

A stylized graphic in yellow and green. It depicts a person with arms raised, holding a large green leaf. A green circle is connected to the person's head area by a thin line. Inside this circle, the text 'Sustainability Report 2014' is written in white.

**Sustainability
Report 2014**

**SWITCHING TO THE AA GIVES
A SUSTAINABLE APPROACH TO
OUR RECOVERY SERVICE**

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VWFS' NEW CUTTING-EDGE HQ

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**VOLKSWAGEN IN THE
SUSTAINABILITY FAST LANE**

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INTRODUCTION

CARBON
Measures that reduce emissions of carbon dioxide from fossil fuels.



AIR
Measures that reduce air pollution and help improve air quality.



WATER
Measures that save water or reduce the risk of water pollution.



WASTE
Measures that improve recycling and re-use, and reduce the amount of waste sent to landfill.



MATERIAL RESOURCES
Measures that reduce our use of raw materials, especially those from threatened or non-renewable sources.



COST
Measures which save money, in addition to their environmental benefits.



The past year has seen some major advances in the sustainability of the Volkswagen Group. We launched our first electric car products, e-up! and the world-beating XL1. We have also announced the UK's first partnership with a green energy provider, Ecotricity, so that all our electric vehicle drivers can benefit from zero-carbon mobility through the innovative Blue Power package. Our new alliance with the AA not only offers great customer service, but huge cost and environmental savings, and we are now working with all of our key suppliers, through stretching KPIs, to help them to help us achieve our goals.

We're doing well. But, as with everything in our world, the moment you realise that you're doing well is exactly the right moment to raise your game. That's why, halfway along the timeline to 2018, we are refreshing, updating and broadening our Strategy, to take in the wider area of Corporate Social Responsibility. You can read more about that at the end of this report, and one of the initiatives we describe this year, SmartGo, is one of the first examples of it.

We know that burning fossil carbon is changing the atmosphere; that natural resources are not infinite; and that we face the challenge of providing enough clean affordable energy for our homes, our businesses and our transport. And this is not just a concern for us in the UK – it goes all the way to the top of the company. This is Prof Dr Martin Winterkorn, Chairman of the Board of Management, speaking in March of this year:

"We are not satisfied with just making eco-friendly cars at eco-friendly plants. We conceive and shape mobility in holistic terms, from power generation,

through development, production, sale and operation to the recycling stage... an environmental strategy that is firmly anchored and measurable with respect to all the brands and regions of the Volkswagen Group...

"The environmental strategy of the Group is therefore being implemented in a binding, measurable way in all relevant business areas along the value stream. For this reason, the high sustainability requirements of the Group are now a firm component of contracts with suppliers. Volkswagen is also the first German automaker to have joined the Clean Shipping Network in order to analyse and reduce the environmental impact of marine transport. Another example is energy-efficiency advice for all Volkswagen brand dealerships in Germany, with a view to reducing the CO2 emissions of partner companies by 25% by 2020."

At the heart of these statements is the recognition that good, sustainable environmental performance is not just a 'nice to have' to be sought when times are good and abandoned when they're not. It is one of the fundamental measures of a good business - just as important to our long-term performance as Customer Quality or Employee Engagement. Good environmental performance cuts both waste and risk, and it gets noticed by our customers who are asking us more and more questions about our credentials – and expecting better and better answers.

It's simple. If good sustainability is good business, then better sustainability is better business.

Andrew Bannister
Corporate Social Responsibility Manager, Volkswagen Group UK

OUR SUSTAINABILITY COMMITMENTS

IN 2011 WE MADE A RANGE OF SUSTAINABILITY COMMITMENTS. WHAT WERE THEY AND HOW ARE WE MEASURING UP AGAINST THEM?

Carbon
By 2018 reduce our carbon intensity by 25% compared with 2010. This means that we emit less carbon as a business, per car sold.




By the end of 2013 our carbon emissions from the electricity consumed in our buildings (in other words, the carbon emitted from power stations needed to supply our energy) was down by an impressive 32% in absolute terms, and by an even more impressive 47% relative to the number of vehicles we sold. The carbon dioxide gas we saved would have been enough to fill nearly three hundred and fifty hot air balloons!




