



Sustainability Report 2021-2022

SKODA

Content

Foreword	6
About This Report	8
How to Read the Škoda Sustainability Report?	10

Introductory Information

Company Profile	13
Business Model and Value Chain	14
Market Position	17
Corporate Strategy	18
Sustainability Strategy	20
Sustainable Development Goals – Targets	22
Impacts, Risks and Opportunities	24
Stakeholder Involvement	26
Risk Management System	33
Corporate Governance of Sustainability	34



Environment

goTOzero Environmental Mission	43
GreenFuture Strategy	45
Škoda Auto's Environmental Commitments	48
Climate Change	50
Policy and Ambitions	51
Targets	52
Actions	60
Risks and Impacts Assessment	70
Data and Specific Disclosures	70
Pollution	82
Policy and Ambitions	83
Actions	83
Risks and Impacts Assessment	83
Data and Specific Disclosures	84
Water	86
Policy and Ambitions	87
Actions	88
Risks and Impacts Assessment	89
Data and Specific Disclosures	90
Circular Economy and Resources	94
Policy and Ambitions	95
Actions	100
Risks and Impacts Assessment	103
Data and Specific Disclosures	103
Biodiversity	108
Policy and Ambitions	109
Actions	110
Risks and Impacts Assessment	111
Data and Specific Disclosures	114

Social

Social Sustainability Strategy	120
Strategic Focus Areas	122
Community Engagement and Development of Škoda Auto Regions	148
Humanitarian Aid	152
Own Workforce	156
Policy and Ambitions	157
Actions	157
Risks and Impacts Assessment	162
Data and Specific Disclosures	168
Workers in the Value Chain	178
Policy and Ambitions	179
Actions	179
Risks and Impacts Assessment	179
Consumers and End-Users	180
Policy and Ambitions	181
Actions	181
Risks and Impacts Assessment	181



Governance

Business Conduct	185
Corporate Culture and Business Conduct Policies	187
Management of Relationships with Suppliers	192
Prevention and Detection of Corruption or Bribery	194
Political Influence and Advocacy Activities	196

EU Taxonomy

Taxonomy – Assessment of Eligibility	205
Taxonomy – Assessment of Alignment	206

Annexes

Annex 1: ESRS Index	216
Annex 2: List of contributions to SDGs	226

Foreword

Dear Reader,

Sustainability is of utmost importance to all of us at Škoda Auto. Therefore, we anchored sustainability in our overarching Next Level – Škoda Strategy 2030. As environmental, social, and economic responsibilities are intertwined, they are the most important prerequisites for the success of our company. At Škoda, we are explorers at heart, so we think globally, and act locally. Our mindset, combined with our typical hands-on approach, led us to achieve a lot in the different fields of sustainability during the past two challenging years.

Environmental sustainability is key for us as a car manufacturer. We are accelerating our e-roadmap and plan to offer 6 all-electric vehicles in the coming years, which will not only reduce our CO₂e-footprint, but also reflect circular economy principles by using recycled, recyclable, and environmentally friendly materials in our models. Additionally, we are on track to decarbonise our production sites in the Czech Republic and India by 2030. For example, last year we increased the percentage of renewable energy at Škoda Auto locations to around 35%. Altogether, we will invest a total of 5.6 billion euros in electromobility by 2027.

The company's social responsibility consists in a positive attitude towards our employees, as well as towards citizens in the regions where we operate. We have strengthened our activities in the fields of education, accessible mobility, volunteering as well as mental and physical health. The Endowment Fund established by Škoda Auto widely supports the wider surroundings of Mladá Boleslav, Vrchlabí and Kvasiny. It thus helps in the development of these areas and supports the activities of local communities. Our social responsibility is also of fundamental importance in the event of unexpected events or natural disasters. In 2021, we supported tornado-damaged regions in South Moravia by providing mobility resources and together with our social partner, KOVO Unions, we have also donated 8.5 million Czech crowns. Following the outbreak of the war in Ukraine and the ensuing humanitarian crisis, we provided logistical support, financial aid

in the amount exceeding 20 million Czech crowns and launched educational integration programs for thousands of refugees as well as families of Ukrainian colleagues in the Czech Republic.

Last but not least, economic sustainability also drives us at Škoda – to be a strong and reliable partner for our employees, customers, dealers, and the whole society.

This report serves as a public commitment to transparent and ethical business conduct along the entire value chain. I am proud that Škoda Auto was ranked among the top 10 companies in the Czech ESG rating, which assessed selected indicators within the individual ESG pillars and it compared the extent to which domestic companies monitor and communicate their impact on the environment, society, and governance.

At the same time, we strive to continually improve and sustainably transform our business, e. g. by establishing an independent external Sustainability Council in 2021. It offers expert advice and brings new impulses in implementation of concrete measures. With these efforts we intend to serve as a role model for other companies to inspire a holistic transformation of our industry. If you wish to learn more about our sustainability journey at Škoda Auto, you can find new developments and highlights on our [new Škoda sustainability website](#).

Best wishes,

Klaus Zellmer

Chairman of the Board of Management
Škoda Auto a.s.



Škoda Auto sustainability
website





About This Report

Sustainability statements have been prepared on an individual basis for Škoda Auto a.s. The scope of the report was aligned to the scope of the [Annual report 2022](#).

The assessment of the materiality of the impacts, risks, and opportunities of sustainability topics was conducted in line with relevant legislation and the Volkswagen Group's approach.

Škoda Auto's previous sustainability report was prepared in accordance with the GRI standards, and this report is largely

based on the same approach. However, it is not fully compliant with the GRI standard as it aims to gradually integrate the new European Sustainability Reporting Standards (ESRS) under the EU Corporate Sustainability Reporting Directive (CSRD).

If specific changes have been made to reported metrics or methodology, these changes will be presented and explained directly in the text.



Annual Report 2022

How to Read the Škoda Sustainability Report?

The purpose of this report is to disclose the developments in Škoda Auto during 2021 and 2022. To ensure the highest quality of disclosed information, Škoda Auto is starting to integrate the ESRS as defined by the CSRD.

Following the ESRS, the report is divided into two main blocks and EU Taxonomy

1 The General disclosure, which specifies key strategic information regarding Škoda Auto's business and describes the general context of the Company's approach to sustainability.

2 The Topical part consisting of three sections on the Environment, Social, and Governance, all of which specify the key details of Škoda Auto's approach to particular topics in the respective sustainability areas.

Two of the topical sections (environment and social) follow the structure given by the ESRS. In some topics, certain subsections were skipped due to lack of data or marginal importance.

- Policies and ambitions
- Actions
- Risk and impact assessment
- Data and specific disclosures

This structure is not followed in the Governance section due to the specificity of the topic.

3 The EU Taxonomy that discloses Škoda Auto's alignment with the respective regulation.

Structure of the Škoda Sustainability Report:





Introductory Information

Company Profile

Škoda Auto a.s. (hereinafter the "Company" or "Škoda Auto") is one of the oldest car manufacturers in the world. The history of the Company stretches back to 1895 when Václav Laurin and Václav Klement laid the foundations for today's global company.

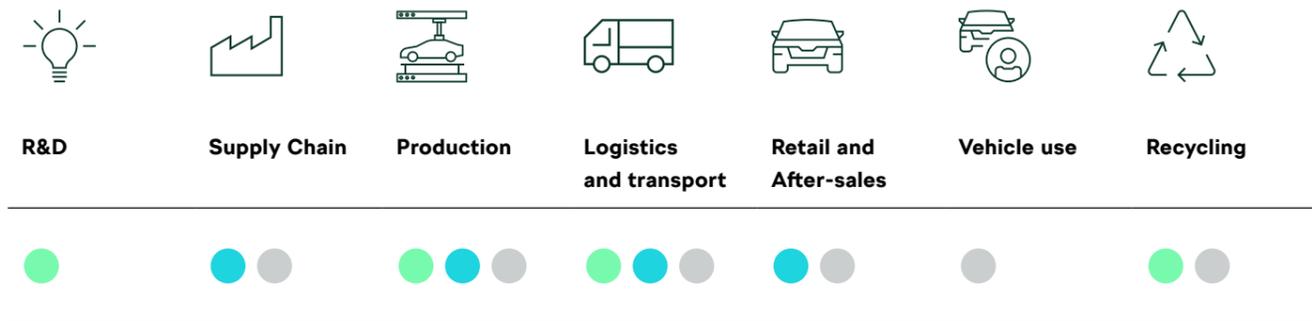
After initially manufacturing bicycles and motorcycles, the first passenger cars were manufactured in Mladá Boleslav in 1905. Throughout its history, the Company has held an unmistakable position in the automotive industry that will continue long into the future due to its broad and attractive portfolio, not least because it has been part of the Volkswagen Group (hereinafter the "Group") for 30 years. It has become a strong, internationally successful company that is active worldwide, offering its customers a total of eleven model lines. Škoda Auto has long been a pillar of the Czech economy, currently employing more than 35,000 people in the Czech Republic, while making sure to be a good neighbour at all its sites in terms of environmental and social responsibility.

The Company is based in Mladá Boleslav, where one of its production plants is also located; another two can be found in Kvasiny and Vrchlabí. However, vehicles bearing the winged arrow are also manufactured in China, Slovakia, and India, mostly via Group partnerships, and in Ukraine in collaboration with a local partner. In the reporting period the production of Škoda cars in Russia was suspended in connection with the Russian war in Ukraine, as were exports to the Russian market.

Business Model and Value Chain

This graphic provides an overview of the main activities of the company. The scope of this report takes into account Skoda Auto, which are activities marked with green colour. The numbers presented are for 2022.

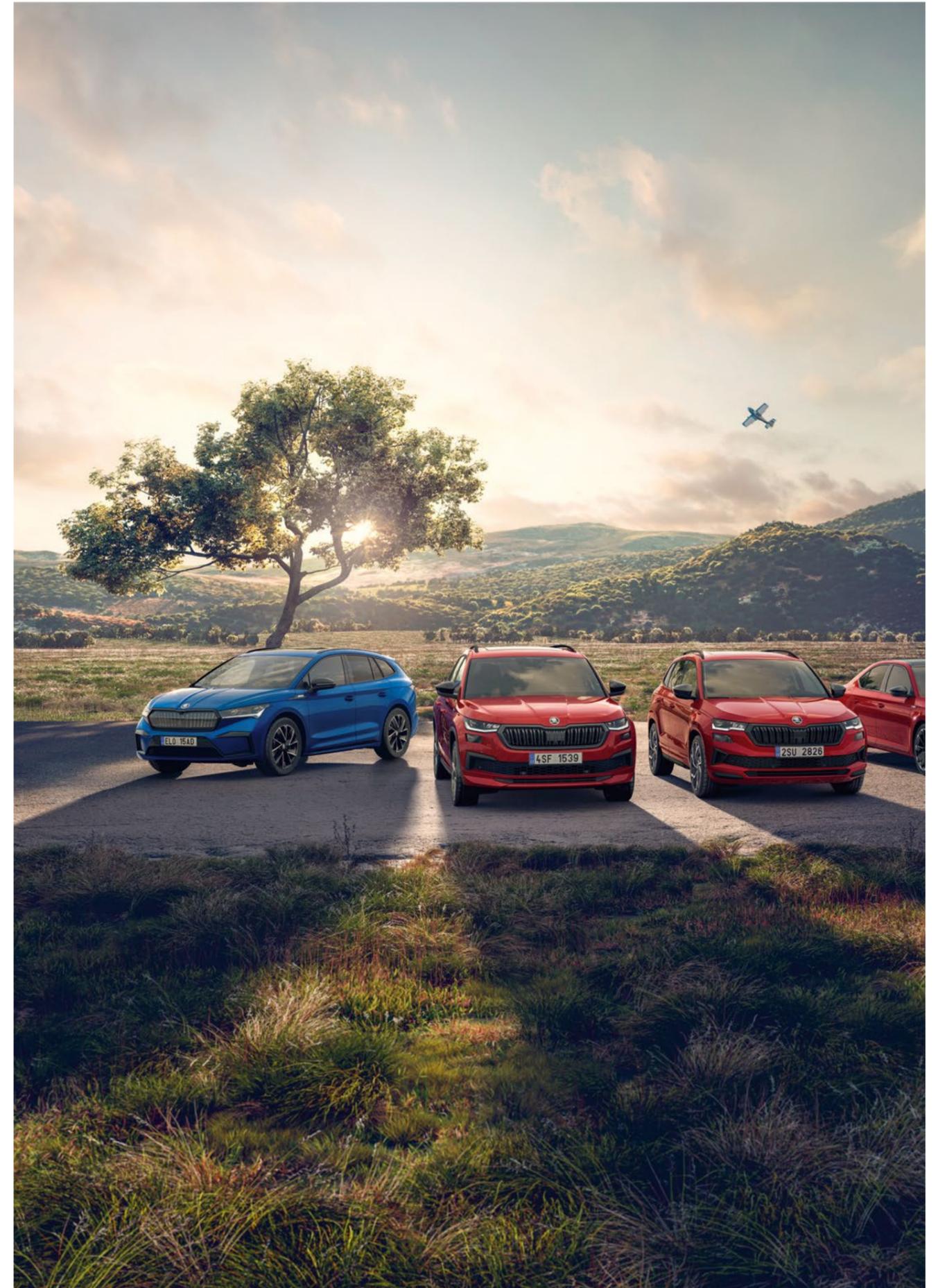
- Škoda Auto
- Volkswagen Group
- External Partners



