

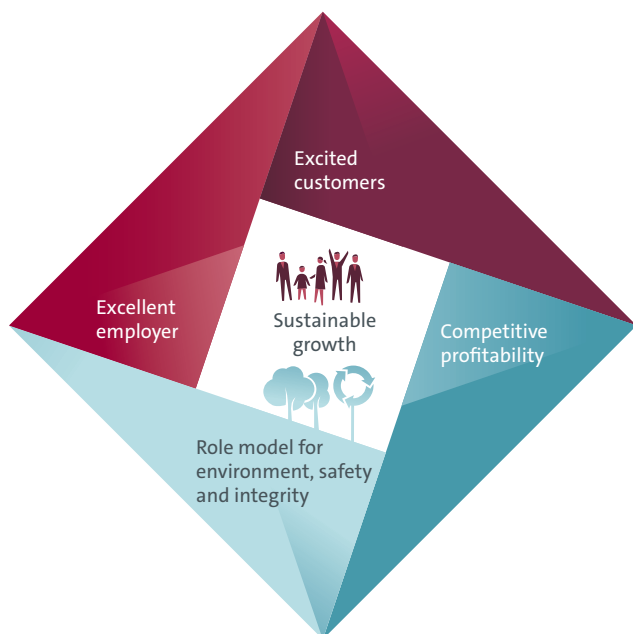
Goals and Strategies

We are striving for lasting success in tomorrow's world of mobility and intend to be one of the world's leading providers of sustainable mobility. This is the reason we have anchored the future program TOGETHER – Strategy 2025 in the Group.

The future program TOGETHER – Strategy 2025, the biggest change process in the history of Volkswagen, was launched in 2016. With the future program, we are making the Volks-

wagen Group more focused, efficient, innovative, customer-oriented and sustainable, and more systematically geared to generating profitable growth. The program creates the framework and lays the cornerstones for us to achieve our vision of being one of the world's leading providers of sustainable mobility.

FUTURE PROGRAM TOGETHER – STRATEGY 2025



The time horizon until 2025 shows that our thoughts and actions are long-term and future-oriented. The term TOGETHER describes the mindset that will be even more vital to the Volkswagen Group's long-term success going forward. Our intention with the new Group strategy is for everyone in the Volkswagen Group to join us in producing exciting vehicles and forward-looking, tailor-made mobility solutions that will continue to inspire our customers, meeting their diverse needs with a portfolio of strong brands. Every day, we actively assume and exercise responsibility in relation to the environment, society and safety, and we wish to be a role model in these areas. Integrity, reliability, quality and passion thus form the basis for our work. In this way, we will aim for technological leadership in the industry, ensure our competitive profitability and remain an excellent, reliable and secure employer at the same time.

The Code of Collaboration formulated as part of the future program is the foundation on which the Group strategy rests. This Code describes how collaboration is to take place within the Group and between individuals in their day-to-day work. Its core values are encapsulated in the terms "genuine", "straightforward", "open-minded", "as equals" and "united".

FOUR BUILDING BLOCKS OF THE FUTURE PROGRAM TOGETHER – STRATEGY 2025

Our Group strategy comprises a raft of far-reaching strategic decisions and specific initiatives essentially aimed at safeguarding the Group's long-term future and generating profitable growth. It is composed of four building blocks which cover a total of 16 strategic Group initiatives.

The first of these is the transformation of the core automotive business. Developing, building and selling vehicles will remain essential for the Volkswagen Group going forward. However, there will be far-reaching and lasting changes to this business in the future. That is the reason why we are comprehensively restructuring our core business to face this new era of mobility.

The second key building block in our Group strategy is establishing a new mobility solutions business. In this business, we are developing innovative and efficient, attractive yet profitable mobility services that are tailored to customer requirements with the goal of being one of the leading providers in this growth market in the future.

With the third key building block, we are intensifying our traditionally excellent innovative strength and placing it on an even broader footing. This is necessary both for the transformation of our core business and for the establishment of the new mobility solutions business. To this end, we are pushing ahead with the digital transformation in all parts of the Company.

Becoming one of the world's leading providers of sustainable mobility calls for substantial capital expenditure.

This will be financed in particular through efficiency gains along the entire value chain – from product development and procurement through to production and distribution as well as in the central supporting areas. Additional funds for future investments can also be generated by optimizing the existing portfolio of brands and equity investments. Through the fourth key building block of the Group strategy we will safeguard the financing of the Volkswagen Group and place it on a solid basis.

GOALS AND KEY PERFORMANCE INDICATORS OF THE GROUP'S STRATEGY

The strategic initiatives describe how we intend to achieve our vision of being one of the world's leading providers of sustainable mobility. For this purpose, we have defined four target dimensions – excited customers, excellent employer, role model for the environment, safety and integrity, and competitive profitability – which are designed to help us grow sustainably.