The good news isn't confined to electricity, either. The carbon we emitted as a result of burning natural gas has also gone down, by 12% in absolute terms and by 32% relative to the number of vehicles sold. This is a major achievement. To give an idea of scale, the CO2 we saved would be the same as that which would have been given off by driving an average car right around the world – thirty-two times.

Of course, electricity and gas aren't our only sources of carbon dioxide, or even our largest ones. Some of our most significant emissions come from road haulage, for vehicle and parts logistics. But we have success stories there too, to the extent that the average CO2 emitted while delivering a vehicle within the UK has come down by nearly 4.5% – a good result, but with plenty of scope for more reductions as some of the innovations described later in this report begin to deliver results.

Waste
Our UK offices will send zero waste to landfill by 2018.

In some ways this is an even bigger success story than our carbon reductions. Bearing in mind that in 2011 we sent about 70% of our total waste to landfill, we thought that getting it down to zero by 2018 would be a challenge, but in the period from 2010 to 2013 we actually managed to reduce waste to landfill by 97%, mainly by increasing recycling and moving towards recovery of energy from the remaining waste.

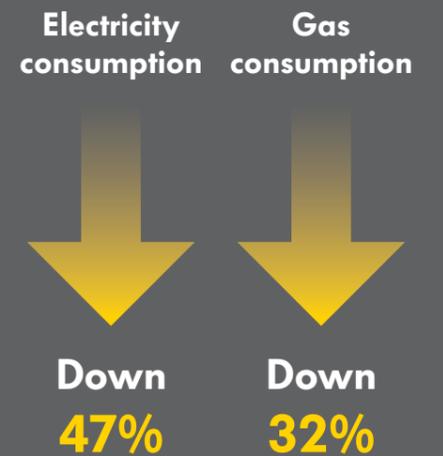
So, stunningly, we are now at zero waste to landfill for all waste produced on site, with the exception of construction waste. This achievement, four years earlier than planned, is a huge success for the Facilities team as well as a tribute to the way that everyone has stepped up to the plate by making sure their waste goes in the right bin – well done!

But it's not just about our own litter, we also recycle cars. During 2013, our contracted End of Life Vehicle recycling service (Cartakeback.com) handled 26,155 vehicles, (including two Lamborghinis). A minimum of 85% of the material is recycled and recovered from these vehicles, which was just short of 20,000 tonnes, 17,500 tonnes of which was metal. In 2015, the amount of material that must be recycled or recovered from each vehicle will increase to 95%.

This year's report tells some great stories of what's been achieved and how we're laying the foundations for future success.

0 waste to landfill 4 years early

CARBON EMISSIONS PER VEHICLE SOLD



26,153 vehicles
+
2 Lambos
Recycled 20,000 tonnes



47
minutes
average
response time

**A SWITCH IN ROADSIDE PARTNER FACTORS
SUSTAINABILITY INTO OUR RECOVERY SERVICE**



On 1 June, one million Volkswagen Roadside customers were successfully switched from the RAC to the AA, alongside 116 staff with over 1,000 years of experience with the Volkswagen Group. The signing of this £80m, four-year contract created an opportunity to take a fresh look at Roadside from a sustainability point of view. Roadside's aim is to 'Fix the Customer, Fix the Car, Fix the Quality Issue' - all in the most environmentally friendly way. The 2018 KPIs are:

- 96% customer satisfaction
- 88% overall repair rate at roadside, including accidents
- 7% usage of Roadside (no more than 7% of cars breaking down with mechanical issues)
- 21% reduction in total Roadside carbon footprint

A sustainable approach to roadside recovery means cutting down on unnecessary journeys, employing expert staff and embracing technology that minimises energy use and carbon emissions. The bonus is that this also makes for happy motorists who can get on with their journeys more quickly.

"We want to be a benchmark for customer satisfaction," explains Mark Randall, Group Roadside Assistance and Network Quality Manager, who oversaw the immense switch project. "In order to achieve this, we need to reach customers more quickly, and fix the car more quickly - this reduces our costs and energy use. The great news is, we can do both at the same time."

A major part of this strategy is fixing cars at the roadside, rather than transporting them to a workshop. There are approximately 160,000 call-outs, including accidents, a year from drivers covered under VWG Roadside Assistance. The aim is carry out an impressive 88% of repairs at the roadside.