Innovation plays an important role in Škoda Auto, in terms of new electric models offer, new mobility solutions and connectivity.	Sustainable supply chain is essential for the successful future of the company.	Modern production processes and robotisation help to improve working conditions for employees. Investment into infrastructure is constantly decreasing the company's environmental impact.	It is the Company's priority to introduce zero-emission forms of both in-house and external transport. The key activities include increasing the use of alternative fuels and transition to rail transportation.	Professionalism of the company's dealers and high-quality service is key for the highest possible customer satisfaction.	By offering hybrids, electric cars and cars powered by CNG, the Company strives to lower GHG emissions from the vehicle use phase of our fleet. The Company supports electric cars charging infrastructure build-up.	Recycling of materials used in production, as well as at the end of the vehicle's life cycle, significantly reduces the environmental impact.
---	---	--	--	--	--	---

Number of employees in R&D: 2,369	Total turnover: CZK 271 billion	Vehicles produced in 2022 (worldwide): 764,994	Share of rail transport in shipping of vehicles: 45%	Vehicles delivered (worldwide): 731,262	Share of hybrids: 2.4%	Used tyres recycled: 305,173
--	--	---	---	--	-------------------------------	-------------------------------------

Investments in R&D: CZK 23,253 million	Number of suppliers: 8,275	Number of plants: 11	Number of dealers: 2,880	Share of electric cars: 7.7%
---	-----------------------------------	-----------------------------	---------------------------------	-------------------------------------





World premiere of the Enyaq Coupé

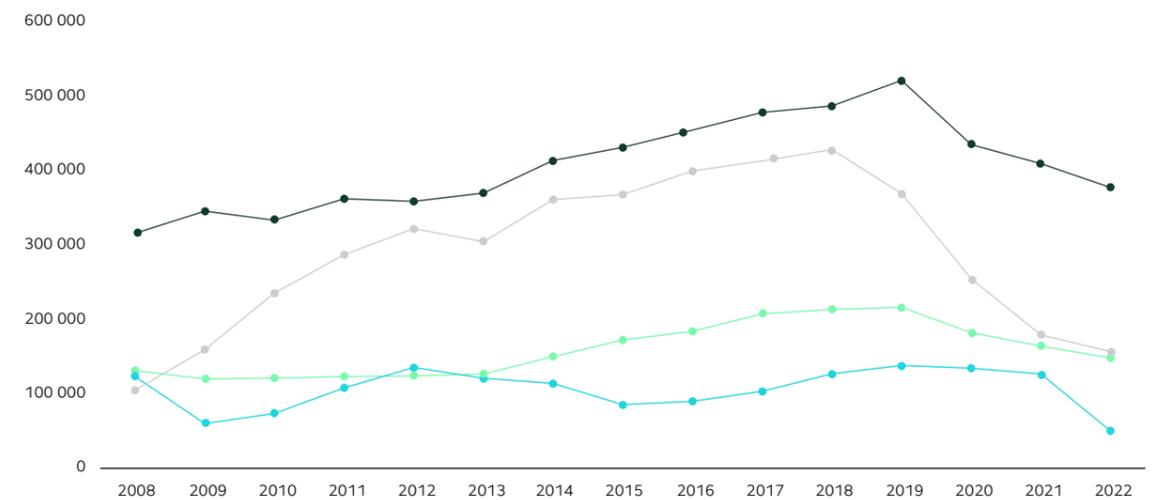
Market Position

The Company launched its first all-electric SUV, the Enyaq, on international markets and brought out a new generation of the Fabia in 2021. **The highlight of 2022 was undoubtedly the world premiere of the Enyaq Coupé.** This attractive SUV

coupé, characterised by elegant, sporty lines and a generous interior complements the standard Enyaq SUV. The complete product portfolio is described in detail in the [Annual Report 2022](#).

Deliveries to customers – development

- Western Europe
- Central Europe
- East Europe (incl. Russia)
- Asia and overseas



Deliveries to customers worldwide: **2021: 878,200; 2022: 731,300.**

Complete information about the deliveries can be found in the [Annual Report 2022](#).

The financial results at Škoda Auto are reported in accordance with IFRS, as adopted by the European Union. The reporting period was significantly affected by the Russian-Ukrainian conflict, the impact of the Covid-19 pandemic, and ongoing

problems in the supply chain, particularly in the availability of semiconductors. Despite the tough conditions, the Company achieved a positive operating result and maintained a stable financial performance.

For revenues and investments [see the Annual Report 2022](#).



Annual Report 2022

Corporate Strategy

In June 2021, the new corporate strategy: Next Level – Škoda Strategy 2030 was introduced by the Company. The strategy will steer the evolution of the Company up to 2030. Sustainability became one of the 10 core topics in this strategy, confirming that sustainability is a company-wide priority.

Key elements of the strategy:

NE»»XT LEVEL Škoda Strategy 2030



Purpose

Why do we exist?

We will help the world live smarter



Mission

What do we do?

Modern accessible mobility with everything you need and surprises you love



Values

How do we do it?

**Human
Simplifying
Surprising**

The Next Level – Škoda Strategy 2030 lays out ambitious goals in the areas of internationalisation, electrification, and digitalisation. Škoda Auto aims to become one of the top five bestselling brands in Europe by 2030 while expanding to become the leading European brand in the Indian market.

As part of its Next Level – Škoda Strategy 2030, Škoda Auto has defined clear and ambitious targets for climate protection and sustainability.

The Company will strive to comply with the European Union's emissions and CO₂e standards and the related portfolio adjustments, which will be further expanded to digital business models and mobility services. The Company will expand its portfolio with six all-electric models in the coming years. The share of electric vehicles in Škoda Auto's European sales will exceed 70% by 2030.

The Company aims to achieve a CO₂e neutral energy balance at its Czech and Indian production sites by 2030. Furthermore, the Company aims to reduce its fleet emissions by more than 50% compared to 2020. The specific actions taken by the Czech car manufacturer to consistently reduce the ecological footprint of its business activities cover the entire value chain. The overall Decarbonisation Index (DCI) will be reduced by 40% compared to 2018 ([see Climate Change](#)).

One of the tools for implementing the Next Level – Škoda Strategy 2030, the transition to electromobility and digitalisation is the new "Modern Solid" design language that was presented to the public in August 2022. It is in line with the Company's new purpose "We will help the world live smarter" and its core values: **Human, Simplifying, and Surprising**. This is characterised by a robust appearance, functionality, and authenticity. The Škoda cars of the future will emphasize superior aerodynamics, with sustainable materials coming to the fore in a spacious interior, as presented in the study Škoda Vision 7S.

Sustainability Strategy

Škoda Auto's comprehensive sustainability strategy, established in 2019, continued into the years 2021 and 2022. It remained focused on three pillars: Environmental, Social and Governance.



New developments and updates were achieved across all three pillars in the reporting period 2021 and 2022.

In the environmental area, the Company continued with its decarbonisation journey. It also systematically implemented more sustainability elements into its products, such as natural, recycled, and [recyclable materials](#) in its cars. This is, for instance the case of the seat covers made from new wool and [recycled PET bottles](#) in the all-electric Enyaq SUV.

In the social area, the sustainability strategy was updated in 2022. The Company is attempting to transition to a new approach based on Creating Shared Value (CSV) principles. CSV enables Škoda Auto to create a shared value between the Company and its stakeholders. The strategy defines the following five focus areas: Education, Mobility, Volunteering & Employee engagement, Well-being and Diversity. In each of these focus area, important points of interest regarding the external and internal dimensions were defined to create a positive impact on society. Additionally, a new diversity strategy was established in 2022 to make sure that inclusion, equity, and diversity become part of the company culture creating an environment equal for all.

In the governance area, Škoda Auto strives to act responsibly and transparently not only internally but also externally. Škoda Auto has developed further relations with business partners by integrating the environmental and social standards into a [Code of Conduct for Business Partners](#).

The Company dealt with multiple challenges in both reporting years, such as the Russo-Ukrainian War, instability of the supply chain due to global fluctuations, volatile energy prices, and the aftermath of the Covid-19 pandemic that still lingered into 2021 and 2022, restricting the production lines at times.

New legislative requirements and regulations were also a contributing factor in the acceleration of sustainability efforts across the whole company. With its strategy, the Company is taking steps to ensure that sustainability is truly present in all areas of business. This was shown in an unique Czech ESG Rating, developed by the Prague University of Economics and Business and the CEMS programme, where Škoda Auto was rated among the top 10 companies in its ability to report transparently on sustainability.



Recyclable materials



Recycled PET bottles

Sustainable Development Goals – Targets

The table below displays the Sustainable Development Goals (SDGs).
For detailed list of Škoda's specific contributions to selected SDGs in the reporting period [see Annex 2](#).



In autumn 2015, The General Assembly of the United Nations adopted the 2030 Agenda for Sustainable Development, which lays out 17 Sustainable Development Goals (SDGs) as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. While the SDGs are primarily aimed at states and governments, Škoda Auto, as part of the Group, supports the VW Group in its commitment to the Paris Agreement.

The Škoda sustainability strategy and its related activities are aligned with the SDGs adopted by the United Nations in 2015. This alignment helps to guide the Company's focus on areas where it can create a greater impact and make its own business activities more sustainable. Škoda Auto contributes to the majority of the SDGs addressed by the [Volkswagen Group](#).

Not only does Škoda Auto follow the same goals as the Group, but the Company also aligns with the national SDGs. The Czech Republic places emphasis on six topics (People and Society, Economic Model, Resilient Ecosystems, Regions and Municipalities, Global Development and Good Governance) covered in "[Czech Republic 2030](#)" document, which is a strategic framework for the sustainable development of the Czech Republic. The Company aligns with four out of the six topics chosen as national priorities – People and Society, Economic Model, Resilient Ecosystems, and Regions and Municipalities.

The goals of good governance and global development are mainly related to the public sector, so they are not at the forefront of Škoda Auto's activities.



"Czech Republic 2030" document (only in Czech)



Group's focus areas and their corresponding SDGs



Impacts, Risks, and Opportunities

In the reporting period, Škoda Auto has been monitoring sustainability-related impacts through stakeholder involvement. The assessment of risks and opportunities is done through an established risk management system. This way, the Company steers the strategy and management of its own business model and value chain.

Škoda Auto understands that its operations and business partnerships are dependent on and have both positive and negative impacts on the environmental, social, and governance areas. Considering this while following the relevant legislation and the Group's approach, Škoda Auto is monitoring developments in materiality assessment requirements and will take into account any future legislative requirements.

Stakeholder Involvement

Regular communication with stakeholders throughout the year is a key activity for Škoda Auto. Every second year the Company conducts a stakeholder dialogue which serves as a tool in the selection of material topics for future strategic plans.

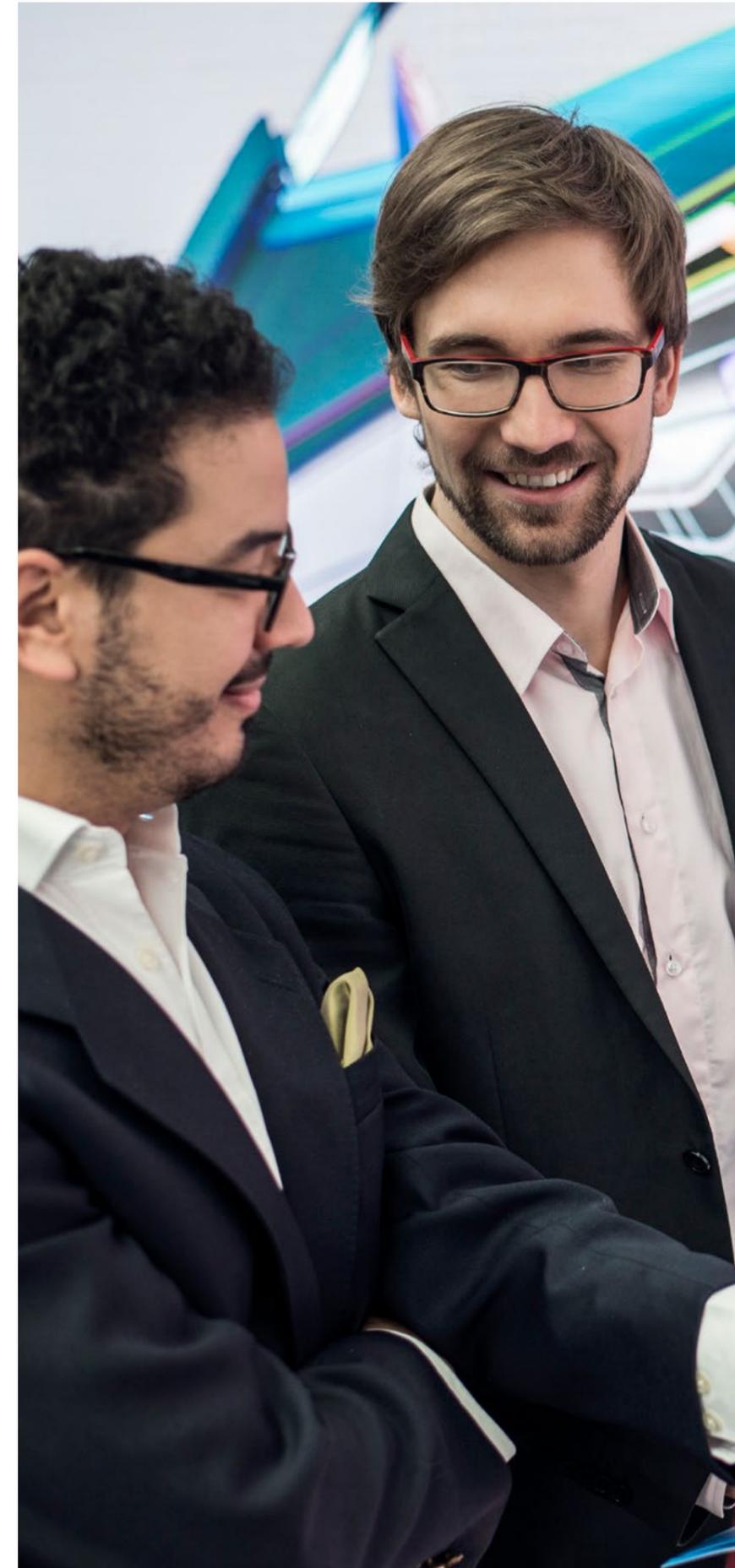
Škoda stakeholder groups



Škoda Auto places great emphasis on employee cooperation and communication, utilising various channels to facilitate this process. These include, for example:

- the Company intranet, weekly newsletters, and monthly magazines
- annual Group-wide employee satisfaction survey called the "Stimmungsbarometer" (StiBa) tool
- regular communication and feedback-sharing opportunities with supervisors
- employee representation on the Supervisory Board
- collective bargaining with the KOVO Unions
- Whistleblowing system

At the same time, the Company actively communicates with external stakeholders, such as municipalities, shareholders, governments, suppliers, customers, universities, and NGOs, via various means of communication with varying regularity.



