB) and the Premium Platform Electric (PPE), the SSP represents the next generation of all-electric, fully-digital and highly-scalable mechatronics platform. In the future, it will be possible to build models from all brands and segments on the SSP – more than 40 million Group cars throughout its life cycle.

With the SSP, the Volkswagen Group can rapidly and efficiently provide its customers with innovative functions in their cars, across all brands. This makes the SSP key to autonomous driving. At the same time, considerable economies of scale are achieved, whilst also reducing complexity and development costs.

By combining different modules with various sizes of platform, the Group's brands also have a host of opportunities to differentiate themselves. From 2025, Audi's Artemis project will use significant SSP modules for the first time. In 2026, Volkswagen will introduce this technology to the high-volume segment with its first model based on the SSP – the "Trinity" project.



Software

Software – the foundation for autonomous driving

Over the coming years, the Group's own software and technology company CARIAD will develop the new E3 2.0 software architecture and thus exploit synergy effects across all the brands. This standard software stack will form the technical foundation for data-based business models, new mobility services and autonomous driving (level 4) for the Volkswagen Group and its brands.

The new software architecture enables a complete ecosystem, which will offer customers a host of software-based services throughout the full product life cycle. By 2030, the Volkswagen Group will put up to 40 million of its cars based on the new software stack on the streets of this world. The Group will have the largest amount of real-time data in the whole industry – and continuously improve its products on this basis.

CARIAD has a clear schedule for the development and introduction of the software architecture, which includes a scalable operating system and cloud connection. To enable this, the company is expanding its competencies around the world. By 2025, the proportion of internally-developed software in the car will rise from the current figure of 10 percent to 60 percent. Furthermore, strategic shareholdings and strong partnerships already cover important fields of expertise. It goes without saying that CARIAD works closely with all the brands in the Group. After all, the software architecture will transform mobility across the entire Group.



Battery & Charging

Battery and rapid charging – key to success

By 2040, virtually 100 percent of Volkswagen vehicles in all of the world's core markets will be climate neutral. Key to achieving this are the internal battery supply and a comprehensive infrastructure, which allows rapid and simple charging. However, energy services are also success factors and generate additional sources of income in the new mobility world.

The biggest cost in electric cars is the battery. Internal battery production, including repair and recycling, significantly reduces these costs. This is where the new “unified cell” plays a central role. From 2023, one cell – rather than several different ones – will be used in the majority of the Group's models. High economies of scale also reduce costs.

In order to accelerate the market success of e- mobility, Volkswagen is expanding its extensive charging infrastructure with strong partners and establishing a complete energy ecosystem, with the car at its heart. The car itself will become a mobile, intelligent power bank. Whether an electric car is climate neutral depends 100 percent on green electricity. Here too, Volkswagen offers its own solution. In subsidiary Elli, it has an internal energy service provider for electrification on board.



Mobility Solutions

Mobility solutions – autonomous driving to be a game changer

By 2030, the Volkswagen Group will also have system capabilities for autonomous shuttle fleets. It will also own some such fleets and expand its range of mobility services and financing options. Mobility as a Service and Transport as a Service, fully autonomous, will be an integral component of NEW AUTO. The value chain consists of four levels: the driverless system, its integration in vehicles, fleet management, and a mobility platform for customers.

The Volkswagen Group and its strategic partner ARGO AI are already consistently pushing ahead with the development of a driverless system for autonomous shuttles. CARIAD will develop level 4 autonomous driving for passenger cars. As such, the Group will establish the largest neural network of vehicles in the world.

With pilot projects in Munich, the Volkswagen Group is currently testing the first autonomous buses and plans to implement similar autonomous driving projects in other major cities in Germany, China and the USA. In 2025, Volkswagen will provide its first autonomous mobility service in Europe, shortly followed by the USA. Future revenue potentials are promising: by 2030, the total market for Mobility as a Service in the five biggest European markets will amount to 70 billion US dollars.

In the coming years, the Group will bundle all its mobility offerings, and those of its brands, on one mobility platform. In doing so, the company plans to capture a significant share of the market and additional sales potential in this important future business. A joint fleet of vehicles, covering all the various services – from car rental and subscription to car sharing and ride hailing – will ensure a high degree of availability, capacity and rentability.



Together4Integrity

In the new Group strategy 2030, we have set a major objective: to act as a model of integrity. Through the implementation of the Together4Integrity (T4I) program, we want to consistently achieve this goal throughout the Group across all brands and companies and to strengthen corporate governance on integrity and compliance. We have set ourselves the objective of the key performance indicators of integrity and compliance having the same strategic and operational priority as, for example, sales revenue, profit, product quality or employer attractiveness. T4I is thus one of the most extensive change programs in the history of the Group. T4I is our common path towards a corporate culture that enables every manager and every employee to act with integrity and in accordance with the rules at all times and everywhere.