The AA has highly trained technicians on hand 24 hours a day, seven days a week. In many cases, they can solve the problem on the spot by carrying out the latest software updates. The new Roadside contract utilises a brand-new, fuel-efficient fleet of 90 Transporters from Volkswagen Commercial Vehicles, all fitted with the latest VAS diagnostic equipment with an interface that connects to customers' vehicles to identify problems quickly. This fault-finding system means that information is always available at the vehicle and is always up-to-date. Armed with iPhone 5s and laptops with Windows 7, technicians can share knowledge and information, using FaceTime to communicate with other specialists all over the network. By managing a roadside fix, there is no need for a recovery vehicle to attend the scene and transport the car back to the workshop. By minimising the need to involve recovery vehicles, unnecessary journeys are reduced, saving both carbon emissions and fuel – and again, customers can get away as soon as possible. The target is to reduce the average roadside response time to 47 minutes.

160,000
call outs per year



MARK RANDALL

90 fuel efficient Transporters

21% reduction in roadside carbon footprint



88% target for roadside repair

Technicians are incentivised to carry out as many roadside repairs as possible by a recognition and reward scheme. "We look for innovative ways to reward our staff," says Mark. "Every year, our top technicians – those who achieve a 100% fix rate in any one month - join the 100% Club. They receive a personal letter along with a voucher. Last year, we had 23 technicians who achieved this, with one managing the top fix rate through five months. 2014's winning Dedicated Technician and Call Centre employee will be honoured at the AA awards next year."

Of course, not every breakdown requires a full recovery service. Staff at the AA's dedicated customer call centre

at Oldbury in the West Midlands are trained to deal with enquiries quickly and effectively – sending out the appropriate help, which in turn minimises journeys, fuel, emissions and costs.

Roaming AA Battery Assist teams can charge up a flat battery, let customers know if they need a replacement battery, supply and fit a new battery and even take an old battery away to be disposed of in an environmentally friendly way. AA patrols carry the latest industry-leading battery tester to measure the health of a battery. The AA also has a team of specialist Key Assist technicians who drive out to stranded customers. Combining professional locksmith skills with the

use of vehicle manufacturer diagnostic equipment, they can help drivers with lost, damaged or stolen keys.

Looking to the future, Mark says, "We are taking logical steps to maximise customer satisfaction. One idea is to create 'customer FaceTime' which will talk customers through making simple fixes to their own cars. They won't have to wait for a technician to arrive, so will be able to get moving again more quickly. And, as a business, we save time, eliminate our travel costs and cut down on our carbon footprint."



31% ↓
in energy at LED
lighting towers

225,000
vehicles pa to Grimsby



WHAT'S UP DOCK?

THE CREATION OF A NEW DOCK AT GRIMSBY SAVES MONEY, ENERGY AND CARBON EMISSIONS



Back in 2011, Associated British Ports (ABP) announced that it would be investing over £25 million to create a new deep-water dock at Grimsby, Europe's fourth busiest port and Volkswagen's primary import hub.

Volkswagen Group has been committed to the project from the beginning and was one of the first carmakers to sign an 'anchor tenant' agreement with ABP. Fittingly, the first vehicle to disembark at the terminal at its official launch in 2013 was a Touareg.

Previously, ships had to enter the docks through the port's 162-year-old Royal Lock. As delivery ships became larger, access became an increasing challenge. The new terminal is located out in the Humber and is the first construction to be built outside the lock gates. It comprises a huge floating pontoon, reached by a finger pier stretching out several hundreds of metres from beneath the Dock Tower.

The gains for Volkswagen Group are considerable. Previously, the lock gates meant only ships carrying a maximum of 800 vehicles could be handled there. There are two new berths which can take two vessels carrying up to 3,000 vehicles, significantly increasing the port's capacity. Deliveries can be made from most of the new-generation car-carriers in operation, enabling our business to bring in many more vehicles per ship. Keith Protheroe, Vehicle Logistics Contract Manager, explains, "Annually we will ship approximately

225,000 vehicles to Grimsby - that includes using the original berth plus the new one. Using one large ship is more efficient environmentally than moving the same volume on two ships or more."