Stakeholder dialogue 2021

In 2021, the stakeholder dialogue was performed to assess Škoda Auto's impact materiality of sustainability topics and to make sure the Company considers the feedback of its stakeholders in its sustainability activities and strategic priorities.

Škoda Auto has mapped sector-specific impact areas. As part of the mapping exercise, it assessed 25 topics as important for the company. The significant topics were selected based on the scores of 483 stakeholders (internal and external).

Among the sustainability related topics, stakeholders assessed as material: profitability and sustainable growth, circular economy, customer, quality and safety, technology and innovation, employee relations and satisfaction, health and safety, decarbonisation, data privacy and cybersecurity and resource management and innovations.

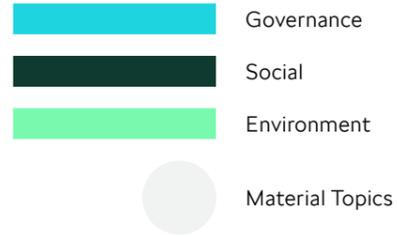
Priority topics that were not assessed as material but are close to the materiality threshold are being continuously monitored and considered.

External stakeholders did not mention any new material topics to be included in the materiality analysis.



25 topics assessed

Materiality matrix



- 1.** Profitability and sustainable growth
- 2.** Circular economy
- 3.** Customer
- 4.** Quality & safety
- 5.** Technology and innovation
- 6.** Employee relations and satisfaction
- 7.** Health and safety
- 8.** Decarbonisation
- 9.** Data privacy and cybersecurity
- 10.** Resource management and innovations
- 11.** Human rights
- 12.** Impact on society as whole
- 13.** Integrity and compliance
- 14.** Training and education
- 15.** Supply Chain – Sustainability & responsibility
- 16.** Corporate and sustainability governance
- 17.** Sustainable development & increasing the resilience of Škoda regions
- 18.** Biodiversity
- 19.** Risk management
- 20.** Sustainable communication and marketing
- 21.** Diversity and inclusion
- 22.** Electromobility
- 23.** Internal digitalisation
- 24.** Digital product and services
- 25.** External initiatives and alliances



Risk Management System

Škoda Auto operates with an internal control system and a comprehensive risk management system, following the methodology of COSO II.

To assess and monitor the operating risk, Škoda Auto put in place a regular quarterly assessment focusing on the financial effect of a predefined list of focus risk clusters identified at a group level. Among the ESG-relevant risk clusters, Škoda Auto works with sustainability compliance and legal risks (e.g. fleet CO₂e emissions), pollutant emission risks, other environmental risks, and risks related to the health and safety of employees.

Evaluation of risks by respective responsible staff has a form of scoring based on the severity and the likelihood of respective risks. For a risk to be considered material for the Company it must exceed the threshold of EUR 5 million. Once the resulting draft list of material risks is collected (typically around 80–100 risks), the top 10 risks are provided to the Board of Directors. The collection is supported by an annual consultation and training for all employees, where employees can discuss any newly identified risk to the Company's financial position with the head of their departments.

Škoda Auto also works with an immediate risk reporting system based on a direct communication line with the Board of Directors about major risks without undue delay. Immediate risk reporting is required if, despite the risk management measures adopted, a risk of EUR 50 million is expected within the next 24 months and with a likelihood of over 50%.

Corporate Governance of Sustainability

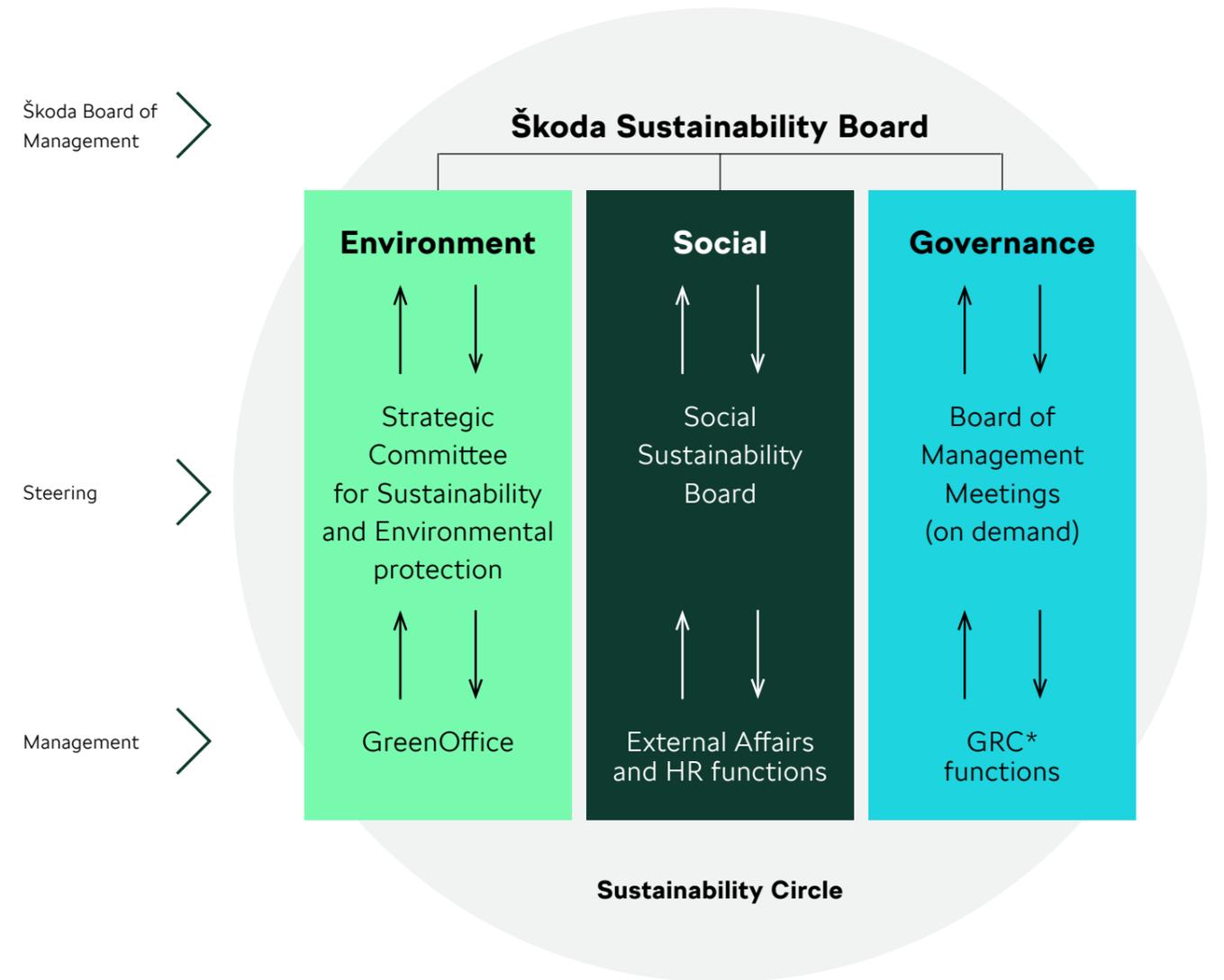
The Škoda sustainability governance model has been implemented across the whole company with defined roles and responsibilities to manage sustainability topics effectively and consistently in line with the internal and Group sustainability guideline, setting standards for sustainability management key processes.

The **Škoda Sustainability Board**, consisting of the Board of Management, meets at least once a year to set the overall strategy, defines concrete sustainability targets, and controls its overall implementation, including the impacts and risks. It also makes decisions regarding the implementation of far-reaching sustainability measures and flagship projects. To aid the Board of Management, the environmental and social pillar-specific committees such as the **Strategic Committee on the Environment and Sustainable Development** and the **Social Sustainability Board** submit proposals and brief the Board of Management. Both committees hold three meetings every year, while governance-related issues are discussed with the Board of Management directly at the divisional level.

The **GreenOffice** is responsible for the implementation of the overall environmental GreenFuture strategy and manages the Strategic Committee on the Environment and Sustainable Development.

Social sustainability-related topics and the Social Sustainability Board are managed by the **External Affairs department in cooperation with other HR** functions.

The **Sustainability Circle**, a cross-departmental body comprising representatives from all three pillars and all relevant departments, under the leadership of the Corporate Strategy and Innovation department, is responsible for the sustainability strategy's continued development. This working team acts as an interface for all sustainability topics and is responsible for the implementation of the company-wide sustainability programme and the management of the Škoda Sustainability Board. The head of the Sustainability Circle, the Brand Sustainability Manager, acts as an interface to the Group and represents the Company's sustainability.



* Governance, Risk & Compliance

The External Sustainability Council

created in November 2021

In November 2021, Škoda Auto extended its current governance model by creating the **External Sustainability Council**, consisting of five external sustainability experts with international experience from the fields of business, the environment, and social sustainability. The Council advises the Škoda Board of Management regarding the strategic focus areas of sustainability and projects. It also brings a unique outside-in perspective and challenges the Company's sustainability initiatives. The External Sustainability Council is an independent body, and its members are Mr. Hans Reitz, Ms. Sandra Feltham, Mr. Jan Bureš, Ms. Soňa Klepek Jonášová and Mr. Ladislav Miko. The Sustainability Council holds two meetings every year with the Board. Škoda Auto became one of the first companies in the Czech Republic to call on the expertise of an External Sustainability Council.



Hans Reitz

Director and co-founder of The Grameen Creative Lab, creative entrepreneur, visionary, implementer and "story maker"

Sandra Feltham

Founder and CEO of Flagship Impact, and President at Business Leaders Forum

Jan Bureš

Chief Economist of Patria Finance

Soňa Klepek Jonášová

Founder of the Institute of Circular Economy

Ladislav Miko

General Environmental Advisor to the President of the Czech Republic, Advisor to the Minister of the Environment, and Government Plenipotentiary

Supervisory board

supervises the exercising of powers by the Board of Management and all the Company's activities.

9 members

2 women
(22.2%, compared to Group 33.3%)

7 men
(77.8%, compared to Group 66.7%)

0 % independent

2/3 members elected and recalled by the sole shareholder, 1/3 members elected and recalled by employees (in accordance with the provisions of Section 448 (2) of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives)

For the specific composition as well as the competences of the members see [page 10 of the Annual Report 2022](#)

Board of management

acts as a Sustainability Board, defines concrete sustainability targets, and controls its overall implementation.

7 members

1 woman
(14.3%, compared to Group 23%)

6 men
(85.7%, compared to Group 77%)

0 % independent

elected and recalled by the sole shareholder

100% executive

Areas of responsibility for members:

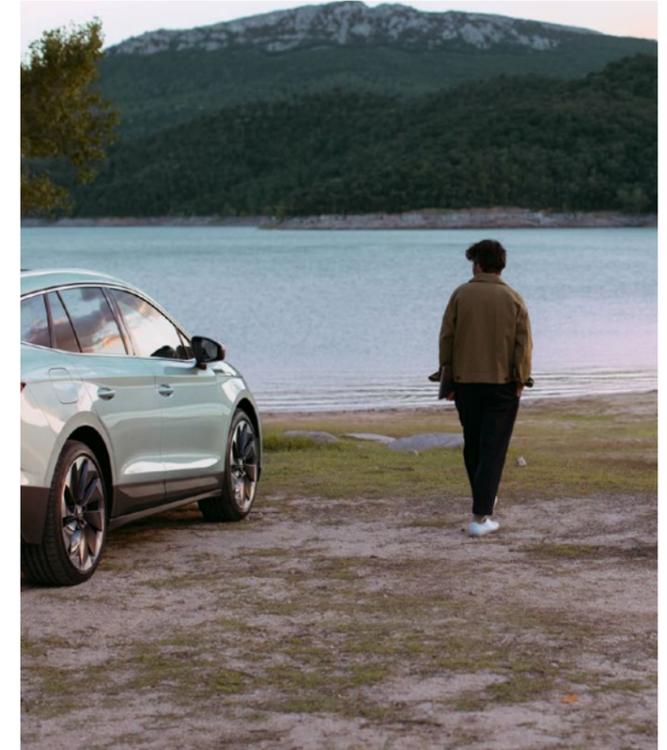
- G** – Central Management
- E** – Technical Development
- F** – Finance, IT and Legal Affairs
- P** – Production and Logistics
- B** – Procurement
- S** – People and Culture
- V** – Sales and Marketing



Annual Report 2022

Climate-related incentive scheme

The implementation of all strategic topics and company key performance indicators (KPIs) is directly linked to the remuneration of all managers with a managerial contract in the Company. Sustainability-related KPIs such as **decarbonisation, diversity, and customer perception of sustainability** are reflected. From 2023 an overall and unified Group wide ESG factor will be applied.



Risks to the reporting process

Škoda Auto includes internal control over sustainability reporting and identifies relevant risks to the reporting process. Examples of the identified risks in 2022:

- Relevant master data is incomplete, incorrect, or unauthorised.
- Relevant data is delivered late or not at all and is not available in time.
- Data processing is incorrect and/or incomplete.
- Calculations or analyses are incorrect.