T4I WITH FOCUS ON GOVERNANCE AND CULTURE CHANGE

In implementing T4I, 2 aspects of implementing processes (Governance) and inspiring people (Culture Change) are considered: From governance dimension, T4I serves to provide the regulatory framework for acting with integrity and in compliance with the rules. T4I also has the dimension of culture change: to reach people and strengthen their own drive to act with integrity.

5 Principles of T4I

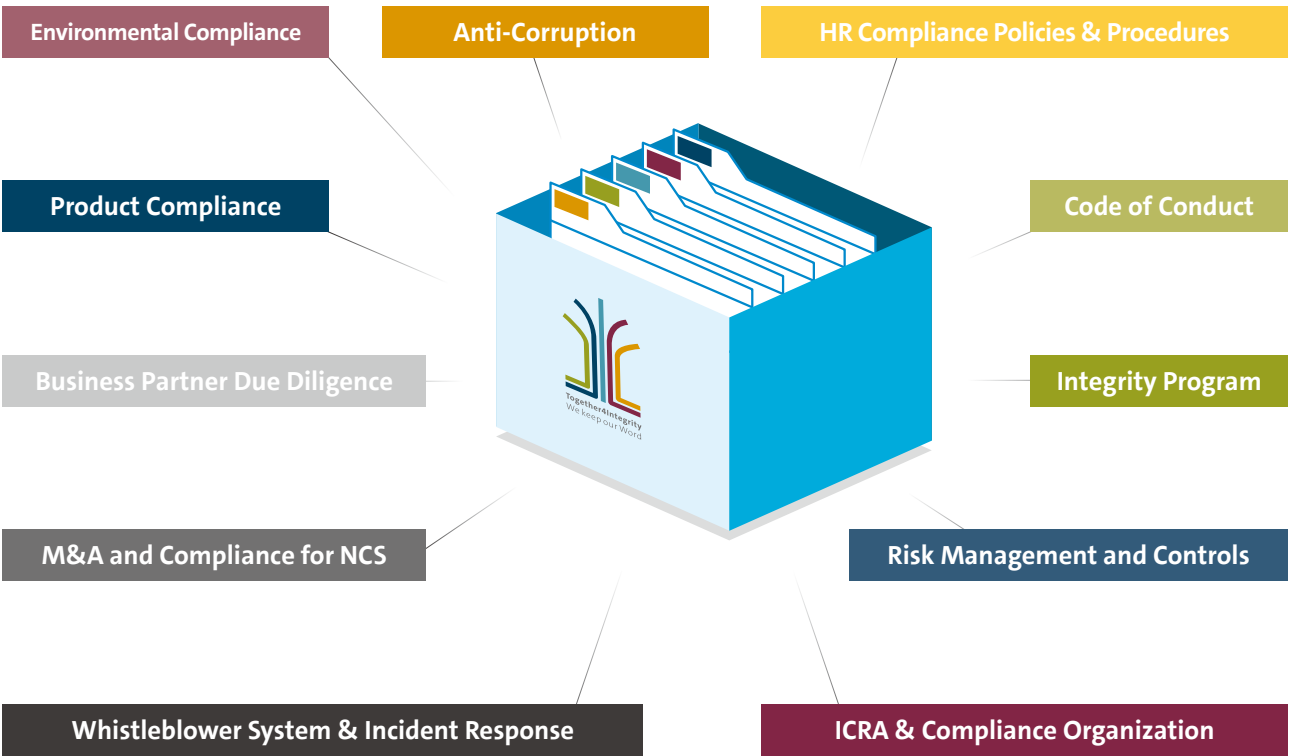
T4I's methodological design follows the five fundamental and widely acknowledged principles of the international Ethics & Compliance Initiative (ECI). These principles relate to the following:

- ① **Strategy:** Integrity and compliance are central to our business strategy
- ② **Risk Management:** Integrity and compliance risks are identified, owned, managed and mitigated
- ③ **Culture of Integrity:** Our leaders at all levels across our organization build and sustain a culture of integrity
- ④ **Speak-up Environment:** We encourage, protect and value the reporting of concerns and suspected wrongdoing
- ⑤ **Resolute Accountability:** We take action and hold ourselves accountable when wrongdoing occurs



T4I Toolbox— 11 Key Initiatives with 120 Deliverables

T4I sets the regulatory framework for conduct based on integrity and compliance. The T4I Toolbox serves as a basis by containing more than 120 packages of measures (Deliverables) that have to be implemented. Thematically, the Deliverables are grouped into 11 Key Initiatives as follows:



Volkswagen Group Korea

Leading the transformation of mobility in Korea.