By cutting down on the number of delivery journeys, the new terminal saves money in terms of fuel, as well as lowering our carbon footprint. The terminal's design also prioritises sustainability. Its first point of rest (FPR) site adjacent to the new berths incorporates LED lighting towers, the first of their kind to be installed in the UK. Use of this technology means a 31% reduction in energy consumption, plus reduced CO2 emissions and running costs, and a higher quality of light beneficial for security. It also requires no routine maintenance.

The causeway leading to the jetty and the berths themselves are also lit using LED lights, mounted at a low level to reduce the overspill light on to the mudflats below in order to ease the environmental impact. The navigation lights mounted at the far end of the pier are powered by a solar panel and have a built-in system whereby they can be turned on and off remotely, as required.

Grimsby's new dock ensures that the town stays at the forefront of the car-handling industry and that Volkswagen can benefit from a world-class, and increasingly sustainable, import facility.

£25m
new deep-water dock

SHEER GENIUS

SUSTAINABILITY? IT'S ALL PART OF THE PROCESS AT THE NEW PDI CENTRE IN SHEERNESS



In February 2014, Volkswagen Group's PDI Centre at Sheerness in north Kent opened, replacing two supplier-owned facilities in Grimsby and Bedfordshire.



A PDI (pre-delivery inspection) centre runs checks for faults that may have developed post-production, fits number plates, tests tyre pressures, and so on.

The port of Sheerness is one of the largest foreign car importers in the country and Volkswagen Group's new, purpose-built centre aims to process 60,000 vehicles a year - everything from the Up! through to Crafter vans and Audi A8s.

Dan Giles, CIPD Business Change Manager, who led the project from design to delivery, explains the thinking behind the location. "37% of the vehicles that go through the centre are delivered to London and the South East, and 70% to the south of England or the Midlands, so Sheerness was a logical place to despatch vehicles from. The reduced mileage cuts fuel consumption and CO2 emissions as well as allowing quicker deliveries to customers, so it really is a win-win situation."

From the very start, sustainability was at the heart of the design. The site selected had an existing building which was roughly half the required size. Rather than demolishing it, the basic frame was left in place, reducing the need to use raw materials, and the existing walls and roof were re-clad to meet current building regulations. As well as being cost-effective, the refurbishment minimises heating bills. There is also a smart energy system that directs warmth to where people are working, rather than heating the whole centre. Dan says, "The original section of the building no longer has any leaks or draughts - in fact, a casual observer would not be able to tell the difference between the new and the old parts."



DAN GILES

Sustainability also extends to the operation of the centre. All lights have sensors; a car-wash system recovers and recycles 95% of the water used; and some of the vehicle packaging materials are reused. "For example, when cars arrive from the factories, loose items such as instruction manuals, iPod leads and so on are put in sealed bags to keep them safe in the car through the logistics process. These bags are reused by rental companies who often remove loose items from the cars and store them until the car is sold as a used car - this is to stop the items being lost or stolen," explains Dan.

Last but not least, GBA, our partner company which operates the centre, has put in place a green travel plan which promotes public transport and walking to work.

ALL THE RIGHT MOVES

SUSTAINABLE DISTRIBUTION IS KEY FOR VEHICLE LOGISTICS



Vehicle Logistics oversees the transportation of vehicles from our import centres at the ports of Tyne, Grimsby and Sheerness to dealerships all over the country. Deliveries are undertaken by three trucking companies: ECM, Stobart and Brit European. Road transport accounts for 22% of the UK's total CO2 emissions and, therefore, it's crucial to do everything we can to minimise the environmental impact of moving our vehicles. Increasingly, we are working together with our partners to make Vehicle Logistics as sustainable as possible.

Keith Protheroe, Vehicle Logistics Contract Manager, says, "Now, we look to embed sustainability KPIs in our contracts. For example, our current contract, which began last June, has requested a minimum reduction of 10% in CO2 emissions over the life of the contract, which ends mid-2016."

One of the main weapons is telematics. Ray Street, Vehicle Logistics Manager, explains, "All of our trucking partners incorporate telematics in their cabs. This technology monitors driving performance and can detect, for example, whether the driver is accelerating too hard, braking too harshly, driving too fast, or keeping an engine idling unnecessarily."

If there is potential for driving behaviour to be improved, a conversation will take place with the driver to advise on how to drive in a more sustainable way - for example, driving more smoothly and anticipating traffic flow ahead with a view to avoid unnecessary stopping.