Environment

The environment directly affects Škoda Auto's business, and conversely, the activities of the Company have a significant impact on the surrounding environment. Recognizing this interdependence, Škoda Auto places sustainability and environmental protection at the very centre of its strategy. Topics related to the environment, such as the circular economy and decarbonisation, rank among the top three materiality topics selected by Škoda Auto.

The environmental approach of Škoda Auto is declared by its [Environmental Policy](#). It is based on the efficient management of natural resources and energy, as well as the use of environmentally friendly and energy-saving technologies, and recycled materials. The Company strives to prevent pollution, carbon emissions, and eliminate these throughout the product life cycle, ultimately improving key indicators of its environmental impact. In doing so, Škoda Auto aims to contribute to climate change mitigation and environmental protection, driving positive change in the communities in which it operates.



Environmental Policy

goTOzero Environmental Mission

The Group's goTOzero environmental mission sets the direction for Škoda Auto's environmental strategy across all the company's processes, focusing on four key areas.

goTOzero Environmental mission statement

Škoda Auto wants to be a leading provider of sustainable mobility and a role model for the protection of our environment. To achieve this, the Company systematically and verifiably reduces the environmental impacts along the life cycle of the products and services. Compliance with environmental regulations, standards and voluntary commitments is a basic prerequisite for Škoda Auto's actions.

Fields of action



Protect Climate

Škoda Auto is dedicated to contributing to the Group's commitment to the Paris Agreement of a 1.5°C ambition level. The Company consequently focuses on the electrification of the products, the decarbonisation of the entire value chain, and the expansion of renewable energy generation to supply the sites and customers.

By 2050 at the latest, the Company wants to be a net CO₂e neutral company.



Conserve Resources

By using recycled materials and renewable resources, the Company reduces the need for primary raw materials.

The Company improves its energy and resource efficiency and establishes cycles for materials and water.

Together with business partners, Škoda Auto reduces the use of natural resources along the supply chain.



Preserve Ecosystems

The Company reduces harmful emissions into air, soil, and water.

Škoda Auto also reduces the impacts of business activities on biodiversity and ecosystem services and promotes projects to preserve them.



Ensure Environmental Compliance

Škoda Auto wants to be a role model for a modern, transparent, and successful company in terms of integrity and compliance.

The Company operates effective environmental compliance management systems to identify and manage environmental risks and opportunities along the life cycle of the mobility solutions.

The Company has an open dialogue with its stakeholders and considers their expectations in its decisions.



When updating the targets for key environmental indicators, Škoda Auto has considered all the above-mentioned domains: **climate change and decarbonisation** (Decarbonisation index DCI – [see Climate Change](#)), **reduction of the environmental impact of production** (UEP indicator– [see GreenFuture Strategy/GreenFactory](#)), **preservation of the ecosystem** ([see Pollution](#) and [Biodiversity](#)), and the implementation of **Environmental Compliance Management System (ECMS)**.

ECMS involves installing and managing effective certified management systems that cover the environmental impact of the Company’s mobility solutions across all life cycle stages.

It is important to not only comply with increasingly strict legal emission requirements but also to significantly increase the share of zero and low-emission vehicles (Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles). [See Climate Change](#).

Škoda Auto holds several important certifications that demonstrate its commitment to environmental protection regarding production as well as the products. This includes certificate ISO 14001 for environmental management and ISO 50001 for energy management.

GreenFuture Strategy

The GreenFuture corporate strategy covers environmental topics since 2012. It ensures the effective management and control of all activities related to environmental protection, which enables the determination of individual measures at the production,

product, and retail levels. GreenFuture aims to minimise the environmental impact of all mobility products and services throughout their entire life cycle. From raw material extraction to the end of life of all mobility products and services.



The GreenFuture strategy is pursued in three areas:



GreenProduct

The focus lies on developing low- and zero-emission vehicles as well as energy efficient vehicles with combustion engines. Increasing energy-efficiency is the goal over the entire life cycle of the product, starting with its production (internally in Škoda Auto as well as at the suppliers), continuing with the energy consumption of the cars, and ending with ecological scrapping after the end of life. As part of the Company's corporate strategy Next Level – Škoda Strategy 2030, Škoda Auto is committed to increasing the share of electric car sales in Europe to more than 70% by 2030, depending on market development. To achieve this, the Company plans to expand its portfolio with six new fully electric models in the coming years. Each new generation of Škoda cars is designed with a principle of continuous improvement, aiming for low fuel consumption, CO₂e emissions, weight, and optimal aerodynamics.

In the area of circular economy and resource savings, the new models are developed with an increased share of sustainable, especially recycled materials. The environmental responsibility of the product does not end when the car leaves production. Škoda Auto aims to promote a circular economy and is actively participating in various research projects with the goal of creating and implementing zero-emission parts and maximizing the share of recycled materials in its vehicles towards a closed-loop system. [See Circular Economy and Resources.](#)



GreenRetail

Škoda Auto promotes the environmentally efficient management of resources and raw materials at its dealerships and service workshops. In particular, the focus is on maximizing waste recovery, reducing energy consumption, or using rainwater. At the same time, the Company is also constantly looking for ways to improve the overall environment, both on-site and in the immediate surroundings.



GreenFactory

Includes all activities that enable production in a way that respects natural resources. To monitor the environmental impact of its production, Škoda Auto uses the so-called key indicators

of green production (UEP). Škoda Auto is committed to reducing production-related externalities (energy consumption, CO₂e emissions, waste, water consumption and VOC emissions).

Entity Škoda Auto CZ (result 2022)

	2010	2021		2022	
	Base	Result	Reduction	Result	Reduction
Energy consumption [MWh / car]	2.26	1.89	16.0%	1.68	25.7%
CO ₂ e emissions [kg / car]	1,101	529	51.9%	547	50.4%
Waste [kg / car]	28.69	0	100.0%	0	100.0%
Water consumption [m ³ / car]	2.76	1.99	27.9%	1.95	29.3%
VOC emissions [kg / car]	2.86	1.43	49.9%	1.49	47.8%
UEP*			44.1%		46.4%
Production [car]	514,612	680,397		693,370	

Explanatory note on data regarding UEP from the year 2010 published in the sustainability report 2019/2020 which covered production in the Czech Republic and India. This report covers only CZ production.

CO₂e emissions per car increased between the years 2021–2022 because of the change in CO₂e coefficients for the production plant in Mladá Boleslav. The reasons are a lower share of co-fired biomass in the MB heating plant and less externally purchased electricity, which comes purely from renewables.

* UEP = Umweltentlastung Produktion = Index for Reducing the Environmental Impact of Production

Škoda CZ = Mladá Boleslav, Kvasiny, Vrchlabí

Škoda Auto's Environmental Commitments

For the next years, ambitious goals were set to contribute to Škoda Auto's environmental protection:

2025: Czech production

by 
52.5%

Reduction of the production impact on the environment (UEP) by 52.5% compared to 2010

2030: Czech production

Contribution to the Group commitment in Scope 1 and 2 GHG **emissions to align with 1.5°C** (Paris Agreement)



Net-Zero CO₂e

2030: products (portfolio)

Reduction by
50%

Reduction of the fleet exhaust CO₂e emissions by 50% compared to 2020



Reduction by
40%

Reduction of the Decarbonisation Index (DCI) by 40% compared to 2018

70%



Share of Battery Electric Vehicles



Climate Change

Climate change is one of the most pressing global challenges of our time, with far-reaching impacts on society and the environment. Škoda Auto recognises its responsibility to mitigate the impacts of climate change and to reduce its carbon footprint. In this report, the Company outlines its efforts to address climate change and transition towards a more sustainable future. The Group has set ambitious targets for reducing GHG emissions; hence, the Company is implementing a range of measures to achieve them. These efforts are part of the Company's commitment to sustainable development and to meeting the evolving needs of its customers, stakeholders, and society.

2050

Group carbon neutrality commitment

Policy and Ambitions

By 2050, the Group aims to **become a carbon neutral company**. Škoda Auto is aligning its business strategy and innovative development with this goal. Therefore, the Company's focus is on **low- and zero-emission passenger transport** to address the needed environmental transformation of the industry accelerated by climate change. However, this transition brings risks that the Company is addressing through the **Next Level – Škoda Strategy 2030**. [See Corporate Strategy](#).

The Company envisions turning the Czech Republic into a hub for the development of **electromobility** and **low-emission passenger transport**, building the related infrastructure, securing existing jobs, and creating new ones while succeeding in foreign markets. **Škoda Auto will have invested a total of EUR 5.6 billion in electromobility by 2027**.

Transitional risks are perceived as major strategic and business risks for both Škoda Auto and the Group. Škoda Auto is accelerating its **transition to battery-powered cars** and will introduce 6 electric models in the coming years, which will increase the share of electric car sales in Europe to more than 70% by 2030, depending on market development.

Not only the zero-emission in the use phase of vehicles but also the CO₂e emitted by the entire value chain must be tackled. Škoda Auto recognises the crucial role that their suppliers play in the transition to a zero-emission business. As part of its Next Level – Škoda Strategy 2030, Škoda Auto has reoriented its purchasing processes under the **"NEW PROCUREMENT"** programme. Sustainability criteria play a decisive role in the procurement of materials and components. Transitional risks are predominantly managed and addressed through established processes within the Business Partners Due Diligence. Škoda Auto's internal evaluation of all suppliers, known as the S-rating, is based on a set of ESG criteria. The S-rating is more than just an evaluation tool; it is a means of initiating a dialogue with the Company's suppliers to improve their carbon footprint and energy efficiency. By doing so, the Company can reduce the suppliers' and Škoda's environmental impact and mitigate the risks associated with climate change. For more on S-rating [see Business Conduct](#).



NEW PROCUREMENT
programme

Targets

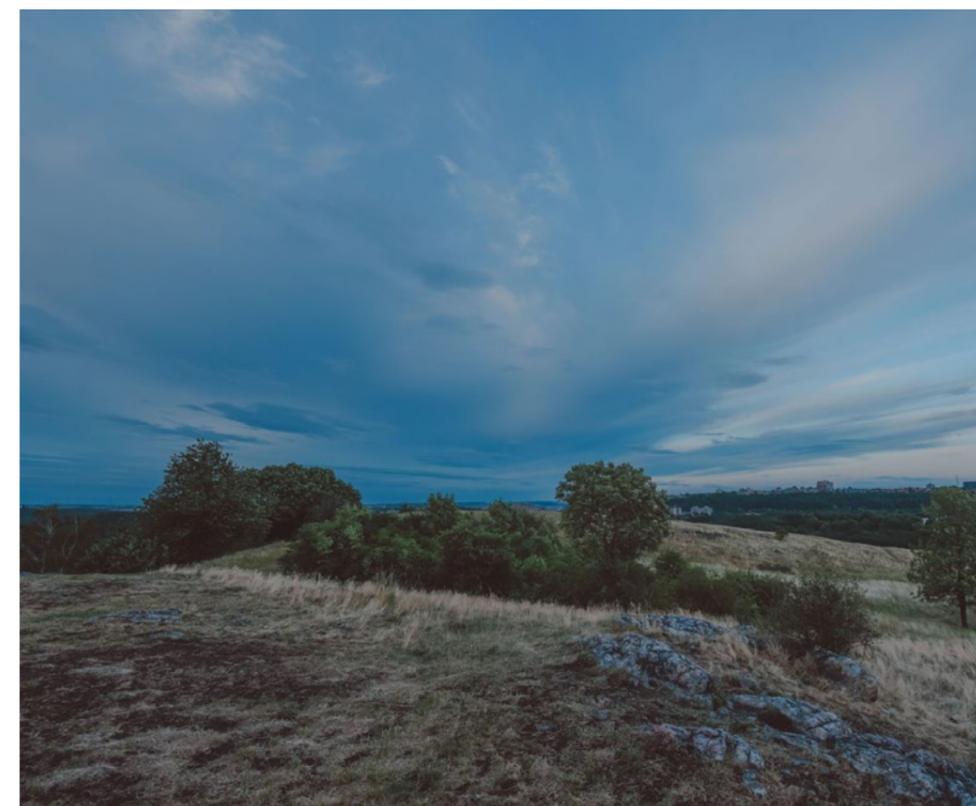
	2025	2030	2050
VOLKSWAGEN GROUP		Group reduction of GHG emissions by 30% (absolute) compared to 2018 Volkswagen AG reduction in Scope 3 GHG emissions from the use of sold products of light duty vehicles by 30% per vehicle km	Group CO ₂ e net-zero company
SKODA GreenProduct	New electric car models from Škoda Auto	Aiming to boost the BEV share of deliveries in Europe to more than 70% Decrease fleet exhaust CO ₂ e emissions by more than 50% compared to 2020 Decrease fleet internal Decarbonisation Index DCI by at least 40% compared to 2018	
SKODA GreenFactory	Reduction of UEP by 52.5% by 2025 compared to 2010	CZ net-zero in production CZ contribution to Group SBTi trajectory – 1.5°C Škoda by reducing Scope 1+2 GHG emissions by 78.9% compared to 2018	

Transition plan

Škoda Auto is proud to contribute to **the Group's goal of achieving carbon neutrality by 2050**, which aligns with the outcomes of the 2015 United Nations' Paris Conference. To achieve this, the Group has set a target of limiting the temperature increase compared to pre-industrial times to 1.5°C for Scope 1 = internal operations and Scope 2 = energy supply (for more on GHG Scopes [see Climate Change/Data and Specific Disclosures](#)), which has been verified by the [Science Based Targets Initiative \(SBTi\)](#). As part of this effort, the Group has committed to reducing Group-wide greenhouse gas emissions from production **by 50.4% by 2030 compared to 2018 levels in Scopes 1 and 2**, which translates to a **reduction of over 78.9% for Škoda Auto** in production in the Czech Republic and India. In addition, Group further commits to reduce **Scope 3 GHG emissions from the use of sold products of light duty vehicles by 30% per vehicle km by 2030** from a 2018 base year.