Volkswagen Group Korea is leading the transformation to offer sustainable mobility in Korea under the vision of “Leading the transformation of mobility in Korea.” Through various product portfolios across its four brands, it is executing future strategies to address the paradigm shift driven by electrification and digitalization.

We have four business divisions – Volkswagen, Audi, Bentley, and Lamborghini. By importing and selling a wide range of models that meet the various lifestyle and characteristics of the local customers, we are contributing to the growth of Korea’s import car market.

We will continue with our growth momentum by offering a competitive new line-up and mobility services, drive the transformation to sustainable mobility and actively carry out corporate social responsibility activities focusing on education and environment to contribute to Korean society.

Wolf-Stefan Specht

Representative Director

2004

Year Established

www.vwgc.co.kr

Homepage

Brands in Korea



Volkswagen Korea

For millions of people, Volkswagen epitomizes mobility.



Audi Korea

Audi is "Vorsprung durch Technik".



Lamborghini Korea

An uncompromisingly sporty identity, extreme design, ultimate performance - Lamborghini.



Bentley Motors Korea

Individual luxury, handcrafted perfection and powerful performance - the Bentley experience, every time.

Infrastructure



| Pre-Delivery Inspection (PDI) Center

Location: Pyeongtaek

Size: 124,960m²

By definition, PDI means "Inspection before vehicle delivery." The PDI Center is where the vehicles imported into Korea undergo procedures such as unloading, customs clearance, inspection, repair, and storage before delivery to customers.

Volkswagen Group Korea's PDI Center began operation in August 2011 and implements a strict and systematic inspection process to ensure vehicle quality, while complying with the local regulations and establishing the highest level of governance. Sized 124,960m², the PDI Center can accommodate up to 4,600 vehicles and processes a daily average of 250 cars per shift.

After unloading from the ship, the vehicles brought to the PDI Center are carefully inspected through an optimized process, including the basic inspection, diagnostic testing, cleaning, exterior inspection, repair, quality inspection, fueling, etc., before they are delivered to customers. In addition, in tandem with the company's push toward electrification and to meet the growing demand for electric vehicles, the PDI Center possesses a charging infrastructure that can accommodate over 11,000 electric cars per year.

Volkswagen Group Korea's PDI Center has other processes to comply with the local regulations, including satisfying the Technical Quality Standard (TQS), which is the headquarters' guideline on port and delivery.



| Parts Distribution Center (PDC)

Location: Incheon

Size: 17,624m²

Volkswagen Group Korea's PDC has a size of 17,624m² (Main Center: 14,500m², Supplementary Center: 3,124m²), which is equivalent to 2.5 soccer fields. It is located in Incheon for quick customs clearance and delivery of parts from Germany.

It manages a stock of some 40,000 parts and maintains a supply rate of 98% (based on parts in stock) for parts distributed to AS Centers of Volkswagen and Audi across the nation. The PDC plays a central role in enhancing customer satisfaction by carrying out twice-a-day delivery as a rule to deliver parts ordered in the morning on the same day.



| Training Academy

Location: Pyeongtaek (next to the PDI Center)

Size: 3,200m²

As part of the efforts to enhance its customer sales and service quality, Volkswagen Group Korea established the Training Academy in 2014 and re-opened it after renewal in January 2021. The Training Academy, located next to the Pyeongtaek PDI Center, is sized 3,200m² and consists of some 20 rooms for Online studio and online labs, sales training technical training, non-technical, IT training, office and storages.

With a shift to a contact-less environment, the Training Academy is designed to enable real-time two-way on- and off-line communication. The main studio is equipped with state-of-the-art equipment and IT technologies, including a large 350-inch, curved LED screen, labs that enable real-time contactless transmission and editing using the live video streaming solution vMix, lighting systems that befit those

used in professional studios, and vehicle turntables.

The Training Academy is used for internal and external events and various training and meetings for sales and service staffs working at the customer touchpoints. Ausbildung, a German-style dual vocational education and training program is also offered here.

Volkswagen Group Korea plans to enhance its sales and service quality by leveraging the Training Academy by increasing training up to 33% by 2023.



CSR



Volkswagen Group Korea is generating future value in the Korean society through its CSR initiative named, “TOMOROAD,” which is a word that combines “tomorrow” and “road,” reflecting our commitment to become a trusted partner in guiding young talents to a sustainable future.

| TOMOROAD has the following programs



Education

Volkswagen Group Korea offers coding education programs to the young talents in Korea. The program was rolled out to 9,215 students in 339 schools.