Every time a vehicle accelerates or brakes, the engine uses extra fuel and produces more CO2. Smoother driving, therefore, saves fuel, cuts emissions and pollutants such as fine particles and nitrogen oxides, and reduces maintenance costs, as wear and tear of the vehicle is reduced.

Vehicle Logistics ensures it does business with companies that also take their environmental policies seriously. "When we go to tender," explains Ray, "part of our criteria is looking at a company's green credentials." One of our distribution partners, Brit European, is trialling various ways of minimising the impact on the environment, including the use of dual-fuel (diesel and LPG - liquid petroleum gas) vehicles. Another partner is trialling stop-start technology, which turns off the engine whenever the vehicle is at a temporary standstill - traffic lights, for example - and then smoothly reactivates it when it's able to move again. Our KPIs mean that fleets are replaced with new trucks featuring more energy-efficient engines on a more regular basis than before. They are also using better tyres (low rolling resistance, low rolling noise) which can cut a truck's CO2 emissions by up to 13%.

Taken together, these sustainability initiatives are driving down costs and improving our environmental performance.

New VWFS building



VWFS'S INSPIRING NEW HEAD OFFICE HAS SUSTAINABILITY IN ITS DESIGN DNA



A brand-new, state-of-the-art building designed for Volkswagen Financial Services will be ready for occupation towards the end of this year. The high-spec HQ – named One Delaware Drive – reflects the development and organic growth of the business we see today. It will also bring together staff who are currently based at two separate sites in Milton Keynes, which will generate greater customer service.



VWFS grasped the opportunity to make a statement but also to design a landmark building that will turn heads. From the outset, sustainability and the desire to create a happy and healthy workplace were at the heart of the scheme. The £25m, 100,000 square foot four-storey offices, which are just down the road from Volkswagen Group HQ, feature the latest energy-efficient technology, encourage green ways of travelling to work, and promote wellbeing with tranquil outdoor spaces.

Designed by award-winning architects PHP, One Delaware Drive will feature glass and aluminium, and combine sleek curves with straight lines and planes. As well as offices, there will be a staff car park, a restaurant and coffee shop, flexible working spaces, a theatre-style conference centre and bike storage. A four-storey atrium, breakout areas and pods create informal social hubs.

The intention is that, once completed, the new building will achieve a BREEAM (Building Research Establishment Environmental Assessment Methodology) A ('excellent') rating. BREEAM sets the standard for best practice in sustainable building design, construction and operation, encouraging clients to think about low-carbon and low-impact design solutions. Minimising the energy demands created by a modern development allow us to consider energy efficiency and low-carbon technologies. Titus Ackah-Sanzah, Project Services Manager at VWFS, says, "The council's wish, and a condition of the building being granted planning permission, was for the new building to have an 'A' rating. This is in line with VW Group's ethos worldwide, and something we aspire to deliver."

Various energy-saving, low-impact technologies and materials are included in the building design – top-notch insulation; LED lighting installed throughout – even in the plant room; a quieter generator than traditional developments; and a full building management system which can turn off the heating and air-conditioning in a particular zone when it detects that there is no-one there.



Outside, there are large landscaped green spaces to be planted sustainably with plants that require little watering. Mature trees will absorb CO2, removing and storing the carbon while releasing oxygen back into the air, and provide shade and a habitat for wildlife. "Creating relaxing places outside presents employees with different options for a moment of reflection away from the business," says Titus.

The new building will promote greener, healthier commutes too. "We want to make it easier for people to cycle to work," explains Titus. "There are 80 cycle racks, which have been positioned next to the lobby with changing areas and showers. There are also charge points for workers and visitors who are driving electric vehicles."

The energy-efficient elements of

One Delaware Drive mean that it has a smaller carbon footprint than a conventional building of its size. This also leads to cost savings for the business – lower bills for heating, lighting and water.

It is hoped that the building will improve wellbeing as people are happier to come in to work, and by supporting more environmentally friendly commutes. The inspiring building will also make VWFS, as a growing business, more attractive to potential employees.

One Delaware Drive will raise awareness of VWFS's sustainability agenda among both staff and visitors. "Commissioning a sustainable, cutting-edge HQ enhances our reputation," says Titus. "The building is part of our 'Going from Good to Great' mission – it supports everything else that we are doing elsewhere in the business."