Škoda Auto is actively contributing to this effort by transforming its product portfolio towards **electric and low-emission vehicles and pursuing carbon-neutral production**.

Strategic decisions are based on their long-term contribution to reducing greenhouse gas emissions. The principle of using the Best Available Techniques (BAT) applies to all types of decarbonisation measures. Škoda Auto is not excluded from the EU Paris-aligned Benchmark in accordance with the exclusion criteria of the EU Climate Transition Benchmarks Regulation.



Science Based Targets Initiative

40% DCI reduction by 2030

Product decarbonisation

Decarbonisation at product level decreases CO₂e emissions from vehicles along the **entire value chain**. It is calculated as the CO₂e footprint per total number of cars produced. To track the value of decarbonisation, the Company uses its internal **Group-wide Decarbonisation Index (DCI)**, which includes direct and indirect emissions from production facilities as well as other CO₂e emissions emitted during the life cycle of a car, from the sourcing of raw materials to the recycling phase at the end of its life. **By 2030, the Company aims to reduce the DCI of Škoda products by 40%** compared to 2018.

Škoda Auto recognises the importance of tailpipe emissions in the **overall carbon footprint of a vehicle**, as calculated by the DCI. By increasing the share of electric vehicles, the Company can significantly reduce the DCI and thereby help to achieve its carbon neutrality goals.

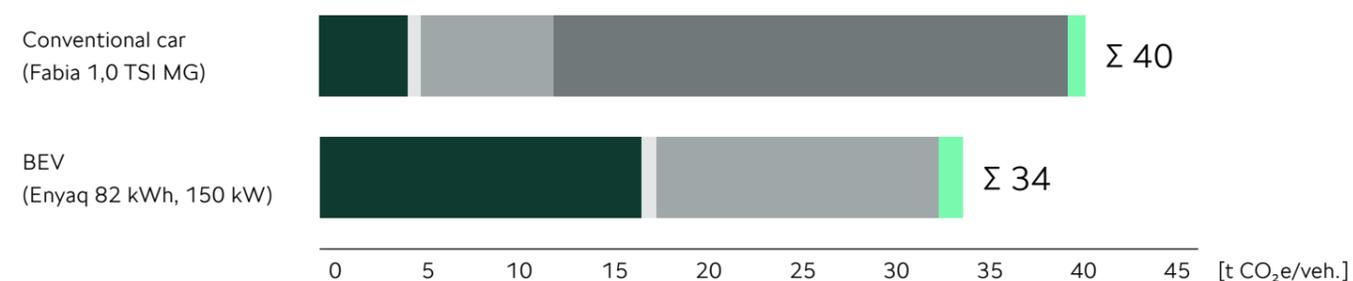


DCI phases and achieved values in 2021 and 2022

DCI structure



Real proportion of DCI phases at representative vehicle types (tCO₂e/veh.)



The diagram shows the principal composition of a car's carbon footprint over its lifetime, from production to final environmental disposal. The carbon footprint during the use phase is calculated based on an average lifespan of 200,000 km.

The overall carbon footprint of a BEV in the context of the European Energy mix is much lower than that of conventional cars despite a larger share of the supply chain caused by battery production. That is why the increase of BEV share in the product portfolio plays a significant role in the decarbonisation plans.

Other important levers for decarbonisation are the increase of energy efficiency in the production phase and in the use phase as well as the usage of renewable energy in these phases.

Achieved values in reported period (tCO₂e/veh.)

	Supply chain	In-house production	Fuel preparation	Tailpipe emission	Recycling + others	Total
2018						41.24
2021	6.97	0.56	5.41	22.49	2.91	38.34
2022	7.32	0.53	5.47	22.59	3.01	38.92
Goal 2030						- 40% compared with 2018

In 2022, the average DCI of the Škoda Auto model portfolio was 38.92 tCO₂e/vehicle (without compensation of the entire production phase by offsets). The slight temporary increase compared to the previous year (38.34 tCO₂e/vehicle in 2021) was caused by the introduction of more powerful versions of the Enyaq Coupé and by a decline in the share of Plug-in Hybrid Electric Vehicle (PHEV) due to a shortage of semiconductors.

In future years, the Company expects a positive development with a **significant DCI reduction due to the increase in the share of electric car sales.**

Electric cars have **zero emissions during operation**, but the Company needs to consider the higher CO₂e production during electricity generation for charging. In the context of the European energy mix, the **total lifetime CO₂e emissions of an electric car are much lower** than those of a conventional car.

Škoda Auto is developing long-term measures to **reduce the energy consumption of vehicles, both in operation and production**, by using appropriate technologies, both in-house and with its suppliers. The Company is increasing the use of renewable energies and the proportion of recycled materials in the products to further **reduce the overall product carbon footprint (DCI)**.

In the **production phase**, including the supply chain, Škoda Auto offsets the carbon footprint of electric cars, by supporting selected projects and delivering its electric cars to customers in a CO₂e-neutral manner (supported by TÜV certification according to the TN-CC 020 norm). That is why all the Enyaq models were handed over to customers with a balanced CO₂ neutral footprint.

Additionally, in the **use phase**, the Company supports the development of new renewable energy sources to eliminate the carbon footprint during the operational part of all-electric models.

The carbon footprint values of specific Škoda vehicle models are certified by TÜV Nord under DIN EN ISO 14040 and DIN EN ISO14044.

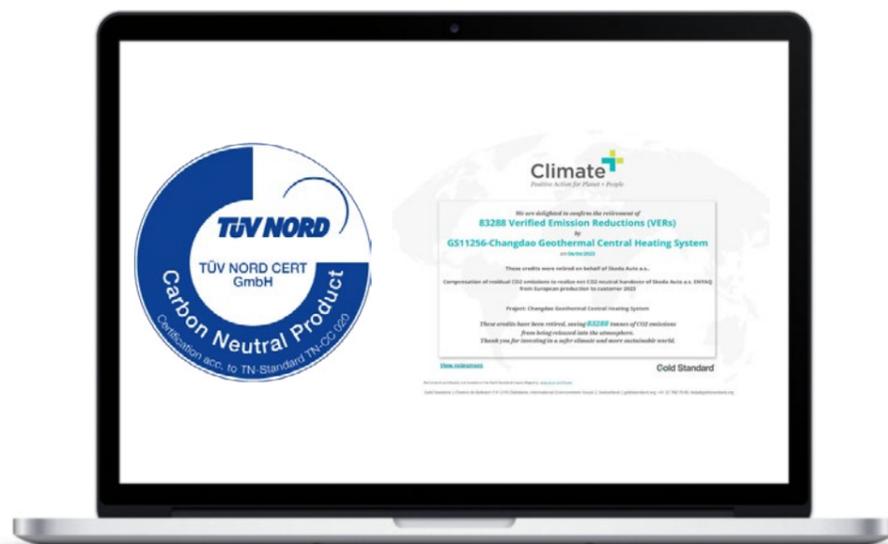
Product offsetting

As mentioned above, the Company has guaranteed the **CO₂e neutral handover** of their electric vehicles since the start of their production in 2020. The CO₂e emissions generated in the production, incl. purchased components which could not be avoided or reduced yet, are compensated by purchasing the VER (Verified Emission Reductions) offset certificates.

The decarbonisation programme is based on measures to reduce and avoid the existing CO₂e emissions. Therefore, the **offsetting will be subsequently replaced by other decarbonisation measures**.

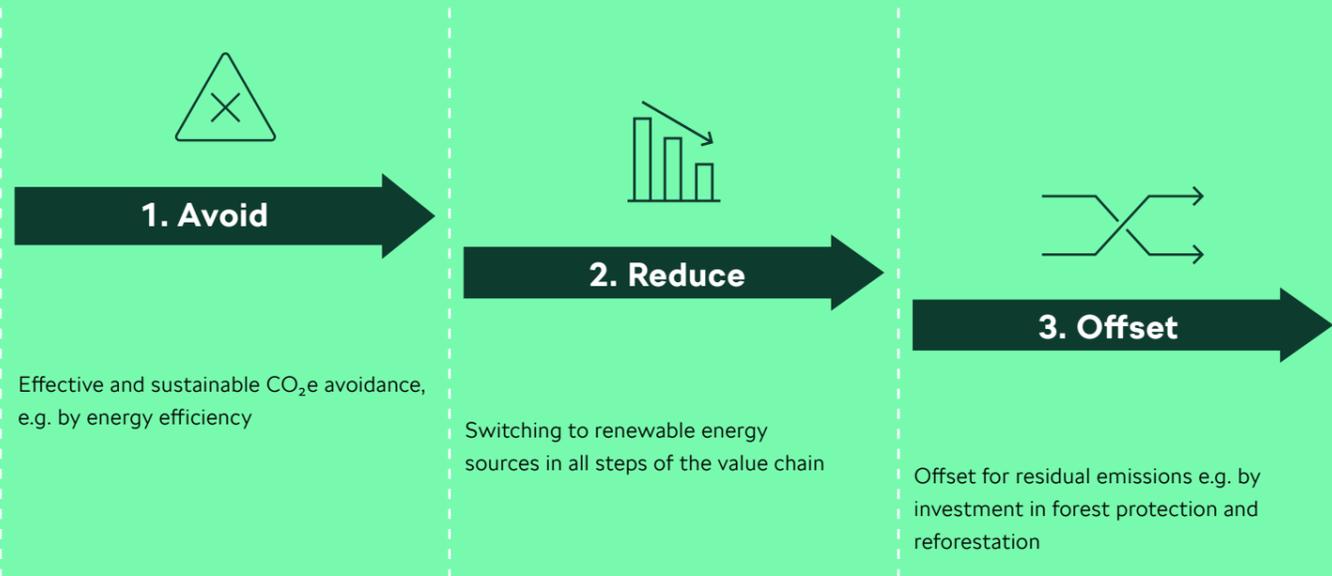
Production decarbonisation in the Czech Republic

Škoda Auto aims to **achieve carbon neutrality in energy consumption during manufacturing by 2030**. To achieve this goal, the Company has developed a **decarbonisation plan**, which outlines the roadmap and allocated resources for implementing specific measures. Škoda Auto's focus will be on **savings, conversion, and offsetting measures for residual emissions**. In the area of savings, Škoda Auto will invest in **energy efficiency** and in the use of **low-emission and highly efficient technologies** in the production processes. For conversion, the Company will **transform the energy sources** consumed during production. The Company plans to shift to renewable energy sources, such as biogas, within five years in Mladá Boleslav and Kvasiny. Additionally, Škoda Auto will **modernise its main heat source**, the Ško-Energo heating plant, to use **100% biomass instead of coal** (by converting boilers and achieving **100% coverage from renewable energy sources within five years**).



2030 Carbon neutral energy consumption in manufacturing

Prioritization of decarbonisation measures



Production offsetting in the Czech Republic

To attain carbon neutrality by 2050 and align with the SBTi scenario of 1.5 °C, Škoda Auto is committed to minimising emissions produced during vehicle production and usage. Residual emissions that cannot be reduced or avoided can be offset through the purchase of carbon credits from high-quality projects overseen by Volkswagen's subsidiary, Kraftwerk GmbH. Unavoidable production (Scope1 and Scope2) emissions can be offset under the fulfilment of the following pre-requirements:

A

Energy efficiency improvement according to ISO 50001 or 2% p.a. absolute improvement (3 years, normalised);

B

Assessment of potential for effective emission reduction (measures considered and prioritised according to abatement costs);

C

Power supply by renewable energies or high-efficient (at least 65%) combined heat and power generation;

D

Continuous investment in decarbonisation and energy efficiency measures must equal at least double the amount of annual compensation costs.

In 2021 and 2022, only the unavoidable emissions of the Vrchlabí plant were offset by the purchase of 210 credits in 2021 and 170 credits in 2022.



Actions

Through its activities, Škoda Auto wants to contribute to mitigating climate change. They are implemented in the following areas:



Climate change mitigation actions

Activities to reduce or prevent emission of greenhouse gases (mitigate climate change) carried out by Škoda Auto during 2021–22.

GreenProduct

Reducing carbon footprint and car emission performance

Carbon footprint reduction

As mentioned above, in 2021 and 2022 every Enyaq (44,066 in 2021 during Q2–Q4 resp. 52,055 in 2022 in EU27+UK+Norway+Iceland) was handed over to customers with a certified balance sheet **neutral CO₂e footprint** thanks to using **climate protection certificates** (VER).

Low-emission vehicles

Škoda Auto's measures to produce **low-and zero-emission cars** have a positive impact not only on mitigating climate change but also on the **quality of the air we breathe**.

All Škoda Auto models fulfil all the **legislative criteria** regarding exhaust gas purity. In addition, the rising share of electric cars with no local emissions contribute not only to **reduce the CO₂e emission** within decarbonisation but also contribute significantly to the **air quality improvement**.

Škoda Auto is accelerating decarbonisation and responding to **stricter emission targets for newly manufactured cars** from 2021. In doing so, the Company achieved an average CO₂e emissions figure of 114.8 g/km in 2021, around 3 g/km below the EU limit. In 2022 the CO₂e figure was 116.5 g/km (around 1.94 g below the EU limit). The slight reduction of the positive CO₂e deviation from the target value in 2022 compared with 2021 was caused by a decline in the share of PHEVs, due to a shortage of semiconductors.

Electrification of product

During 2021 – 2022 Škoda Auto continuously increased the number of **fully electric and plug-in hybrid vehicles** sold. In 2030, a BEV share of 50 to 70% is planned according to the market development.