Volkswagen Group Korea has been offering education programs since March 2019 in line with the Korean government’s intense drive to foster future talents. TOMOROAD School builds STEM skills of students through computer programming classes, which were developed together with education experts.



Environment

Volkswagen Group Korea invests in climate protection projects. A total of 54,269 plants and trees were donated.

Volkswagen Group Korea carries out various environmental programs including Green School Walkway project with the Seoul Metropolitan Government to plant trees along the school walkway used by students, the Classroom Forest project to remove fine dust inside classrooms and reforestation projects in areas severely affected by forest fires.



Community Outreach

Volkswagen Group Korea cares about our local communities. Corporate giving and involvement in our communities are rooted in our culture.

Volkswagen Group Korea cares about its community and has been participating in community outreach activities to provide support to those in need.

| TOMOROAD advances the UN SDGs

The United Nation’s Sustainable Development Goals (SDGs) refer to 17 common goals of humanity to take action for realizing sustainable development.

TOMOROAD initiative fulfills the UN SDGs of “Quality Education (SDG 4), Sustainable Cities and Communities (SDG 11) and Climate Action (SDG 13).



| TOMOROAD Awards & Accolades

Volkswagen Group Korea received recognition for its performance in demonstrating corporate citizenship.

2021

- Awarded the Grand Prize in the Research and Education category at the 10th Chosun-Ilbo CSR Awards
- Awarded the Grand Prize at the 2020 KCCI-Forbes CSR Award
- Awarded the Deputy Prime Minister and Minister of Economy and Finance Award in the CSR category at the Social Contribution Awards 2021
- Received a commendation from the Seoul Metropolitan Government for planting trees along the school walkways in Seoul

2020

- Awarded the Grand Prize in the Business Category of the Outstanding Happiness Plus Social Contribution Awards
- Awarded the Deputy Prime Minister and Minister of Education Award in the CSR category at the Social Contribution Awards 2020
- Awarded the Grand Prize at the 9th Donation for Education Awards of Korea
- minated as the Best Practice for donating education programs to middle schools in Korea

2019

- Nominated as the Best Practice for donating education programs to middle schools in Korea
- Awarded by Minister of Culture, Sports and Tourism in the CSR category at the Social Contribution Awards 2019
- Certified by the Korea Foundation for the Advancement of Science & Creativity as the Best Donor of Education Programs

Please scan the QR code for more details on the CSR activities of VWGK.





Working at Volkswagen Group Korea

VWKG offers a good working environment, attractive rewards and benefits, and opportunities for a sustainable career under the Group strategy.

VWKG operates a variety of systems to help employees maintain a work-life balance based on a horizontal organizational culture and autonomy, reflecting the business characteristics of a global company. In addition, we are creating a healthy corporate culture in which the company and its employees can grow together through programs for self-development and capacity building.

In December 2019, VWKG was designated as an "Excellent Family-Friendly Company" certified by the Ministry of Gender Equality and Family in recognition of its open organizational culture and internal systems. The "Family-Friendly Certification" of the Ministry of Gender Equality and Family is a system that grants certification through screening to companies and public institutions that operate exemplary family-friendly systems such as childbirth and parenting support, flexible working hours, and family-friendly workplace culture.

| Development toward Management Program

This is a program at Volkswagen Group in Germany to nurture candidates for executive-level managers. When certain requirements for becoming a manager are met, the evaluation will be held through 1 Day Screening Day Management, and the eligibility for promotion to the executive level is finally determined according to the headquarters guidelines.

| Job Training

We provide an opportunity to receive job training from outside in order to develop your individual job competency rather than a common competency. Using the performance management tool, you can take external training courses necessary for career development after a meeting with the department head.

| Early Closing Day

This is a program to allow employees to leave work at 4 p.m. every Friday, ensuring the 'life with evenings' and 'work-life balance' that office workers pursue.

| Brand Experience Program

You can experience vehicles of the company through this program, and you can use it up to twice a year regardless of weekends and weekdays.

| Flexible Working Hours

This is a program to encourage employees to flexibly manage their working hours so that they can balance work and family, and to increase work productivity and job satisfaction. Breaking away from the traditional pattern of working hours, employees can flexibly adjust and manage working hours considering their daily life and work status with ownership in time management and work performance, except for during the core time when concentration on work is required across the company.

| Health Improvement Program

This is a program that provides periodic health consultations at affiliated hospitals. Employees can get help in managing their health through counseling within working hours, such as meeting with a nurse once a month and with a doctor once a quarter for a brief health check and job stress interview.

| Mobile Work Day

This is a system that allows employees to freely choose their workplaces according to their personal reasons and convenience.