Bright sparks

ELECTRIC VEHICLES AND A GREEN ENERGY CONTRACT PUT VOLKSWAGEN IN THE SUSTAINABILITY FAST LANE



Chairman of the Board of Management for Volkswagen Group AG, Prof Dr Martin Winterkorn, declared that 2013 would be 'the year of e-mobility'. In the UK, that prediction became a reality in December when the order books of our first pure electric car, the Volkswagen e-up! opened for business.

Why are electric vehicles good for the environment? Firstly, they produce zero tailpipe emissions. This reduces their environmental impact in cities, and indeed in any setting where local air quality is important. Secondly, they are also very quiet – another plus for cities, where noise pollution can affect health and wellbeing.

Moving on to carbon emissions, the picture is more complex. Powering the factories that produce cars results in carbon emissions, though the Volkswagen Group has set itself ambitious targets to cut emissions from its production plants across the globe. In addition, if electric vehicles are charged using electricity generated from fossil

fuels, they are not 'carbon free'. But we are doing our best to counteract this, and have forged a partnership with Ecotricity, a green electricity company, enabling us to offer our innovative 'Blue Power' tariff to Volkswagen customers. This provides 100% non-fossil fuel, 100% non-nuclear electricity, thereby creating truly green, carbon-free travel.

The e-up! now has a big brother – the e-Golf, the first pure electric version of a well-established family car. It's a new development for the iconic hatchback, and a crucial moment in the evolution of electric vehicles in general. Customers can now choose from a full range of energy sources, depending on the blend of range, efficiency and performance they require, with no compromise in levels of equipment, comfort or luggage capacity.

Audi and Volkswagen's ranges will grow even further over the coming year, with the launch of both the Audi A3 e-tron and the Golf GTE – two plug-in, hybrid cars offering full electric mobility for local journeys, the flexibility and performance of a 1.4 TSI petrol engine to cover longer distances, and exceptional fuel economy and environmental performance. Range anxiety is no longer an issue, and the aspiration of combining an 'eco' car with a 'performance' car has become a reality. And we haven't left Audi customers out of the green energy loop – they too will be able to benefit from an Ecotricity 'Audi Energy' product for their own zero-carbon travel.

Electricity will form an increasingly important power source for transport, either on its own or in conjunction with efficient internal combustion engines, and Volkswagen Group vehicles are perfectly positioned to lead the way.



SMARTGO IS GO!

MILTON KEYNES'S NEW BUSINESS TRAVEL NETWORK SAVES MONEY AND ENERGY



IAIN STEWART MP

Smartgo Milton Keynes, which launched earlier this year, is a scheme that provides local employers and their staff with a range of benefits and services to help make commuting and business travel cheaper, easier and more sustainable, supporting economic growth and enhancing the quality of life for those who live and work in the city.

Smartgo Milton Keynes has been developed by Go Travel Solutions, a sustainable transport consultancy, and is supported by corporate sponsors Volkswagen Group and Milton Keynes Council. It is only the third such network in the country. Go Travel Managing Director Robin Pointon explains, "Milton Keynes had everything in place. The council bought in to the business model early on; there are many large employers here to make the scheme viable; and finally, there are partners already on the ground in terms of travel service providers."

Andrew Bannister, Corporate Social Responsibility Manager at Volkswagen Group, is chair of the Smartgo Milton Keynes steering group. He says, "This is an initiative which combines two things close to our hearts – the promotion of smart, efficient transport, and the sustainable economic growth of our UK home city."

Employer membership of Smartgo costs between £25 and £475 a year, depending on the size of the business. The package includes travel discounts, transport expertise and collaboration

with other employers and transport providers, and the opportunity to obtain funding for shared local transport projects. Smartgo actively engages with employees to identify ways of improving sustainable options. For example, a survey found that employees at the Tilbrook business estate were keen to reduce single car occupancy but also wished to access the amenities of Kingston Centre during the working week. In response, a lunchtime shuttle bus was launched between the two sites, reducing car usage during the daytime.