Share of Battery Electric Vehicle (BEV) and Plug In Hybrid Electric Vehicle (PHEV) worldwide / in EU27+UK+Norway+Iceland

	2021	2022	...	2030
BEV	6.0% / 8.1%	7.7% / 9.3%		up to 70%
PHEV	3.9% / 5.5%	2.4% / 3.0%		

(excluding China)

Batteries for the MEB platform

In May 2022, the Company launched the production of batteries for the **MEB platform** vehicles in Mladá Boleslav, and in 2023 it will expand its capacity to produce 1,500 battery systems per day. It is a modular construction-kit system enabling it to construct cars of various sizes and categories on the same chassis, with the same or similar construction of the **electric battery**.

Powerpass

Škoda Auto wants to make it easier for its customers to **charge their electric cars anywhere in Europe**. Therefore, since 2021, the Company has been offering the Powerpass service. With the Powerpass card, Škoda customers can use over **500 thousand charging points** across Europe. This allows customers to charge their cars with one card at most major charging providers, with one of the strongest charging networks in the EU. For the fleet customers in the Czech Republic, Škoda Auto offers an external charging solution called Chargee.



MEB platform

Pavel Grmela

Currently in Environmental and Work Protection, with Škoda Auto since 2016

“Day by day, it is becoming clear that climate change is not just an empty phrase. We all have a chance to feel its consequences on our own skin, even if we may not always realise it, whether it be floods, heatwaves, or other extreme weather events.

I am very glad that Škoda Auto, along with the entire VW Group, approaches the issue of climate change responsibly and consistently develops a strategy for the future step by step. I am particularly pleased that, in addition to monitoring CO₂e and setting a decarbonisation plan for the entire product life cycle, we also focus on aspects that may seem marginal but are closely related to the issue. This includes the use of renewable energy sources, energy efficiency goals, the use of materials in line with circular economy principles, ensuring sustainable water supply, and last but not least, the protection of the valuable and often neglected biodiversity. Climate change is a very complex issue that connects many areas and requires increased cooperation of all the parties involved in addressing its impacts. Personally, I would like us all to be more open in the future, to learn to better seek common solutions, and to devote at least the same attention to all the aforementioned topics as we do to the issue of decarbonisation.”



Circular economy

Sustainable materials

Škoda Auto is increasing the **proportion of recycled** and other environmentally friendly materials in new models, finding ways to create **closed loops** for selected components and, ultimately, entire vehicles.

Collection of used components

After a change in legislation, the network of **take-back points for tyres and lead-acid batteries** was significantly expanded in 2021 (see [Circular Economy and Resources](#)). These components can be collected and recycled.

GreenRetail

Sustainability in retail

Environmental sustainability and efficient energy management within an authorised sales and service network have been fundamental elements of the **GreenFuture's strategy** from the very beginning (2012). The portfolio of activities includes web-based training, webinars, consulting services, and voluntary certification. A total of 23 dealers were voluntarily certified in 2021 and 2022. At the same time, a new form of certification was developed and tested within the new Group-wide project called **goTOzero Retail** (established 2021). The aim of goTOzero Retail is to **improve the environmental performance of dealers** and define the roadmap, tools, and measures to the retail network **carbon footprint reduction**.

2nd life of batteries

A large number of test and prototype vehicles are not sold as used cars but scrapped after testing. The **batteries** from these vehicles would normally be expensive to recycle. Instead, they are **used in 2nd life**, which means they can still be used for years. [See Circular Economy and Resources.](#)

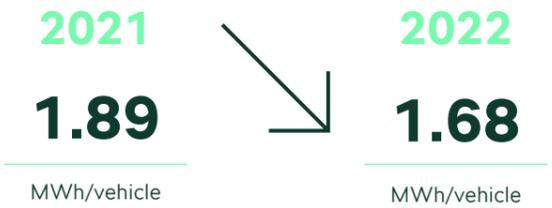


GreenFactory

Reduction in energy consumption (MWh/vehicle)

This improvement has been achieved through **increased energy efficiency and energy saving** programmes, and optimal planning of production shutdowns during Covid-19.

Škoda Auto **achieved a further improvement in energy efficiency** regarding production.



Actions in CZ production Energy consumption	Savings MWh	CO ₂ e t/year
2022		
Electric current		
Complete reconstruction of the M1 lighting system	6,048	2,792
Replacement of Thermobiehl heating/cooling equipment with ONI heating/cooling equipment	2,723	1,257
Replacement of central electric heating of washing machines by heat from compressors after modification of 9bar station and blasters	991	Vrchlabí CO ₂ e neutral
Heating		
Utilisation of waste heat from 2 annealing furnaces at the foundry	691	189
M17 introduction of reduced air flow cabinet controls	637	262
Paint shop A – Introduction of servo valve + throttling bypass for VRC	342	104
Fossil gas		
M2 standard for use of production equipment at lower production capacity (endogenerators) – hardening plant	4,356	783
2021		
Reconstruction of hall lighting M12 B,C,D	10,468	
Replacement of the process boiler on the KTL line in the paint shop	3,590	
Supplementation of frequency converters and adjustment of HVAC flow	763 electricity 312 heat	

ZEBRA programme

Employee active participation in energy savings campaign within the Škoda Improvement Programme (ZEBRA).

[See Own Workforce.](#)

Biomethane

As another step on the way to **decarbonisation of the production** plant in Vrchlabí the Company has been using **certified biomethane instead** of natural gas since 2021. This measure reduced the necessity of offsetting of about 2,000 tons of CO₂e.

Biomass powerplant

Škoda Auto kicked-off the preparation of a project to **replace coal boilers with biomass boilers** in Mladá Boleslav to fulfil the **CO₂e neutrality target in production by 2030**. The preparations for the transition to biomass (30%) from coal (70%) has started. The goal is to **use 100% biomass** in the heat power plant in Mladá Boleslav.



GreenLogistics

Use of alternative fuels

As part of its **GreenFuture Strategy**, Škoda Auto constantly monitors the **alternative fuels** market and the availability of new technologies. Škoda is a member of the Czech Gas Association, which focuses on **hydrogen, LNG and CNG technology, including bio variants**. It also cooperates with distributors, processors, refineries, and truck manufacturers.

Oversized means of transport

In 2021/2022, the **“Gigaliner” pilot** was tested for the transport of **FBU** (Fully Built Unit) vehicles on the route from Mladá Boleslav to Mnichovo Hradiště and back. In the Czech Republic, Gigaliners are allowed to transport vehicles only in an exception, in neighbouring countries they are not. Currently, the potential of oversized transport of FBU vehicles by Gigaliners is being discussed at the level of logistics management of Škoda Auto. A potential future intention is to deploy this technology for **intrastate transport**, especially motorway transport between Mladá Boleslav and dealerships within 10 km of the motorway network (legislative restrictions), or to target transport to neighbouring countries.

Transport by rail

In 2021 and 2022, the **transport of wagons by rail** experienced many complications related to the capacity of the railway network and the lack of wagons. For this reason, the current share of FBU transport by rail to the share of FBU transport on trucks has dropped to a ratio of about 45% : 55%. The intention for the coming months and years is to **increase the share of FBU transport by rail** again. For the so-called **“green train,”** the Company sees potential in the **outbound transportation** from Mladá Boleslav to Dąbrowa Górnicza (Poland).

Climate change adaptation actions

Activities to prepare for and adjust to both the current effects of climate change the predicted impacts in the future (adapt to climate change) carried out by Škoda Auto during 2021–22.

Watergen technology in Škoda Afriq pilot student model

In 2022, Škoda Auto installed **patented technology, Watergen**, in a student project implemented in [Škoda Afriq](#). The technology obtains drinking water from the humidity of the surrounding air. [See Water/Actions](#).

Nature-based climate change mitigation and adaptation

To mitigate climate change and adapt to its impacts, the Company has been maintaining and **planting greenery**, such as trees, shrubs, and grassland. This greenery offers several essential ecosystem services, such as emissions sequestration (climate change mitigation), soil erosion mitigation, water and organic matter retention, shading, and air cooling (climate change adaptation).

Another environmental activity where the employees help as volunteers is the Škoda Trees project ([see Volunteering](#)).

For water related adaptation actions [see Water](#).



Škoda Afriq



Risks and Impacts Assessment

Decarbonisation was scored among the top three material topics as part of the **stakeholder dialogue**. [See Stakeholder dialogue](#). In order to achieve the climate commitment of becoming a **carbon-neutral business by 2050**, it is imperative that Škoda Auto proactively identifies, anticipates, and effectively manages climate policy risks and opportunities. Being ready for the transition to a **low-carbon economy** for Škoda Auto means being ready to transform the product towards **electrification** by taking steps to consume energy from **renewable sources** and putting emphasis on **energy efficiency**.

To this end, the Company has been monitoring **climate-relevant** risks as part of its risk management system, namely risks relating to the fleet CO₂e emissions compliance and the non-vehicle CO₂e emissions compliance. [See Risk Management System](#).

For further information on the operation of Škoda Auto's risk management system, please refer to the [Annual Report 2022](#) (pages 80–83).

Similarly, physical risks related to climate change is something Škoda Auto must proactively be prepared for. For instance, **risks related to water**, as it is a crucial resource for the Company's production. Škoda Auto plans and implements measures to reduce its consumption and closely monitors both **water availability and quality**, which may be impacted by the effects of climate change. A significant risk the Company faces is the potential lack of water during extended periods of drought. Therefore, Škoda Auto is developing sustainable solutions to **reduce water consumption** by providing its plants with industrial water.

Another climate-related risk the Company addresses is the **flood risk** related to **heavy precipitation**. To mitigate this risk, Škoda Auto has constructed large retention tanks and holds and releases excess water in a controlled manner. [See Water](#).

Data and Specific Disclosures

Energy consumption and mix in Czech production

Reducing the amount of **energy consumed** and converting energy sources **from fossil to renewable** is a priority for Škoda Auto.

Škoda Auto has **implemented many measures to reduce the consumption** of electricity, natural gas, heat, and compressed air. Measures relate to reducing natural gas consumption in production processes, saving thermal energy, accelerating the transition to LED technology, using alternative sources, and targeting energy waste in production and administrative areas.

Additionally, selected departments in Technical Development (Motor Centre) use energy recuperation (heat and electrical) in its processes to achieve further savings in energy and related costs.



Annual Report 2022

	2021	2022
Total energy consumption CZ (GWh)	1,289	1,163
Total non-renewable energy consumption (GWh)	815	754
Fuel consumption from coal and coal products	585	544
Fuel consumption from crude oil and petroleum products	-	-
Fuel consumption from natural gas	230	211
Fuel consumption from other non-renewable sources	-	-
Consumption from nuclear products	-	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources	-	-
<i>Share of energy consumption from non-renewable sources in total energy consumption (%)</i>	63%	65%
Total energy consumption from renewable sources (GWh)	474	408
Renewable fuel consumption (including biomass, biogas, non-fossil fuel waste, renewable hydrogen, etc.)	201	136
Consumption of purchased or generated electricity, heat, steam, and cooling from renewable sources	273	272
Consumption of self-generated non-fuel renewable energy	-	-
<i>Share of renewable sources in total energy consumption (%)</i>	37%	35%

In 2022, the share of energy from renewable sources was reduced due to lower biomass supplies. The suppliers were not able to deliver at the contracted prices, which were affected by the expensive energy prices.

100%

carbon neutral
energy sources

Gross Scopes 1, 2, and 3, and total GHG emissions

According to the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (GHG Protocol) greenhouse gas (GHG) emissions are reported in three main Scopes as the total carbon footprint per year, or as an average value per vehicle. Additionally, the carbon footprint per average vehicle is reported in five phases of the lifespan. The connection of these two reporting areas is shown in the graphics below.

The carbon footprint is evaluated in tons of CO₂ equivalent (CO₂e). It means that there are other greenhouse gases emissions such as CH₄, NO₂, HFCs, PFCs or SF₆ integrated into the presented values.



Scopes 1 and 2

The calculation of the Scope 1 and Scope 2 carbon footprint at Škoda Auto is done according to the VW98000 standard which is in line with the GHG Protocol. The carbon footprint data, as well as other environmental certifications, is certified by TÜV NORD.

The starting point for the calculations is the data collected in the Group's environmental data management system.

In this sustainability report, the emissions from the Škoda Czech plants (Mladá Boleslav, Kvasiny, and Vrchlabí) are included in Scope 1 and 2, together with the consideration of production of Seat vehicles and components for other group brands.

In Scope 2, a zero CO₂e footprint is reported because **all purchased energy by Škoda Auto is obtained from sources with a guarantee of origin** – 100% carbon neutral energy sources. Škoda Auto ensures that all energy is purchased with a guarantee of origin.

