



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



# Global standards – local production

Sustainability in established markets and new growth regions

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

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

## Adherence to social standards worldwide

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

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





## Localising production

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

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

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

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

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

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



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

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

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

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

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

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

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

### Why did Volkswagen choose Pune as a location?

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

search institutes are located in the surrounding area.

### What are the outstanding characteristics of the new plant?

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

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

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

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

### Integrated environmental protection

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

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

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

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

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

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

The main appeal of my job here lies in building

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



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

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

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# Destination: best employer

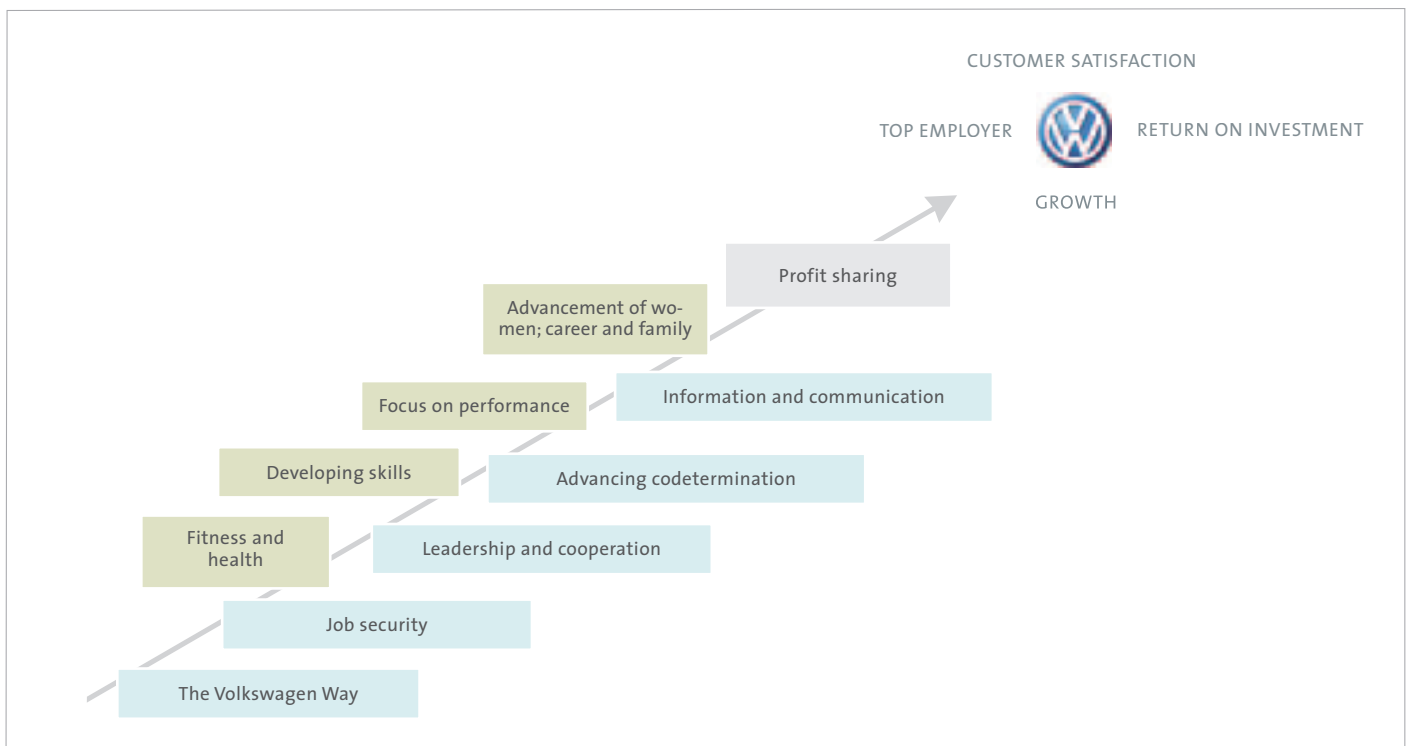
## Finishing first with a top team

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

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

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

### “18PLUS” STRATEGY AND HUMAN RESOURCES OBJECTIVES





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



### Identifying, nurturing and retaining talents

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

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



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

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

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

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

### From scholarships to pensions

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

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

### From person to person

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

### Learning skills and strengthening performance

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

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

### Continuing development builds expertise

Volkswagen is a company that values learning and teaching. The continuing professional development of all our employees is important to us. Our partners in our educational ventures include our subsidiary Volkswagen Coaching and the AutoUni (see box on page 37). In addition, in 2009 we are promoting the continuing education interests of our employees in Germany by awarding 100 scholarships for specialist training programmes. Volkswagen Coaching offers our employees a wide spectrum of professional training measures. Each year, this training institute organises approximately 3,600 courses for roughly 45,000 participants and handles the vocational training of our approximately 4,200 apprentices in Germany. It coordinates qualification in 34 trades and professions and ten integrated degree and training schemes. Volkswagen Coaching has twelve education and training centres and 68 training labs (IT, CAD, CNC, electronics, control engineering, automotive, etc.) that comprise a total of 60,000 m<sup>2</sup> of classroom, workshop and training space.

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

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

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

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

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

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

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

**What does Volkswagen have to offer in this respect?** Helping our employees combine work and family life is another important element of our strategy to become the top employer. We organise meetings for employees on parental leave, implement initiatives to ease the transition back into the workforce after

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

**What goals have you set for the future?**

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

### Monitoring and motivation

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

### Age-appropriate work

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

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

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



### AutoUni: Facts and Figures

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

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



# If you have your health, you have everything

Guaranteeing stability through preventive care and health promotion

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

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

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

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

### Improving health and fitness

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

### AIDS assistance overseas

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

### Prevention promotes occupational safety

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

# 97 percent

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

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

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

### Advanced technology cuts noise emissions

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

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

### Our vision: accident-free motoring

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

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



The airbag system in the new Polo.

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

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

### Focus on people

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

### Accident research a key topic

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

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# More than just football

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

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

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

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



## Growth and employment:

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

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

## Anti-discrimination:

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

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

## Volkswagen Community Trust:

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

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

 [www.vwct.co.za](http://www.vwct.co.za)

## HIV/AIDS prevention:

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

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

## "A chance to play":

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

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



## An exclusive contribution from Nobel laureate Archbishop Desmond M. Tutu

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



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

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

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

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

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

Archbishop Emeritus Desmond M Tutu