Benefits to employees are cheaper and easier travel, including free access to the cheapest Arriva bus season tickets and Halfords Cycle 2 Work gift vouchers. Healthier travel options that incorporate exercise and wellbeing into commuting such as cycling are being incentivised, with a big push to promote the cycle-to-work scheme. Local bike-buddy and bike-sharing schemes are in the pipeline. Fewer cars on the road cut journey times and lead to happier employees who can achieve more with their day.

For businesses, sustainable transport generates efficiencies through cost savings – reducing pressure on parking spaces, for example. Smartgo members receive a workplace diagnostic travel survey and grants for cycling facilities. It's anticipated that more active commutes will lead to fewer sick days and that the scheme will enhance staff recruitment and retention.

Smartgo has also identified huge potential savings in managing 'grey' travel more smartly and efficiently. Often overlooked by employers, the 'grey' fleet refers to employee-owned vehicles in which millions of hidden miles are driven each year. Smartgo is committed to eliminating unnecessary mileage and transferring travel to more environmentally friendly, cost-effective alternatives such as car-sharing, public transport and hire cars.

A forward-looking transport system supports the economic growth of Milton Keynes, in turn benefiting the companies

that are based there. "Meeting corporate responsibilities on the environment enhances the reputation of the business. It develops a differentiator in the marketplace," says Robin.

There are also big wins in terms of energy savings and carbon reduction. Transport accounts for 25% of our emissions and passenger miles are estimated to rise by 44% between 2010 and 2035*. As well as promoting greener ways to get about, Smartgo provides tools to reduce carbon emissions from commuting and business travel, including technology to enable working away from the office, thereby reducing the need to travel. The Carbon Trust predicts that homeworking has the potential to save 3m tonnes of carbon emissions nationwide. But Smartgo is not anti-car. "It's about helping staff and businesses to make informed choices," Robin says. "Embracing this approach will help reduce the carbon footprint of these businesses as well as generate cost savings."



Smartgo is key to Volkswagen's sustainability agenda and Robin welcomes our support. "A respected brand name being involved is a significant factor in Smartgo's success." The scheme is also backed by Milton Keynes South MP Iain Stewart, the Private Secretary for the Secretary of State for Transport Patrick McLoughlin, who says, "Milton Keynes is leading the field in developing future transport systems and to have Smartgo in our firmament is incredibly important."

For more information, please visit www.smartgo.co.uk/milton-keynes.

*Source: Department of Transport



OUR NEW CORPORATE SOCIAL RESPONSIBILITY STRATEGY WILL INSPIRE THE WAY WE DO BUSINESS

The difference is, we care

In future years, the way we understand our sustainability performance is going to change. Instead of looking at environmental issues in isolation, we will be including them within a much broader area – that of Corporate Social Responsibility (CSR). We are working on our CSR strategy now, and we will be launching it later in 2014.

There are many definitions of CSR, but we see it as our continuing commitment to behave ethically and contribute to economic development while improving the quality of life of our staff and their families, as well as of the local community and society at large – or, as summarised by Prof Dr Martin Winterkorn, “We understand social responsibility as being the ability to harmonise our business with the long-term goals of our society.”

From now on we will, therefore, focus on the three broad areas of social, economic and environmental sustainability that make up the foundations of CSR.

Social sustainability

This is all about how we behave towards each other, and towards our communities. It goes to the heart of being a Great Place to Work - such a crucial ambition for us - and it is a powerful aid to attracting and retaining the best people.

Through our Employee Forum and our support of charities, we are already very good at some areas of social engagement. Our challenge is to learn from where we are

strongest, to improve where we can and, most importantly, to coordinate and publicise the great work we are already doing.

Economic sustainability

Economic sustainability is the core of our business, and it doesn't happen in a vacuum. In CSR terms, it is about how we work with our franchised partners, our supply chain and our investors. We need to be known as a great company to do business with, a strong and supportive partner, and a sound choice of investment.

Environmental sustainability

We are already midway through our eight-year Environmental Strategy programme, and we hope that this report has demonstrated how it is helping to drive down costs and improve environmental performance. We will be keeping up our efforts on this in order to fulfil our ambition of Environmental Leadership by 2018.

So, in closing, I would like to thank everyone who has given such great support to our environmental ambitions over the past four years. If we can bring the same strength to bear on CSR, we truly will make a difference.

Fiona Roberts
HR Director, Volkswagen Group UK