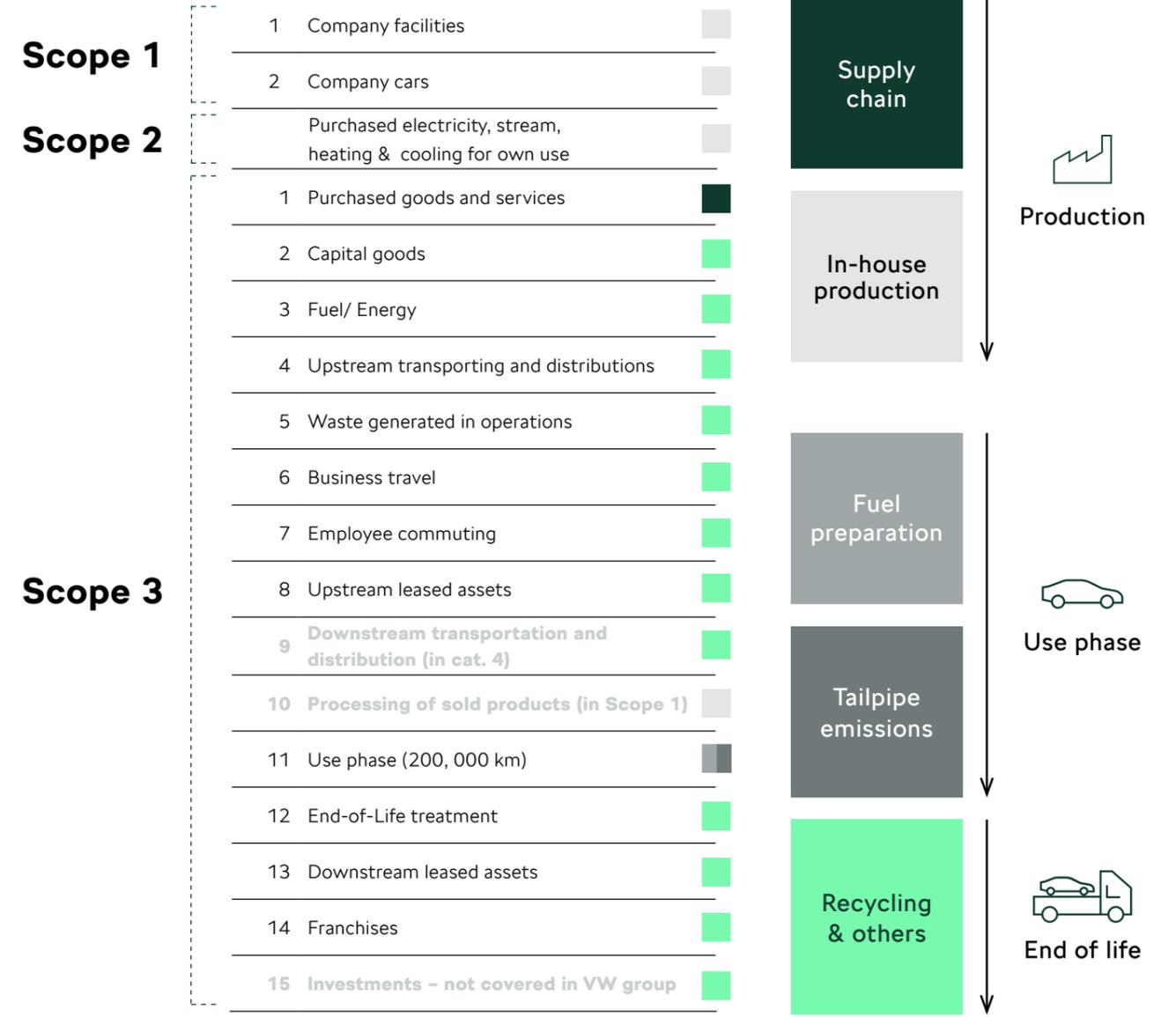
Scope 3

Scope 3 refers to other indirect GHG emissions which are caused by the activities of Škoda Auto. The calculation and the Annual Reports are prepared jointly for all Group companies in line with the Scope 3 standards published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). The Group and the brands are reporting CO₂e emissions for 14 out of a total of 15 Scope 3 categories whereas two of them are included in other positions as explained below. According to this, around **20% of all Scope 3 emissions are part of the "Purchased goods and services"** emissions category, while approx. **73% are part of the "use phase" emissions category** ("well to wheel"). To calculate use phase emissions in the DCI and in the Scope 3 GHG inventory, fleet average values are used not including any legal reliefs.

The calculation of CO₂e emissions in the use phase of the Scope 3 GHG inventory is based on the real consumption of the Škoda model portfolio in the relevant regions (EU27, UK, Norway, and Iceland). The relevant volume mix corresponds to the same car registration figures which are used for CO₂e fleet calculation according to Regulation EU 2019/631. To provide a picture that is as complete as possible, the category use phase is extended by emissions produced during the production and transportation of fuels ("well to tank" emissions).



Assignment scheme of Scope 1, 2, and 3 incl. categories with the DCI phases



As mentioned, the CO₂e footprint is usually reported as value per average vehicle (DCI). To align with the ESRS disclosure requirements, Škoda Auto reports the overall CO₂e footprint per annum for the local plants. The overviews below show both values in the reported period.

CO₂e footprint in reported period for CZ plants (in tons of CO₂ equivalent/in %)

	Σ per anno plants CZ				values per Ø vehicle Škoda			
	2021		2022		2021		2022	
	Value	%	Value	%	Value	%	Value	%
Scope 1	384,212	1.7%	400,360	1.9%	0.56	1.5%	0.53	1.4%
Scope 2	0		0		0		0	
Scope 3	21,646,051	98.3%	20,220,323	98.1%	37.78	98.5%	38.39	98.6%
Total	22,030,263	100,0%	20,617,546	100,0%	38.34	100,0%	38.92	100,0%

Remarks:

Scope 1 per annum: all produced vehicles and components in Czech Škoda plants (incl. Seat vehicles and components for other brands; 2021: 680,397 vehicles, 2022: 693,370 vehicles)

Scope 1 per Škoda vehicle: value calculated (by Group) as an average of vehicles produced in Škoda plants in the Czech Republic, India, and Russia

Scope 2: neutralised (all purchased energy by Škoda Auto in the Czech Republic is bought with a guarantee of origin – 100 % carbon neutral energy sources)

Scope 3 per vehicle: average values per vehicle according to customer registration in the markets EU27, UK, Norway, and Iceland

Scope 3 per annum: values per vehicle multiplied by volumes of Škoda vehicles registered by customers in the relevant period in the specified markets (EU27, UK, Norway, and Iceland) (2021: 572,950 vehicles, 2022: 526,708 vehicles)

In 2022, the average DCI of the Škoda Auto model portfolio was 38.92 tCO₂e/vehicle (without compensation of the entire production phase by offsets). The slight temporary increase compared to the previous year (38.34 tCO₂e/vehicle in 2021) was caused by the introduction of more powerful versions of the Enyaq Coupé and by a decline in the share of Plug-in Hybrid Electric Vehicle (PHEV) due to a shortage of semiconductors. In future years, the Company expects a positive development with a significant DCI reduction due to the increase in the share of electric car sales. For detailed overview of CO₂e footprint per vehicle (DCI) 2021 and 2022, see next page.

A detailed overview of carbon footprint values per vehicle (DKI) in Scope 1, 2, 3, and other subcategories (t CO₂e / %). The carbon footprint is sorted by the vehicle's life cycle phase.

Scopes	Categories of scopes	Phases of product lifespan			
		2021		2022	
	Category	Value	%	Value	%
Scope 1	1 Company facilities	0.56		0.53	
	2 Company vehicles				
Scope 2	1 Purchased electricity, steam, heating & cooling for own use	0.00		0.00	
	10 Processing of sold products	0.00	0%	0.00	0%
Scope 3	1 Purchased goods and services	6.97	18%	7.32	19%
	11 Use phase	27.90	74%	28.06	73%
	2 Capital goods	0.69	2%	0.79	2%
	3 Fuel- and energy-related emissions (not included in Scope 1 or 2)	0.06	0%	0.04	0%
	4 Upstream transportation and distribution	0.28	1%	0.43	1%
	5 Waste	0.06	0%	0.06	0%
	6 Business travel	0.09	0%	0.01	0%
	7 Employee commuting	0.14	0%	0.13	0%
	8 Upstream leased assets	0.04	0%	0.05	0%
	9 Downstream transportation and distribution	0.00	0%	0.00	0%
	12 End-of-life treatment	0.05	0%	0.05	0%
	13 Downstream leased assets	1.32	3%	1.09	3%
	14 Franchises	0.19	1%	0.36	1%
	Subtotal Scope 3		37.78	100%	38.39
Total per vehicle		38.34		38.92	
				38.34	100.0%
				38.92	100.0%
	Registrations in EU27, UK, Norway, Iceland			572,950	526,708
	ΣScope 3 p.a.			21,646,051	20,220,323

Explanation of the categories in Scope 3

Category of Scope 3	Description
1 Purchased goods and services	Emissions caused in supply chains include emissions caused outside the Škoda/Group production plants.
2 Capital goods	Emissions from categories 2 (Capital goods), 8 (Upstream leased assets), and 13 (Downstream leased assets) are calculated based on monetary values from internal systems and emission factors from the Economic Input-Output (EIO)-LCA online tool (http://www.eiolca.net/). The EIO-LCA method calculates demand for materials and energy as well as environmental emissions caused by certain economic activities. The resulting emission factors are calculated as the ratio of annual environmental input and output flows specific to the industry and the annual production of the industry measured by its economic inputs and outputs.
3 Fuel- and energy- related emissions (not included in Scope 1 or 2)	Includes emissions that arise during the acquisition, production, and transportation of fuel and energy purchased during the reporting year and not included in Scope 1–2.
4 Upstream transportation and distribution	Categories 4 and 9 include both initial and subsequent emissions that arise during logistical activities. Starting from upstream Tier 1 (direct suppliers) - transportation of vehicle parts, etc. to production plants and ending with the movement of vehicles (parts) following their production to target markets. Emission data come from the LUIS logistics system.
5 Waste	Emissions that arise during the processing and disposal of waste.
6 Business travel	For categories 6 (business travel) and 7 (employee commuting), annual emission factors per employee in t CO ₂ e are used based on two studies or estimates (category 6: Study/estimate by Sphera Solutions GmbH, category 7: Study by IG Metall Wolfsburg). Reported absolute emissions depend on the average number of employees in the Group. Therefore, the same value is assigned to all Group brands and joint ventures in DCI for these two categories.
7 Employee commuting	See the description of category 6.
8 Upstream leased assets	See the description of category 2.
9 Downstream transportation and distribution	See the description of category 4.
10 Processing of sold products	Since production (internal) includes emissions from both Scope 1–2 and Scope 3 cat. 10 emissions, category 10 is not reported separately.
11 Use phase	This category is divided into two separate phases in the DCI: Well-to-Tank (WTT) and Tank-to-Wheel (TTW) emissions. The combination of these two categories is also referred to as Well-to-Wheel (WTW) emissions. WTT emissions include fuel production, i.e. oil and gasoline refineries, and electricity production. These emissions are calculated time- and market-specifically because they are dependent on (a) the CO ₂ e efficiencies of the refineries, (b) the fuel type, (c) average fuel and electricity consumption of the vehicle. TTW (exhaust emissions) are emissions that occur directly during vehicle operation and therefore depend on the average emissions of the vehicle fleet, i.e. the consumption of the vehicle fleet.
12 End-of-life treatment	These are emissions that arise during the crushing and sorting of material fractions. Recycling is sometimes listed separately in the DCI and sometimes included in "other categories." Except for Category 15 Scope 3 (which is not listed), all remaining Scope 3 categories are included in the DCI "other categories".
13 Downstream leased assets	See the description of category 2.
14 Franchises	Category 14 includes Scope 1–2 emissions of retailers which are not part of the Group's Scope 1–2 emissions. Therefore, data collected on the basis of the annual data collection from franchises within the goTOzero Retail Project is used.



Rostislav Houba

Currently in Management product sustainability & CO₂, with Škoda Auto since 2016

“As a person who loves nature and sees negative changes around me, I am glad that nowadays a large portion of manufacturers in industries are striving to be more environmentally conscious. It brings me joy to see that Škoda Auto is setting an example in this regard and that I personally can contribute here as well. Within my responsibilities, I focus on reducing the carbon footprint generated throughout the life cycle of our products and on promoting the sustainable use of resources. By that, I mean maximising the use of secondary materials in our new vehicles and ensuring the recycling of materials for further use once the vehicles reach the end of their life. I believe that we will successfully achieve our long-term goals.”





Pollution

Škoda Auto's goal is to prevent possible risks associated with environmental damage, environmental pollution, and health hazards.

Policy and Ambitions

Škoda Auto places emphasis on the **safe handling of substances** that, in the event of a leak, may endanger soil or groundwater. If it is technologically possible, the use of less dangerous substances is preferred.

As part of the implemented environmental management system certified according to ISO 14001, effects on the environment are regularly evaluated.

Škoda Auto has committed itself to lowering its **Index for Reducing Environmental Impact (UEP)**. This index includes specific water and energy consumption, specific production of volatile organic compounds (VOC), CO₂e emissions (kg/car), and specific production of waste intended for landfilling. The aim is to reduce the UEP Index by 52.5% compared to 2010. [See GreenFuture Strategy.](#)

Actions

- As part of the elimination of hazardous substances, the Company **replaced the original pigment paste in 2022 with a new paste that does not have hazardous properties** and is not subject to classification obligations under GHS criteria. The pigment paste is used in manufacturing and repair.
- In 2022 one accidental leakage was detected. A small amount of petroleum hydrocarbons, in the order of units of litres, leaked from the Technical Development area into the Jizera River via a storm drain. The pollution was immediately caught and removed, including the source.

Risks and Impacts Assessment

The topic of pollution is very important to Škoda Auto. A scoring system is used to evaluate the impact of pollution on the environment, which is updated at least once a year. Based on this system, each organisational unit has an overview of its impact and can thus prioritise possible measures to mitigate this impact.

As part of the risk management system, the Company is working with a cluster of risks related to non-CO₂ emission compliance (such as related to NMOG and NO_x emissions; [see Risk Management System](#)).

Škoda Auto also has a system for the management of extraordinary events. The Company manages the risk of contamination of surface water, soil, and groundwater by harmful substances used on the Company premises or caused by an accident. In the event of a fire, there is a risk of emergency emissions into the air and the effect on sewage or surface water by fire products.

The measures in place to minimize the impact of these extraordinary events are emergency plans and internal organisational standards. When dealing with harmful substances, the Company consistently applies the principles of multi-barrier protection. The Company considers places with a significant occurrence of harmful substances in their emergency plans, which are regularly verified for relevance. Procedures in the event of an accident are described in Škoda Auto's internal operating documentation and in approved emergency plans.