Although these target dimensions apply throughout the Group, the strategic KPIs that we will use in the future to measure how well we have implemented our Group strategy, depend on the business model. After all, the business model for our passenger car-producing brands is different from that for trucks and buses and also from that of our Power Engineering Business Area and our services business.

BUILDING BLOCKS AND STRATEGIC GROUP INITIATIVES



TRANSFORM CORE BUSINESS

- Sharpen positioning of brands
- Develop successful vehicle and drivetrain portfolio
- Partner with regional players to win in economy segment
- Streamline modular toolkits
- Implement model line organization
- Realign "Components" business
- Develop battery technology as new core competency
- Develop self-driving system for autonomous vehicles and artificial intelligence
- Develop best-in-class user experience across brands and customer touchpoints



BUILD MOBILITY SOLUTIONS BUSINESS

- Establish mobility solutions business
- Develop and expand attractive and profitable smart mobility offering



SECURE FUNDING

- Improve operational excellence
- Optimize business portfolio
- Integrate strategy and planning process



STRENGTHEN INNOVATION POWER

- Drive digital transformation
- Create organization 4.0

In the following, we describe the Group's strategic goals attached to these target dimensions.

The strategic KPIs of the competitive profitability target dimension have been defined and anchored uniformly in the Group. As the new Group strategy has yet to be specified in detail, the content of some strategic KPIs in the other target dimensions is still being determined. We report on the already defined nonfinancial strategic KPIs in the "Corporate Governance Report" and "Sustainable Value Enhancement" sections.

Target dimension: excited customers

This target dimension focuses on the diverse needs of our customers and on tailor-made mobility solutions. We aspire to exceed our customers' expectations, generating maximum benefit for them. That calls not only for the best products, the most efficient solutions and the best service, but also for flawless quality and an outstanding image. We want to excite our existing customers, win over new ones and retain their loyalty in the long term – because only loyal and faithful customers will recommend us to others.

The strategic KPIs consist of the net promoter score, the conquest rate and KPIs pertaining to loyalty, customer satisfaction and quality.

Target dimension: excellent employer

Skilled and dedicated employees are one of the keys to sustainable success. We wish to promote their satisfaction and motivation by means of equal opportunities, an attractive and modern working environment, and a forward-looking organization of work. Exemplary leadership and corporate culture forms the foundation for this, enabling us to retain our core workforce and attract new talent.

The strategic KPIs of this target dimension cover internal employer attractiveness determined by means of the opinion survey, external employer attractiveness, an external employer ranking as well as a KPI pertaining to cross-brand exchange and rotation and the diversity index.

Target dimension: role model for the environment, safety and integrity

Every day, we at the Volkswagen Group assume and exercise responsibility in relation to the environment, safety and society. This is reflected in our thoughts and actions and in all our decisions in equal measure.

We pay particular attention to the use of resources and the emissions of our product portfolio as well as those of our sites and plants, with the goal of continuously improving our carbon footprint and lowering pollutant emissions. Through

our innovations and outstanding quality, we aim for maximum product safety. The most important principles in this process include compliance with laws and regulations, the establishment of secure processes, and dealing openly with mistakes so that they can be avoided or rectified in the future. In terms of integrity, Volkswagen aims to become a role model for a modern, transparent and successful enterprise.

The strategic KPIs of this target dimension include the decarbonization index and KPIs pertaining to emissions figures, compliance, process reliability and a culture of dealing openly with mistakes.

Target dimension: competitive profitability

Investors judge us by whether we are able to meet our obligations as regards interest payments and debt repayments. As equity holders, they expect appropriate dividends and a long-term increase in the value of their shares.

We make investments with a view to achieving profitable growth and strengthening our competitiveness, thus keeping the Volkswagen Group on a firm footing and ensuring it remains an attractive investment option.

The goals we have set ourselves are operational excellence in all business processes and becoming the benchmark for the entire industry.

The strategic KPIs are operationalized for internal management purposes: target and actual data are derived from Volkswagen Group figures.

STRATEGIC KPIs: COMPETITIVE PROFITABILITY

	2015	2025
Operating return on sales ¹	6.0%	7 to 8%
Research and development ratio (R&D ratio) in the Automotive Division	7.4%	~6%
Capex/sales revenue in the Automotive Division	6.9%	~6%
Net cash flow in the Automotive Division	€8,887 million	Positive, to allow a distribution ratio of 30%
Net liquidity in the Automotive Division	€24,522 million, 11.5%	~10% of consolidated sales revenue
Return on investment (ROI) in the Automotive Division	-0.2%	>15%

1 2015 before special items