The risk of the possible leakage of harmful substances through the sewage system is eliminated by a device for the capture and detection of these substances in the effluents from the manufacturing plant. The Company's fire brigade is constantly present in all production facilities, equipped to detect potential leaks of harmful substances, contributing to overall safety. The Company also has a system for evaluating and approval of the chemicals used. Regular equipment maintenance and leak checks play an important role in the prevention of emergencies.

Data and Specific Disclosures

Solid particles suspended in air – PM_{2.5} (t/year)



Year-on-year increase due to increase in car production in 2022.

Overview of emissions

(t/year)	SO ₂		NO _x		VOC*		NH ₃		HM**	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Škoda Auto Mladá Boleslav	0.003	0.003	77.343	86.291	636.506	668.516	0	0	0.021	0.022
Škoda Auto Kvasiny	0	0	14.452	12.635	326.944	351.566	0	0	0	0
Škoda Auto Vrchlabí	0	0	0	0	11.983	15.140	0	0	0	0
Sum Škoda Auto	0.003	0.003	91.795	98.926	975.433	1,035.222	0	0	0.021	0.022

* Volatile organic compounds

** Heavy metals

The year-on-year increase in emission values was caused by a larger number of cars produced and a smaller proportion of cars painted in the new paint shop.

Release of controlled substances and fluorinated greenhouse gases from refrigeration equipment for technology needs in 2021 and 2022

Type of refrigerant	Amount (t/year)		CO ₂ e (t/year)	
	2021	2022	2021	2022
Regulated refrigerant (CFC / HCFC):	0	0	0	0
Fluorinated greenhouse gases (HFC)	0.7125	0.4856	1,645.5106	979.1573





Water

A sufficient amount of quality water is a necessity for car and automotive component production. Škoda Auto recognises this and regularly monitors water consumption, striving to minimise it. Since 2010, it has been possible **to reduce water consumption per car produced by 29.3%**.

Policy and Ambitions

Škoda Auto has a defined goal for water management based on the GreenFuture and the goTOzero environmental mission statement. One of the five indicators that make up the Environmental Impact Reduction Index is the specific water consumption per manufactured car.

The Company has set a target of achieving a 52.5% improvement in the Index for Reducing the Environmental Impact of Production by 2025 compared to 2010.

All 5 environmental indicators that make up the Environmental Impact Reduction Index are monitored with monthly frequency in the Management cockpit, where actual water consumption (for past months) and expected water consumption (for future months) are continuously compared with the annual water consumption plan (target). In the Management cockpit, consumption is also monitored in this way at the level of individual plants.

The Company aims to maximize efficient resource use and promote circular economy approaches for materials, energy, land, and water. As part of the GreenFactory, there is an effort to apply modern technologies in production, thanks to which the effects on the environment will be reduced.

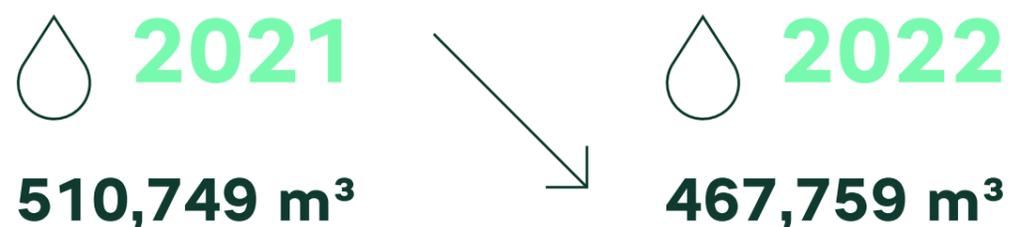
The undertaking has no adopted policies or procedures regarding sustainable oceans and seas. Škoda Auto does not consider the topic relevant at the moment.

achieving a **52.5%** improvement
by **2025** compared to **2010**

Actions

- Škoda Auto supports sustainable investments. One of them was the implementation of modern filter systems in the paint shop in Mladá Boleslav. The technology treats the wastewater and returns it into circulation. Water reuse is used in all the Company's paint shops. These include the use of cascade backwash technology and water recycling using membrane technology. The amount of recycled water in the paint shops was 510,749 m³ in 2021 and 467,759 m³ in 2022.
- Using a dry capture method, the new paint shop captures paint particles by filtering them through finely ground limestone powder. This process replaces the traditional use of water and significantly reduces the amount of waste sludge generated during overspray capture.
- Large retention tanks that hold water and subsequently release this rainwater in a regulated manner help to manage water efficiently. Part of the water captured in the retention tanks is used by the Company for watering greenery in plant I in the city of Mladá Boleslav.
- In the years 2021 – 2022, 19 smaller water-saving measures were implemented with a total saving of almost 10,000 m³/year. The largest measure (5.5 thousand m³) was the capture and use of rainwater for watering greenery in the Mladá Boleslav plant area. As part of this project, it was possible to use this water for the maintenance of urban greenery.
- Under expert supervision, apprentices from the Škoda Vocational School have added a special detail to the Škoda Afriq with the drinking water generator from Watergen: the racing vehicle designed for the desert rally can provide its occupants with clean and chilled drinking water whenever they need it. By installing a unit in the Afriq, Škoda Auto is raising awareness of this technology that can help combat water shortages in desert regions such as North Africa.
- In 2020, there was a stimulating feasibility study where various options (sources) were examined for securing water for the industrial purposes of the Kvasiny plant. In 2021 and 2022, semi-operational tests of water treatment equipment from the biological treatment plants of the Kvasiny plant and the town of Solnice took place.

The amount of recycled water in the paint shops



Risks and Impacts Assessment

For Škoda Auto, water is an important topic that was assessed as material based on the stakeholder dialogue.

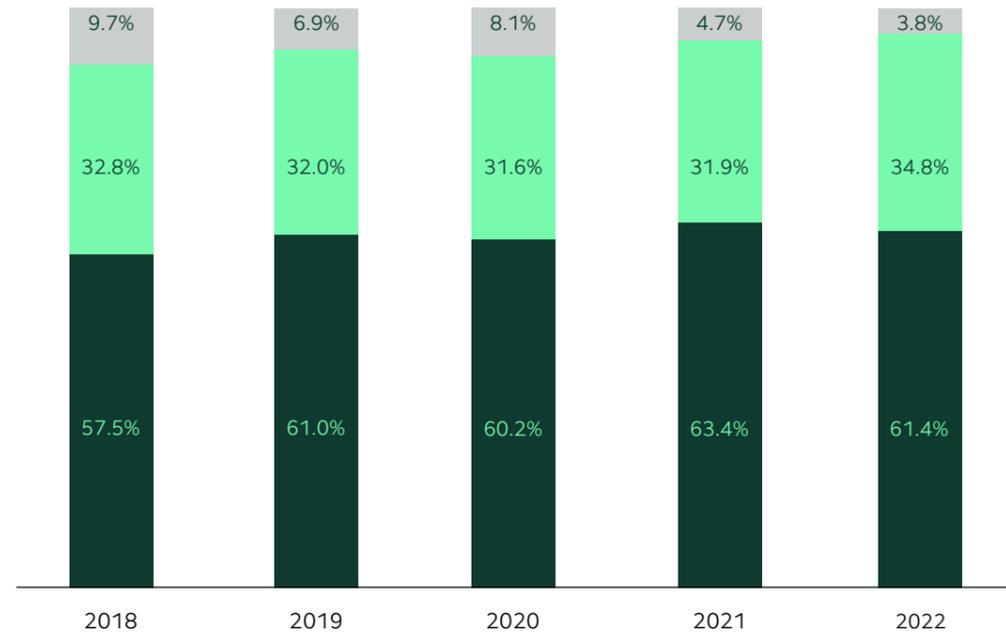
The main source for production is the surface water from the Jizera, Bělá, and Labe rivers. To save water, Škoda Auto monitors data on water consumption, wastewater production, and the amount of reused water (recycled water). Based on this data, risks and appropriate measures are determined.

Škoda Auto is aware of the problems with water scarcity during long-term drought. The plant in Kvasiny was assessed as an area with high water stress. For this reason, the Company is working on a sustainable solution for supplying its plants with industrial water. The furthest so far is the project at the Kvasiny plant, where purified water from biological wastewater treatment was evaluated as the most reliable source of industrial water. Recycled water will thus be used for production processes, thereby saving primary water resources.

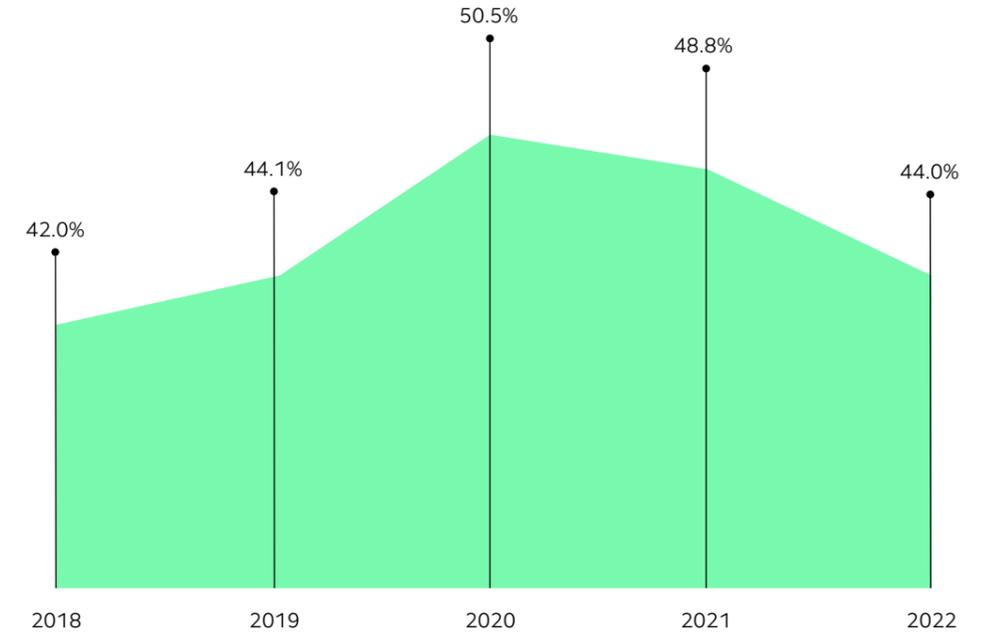


Data and Specific Disclosures

Water consumption - water taken (%)



Share of recycled water (%) in total water consumption



The decrease in recycled water for 2021 and 2022 compared to 2020 was due to production shutdowns.

	unit	2021	2022
water taken	m ³ /year	1,352,296	1,350,084
wastewater*	m ³ /year	1,018,207	1,083,963
recycled water**	m ³ /year	659,390	595,043

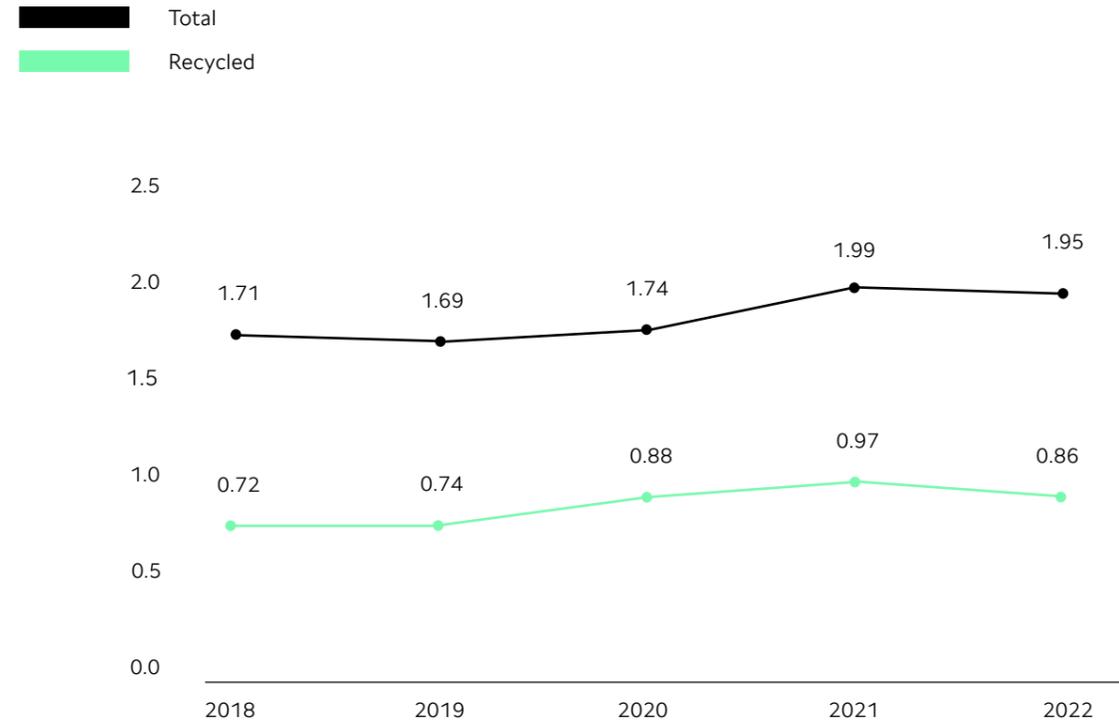
* Wastewater – wastewater after physical and chemical pre-treatment discharged to the municipal wastewater treatment plant (Mladá Boleslav, Vrchlabí) or the wastewater treatment plant in the factory Kvasiny.

** Recycled water – definition for the purposes of this report – water that has been used more than once. Multiple use of water in cooling circuits is not included.

Wastewater - indirect discharge (nitrogen, phosphorus)

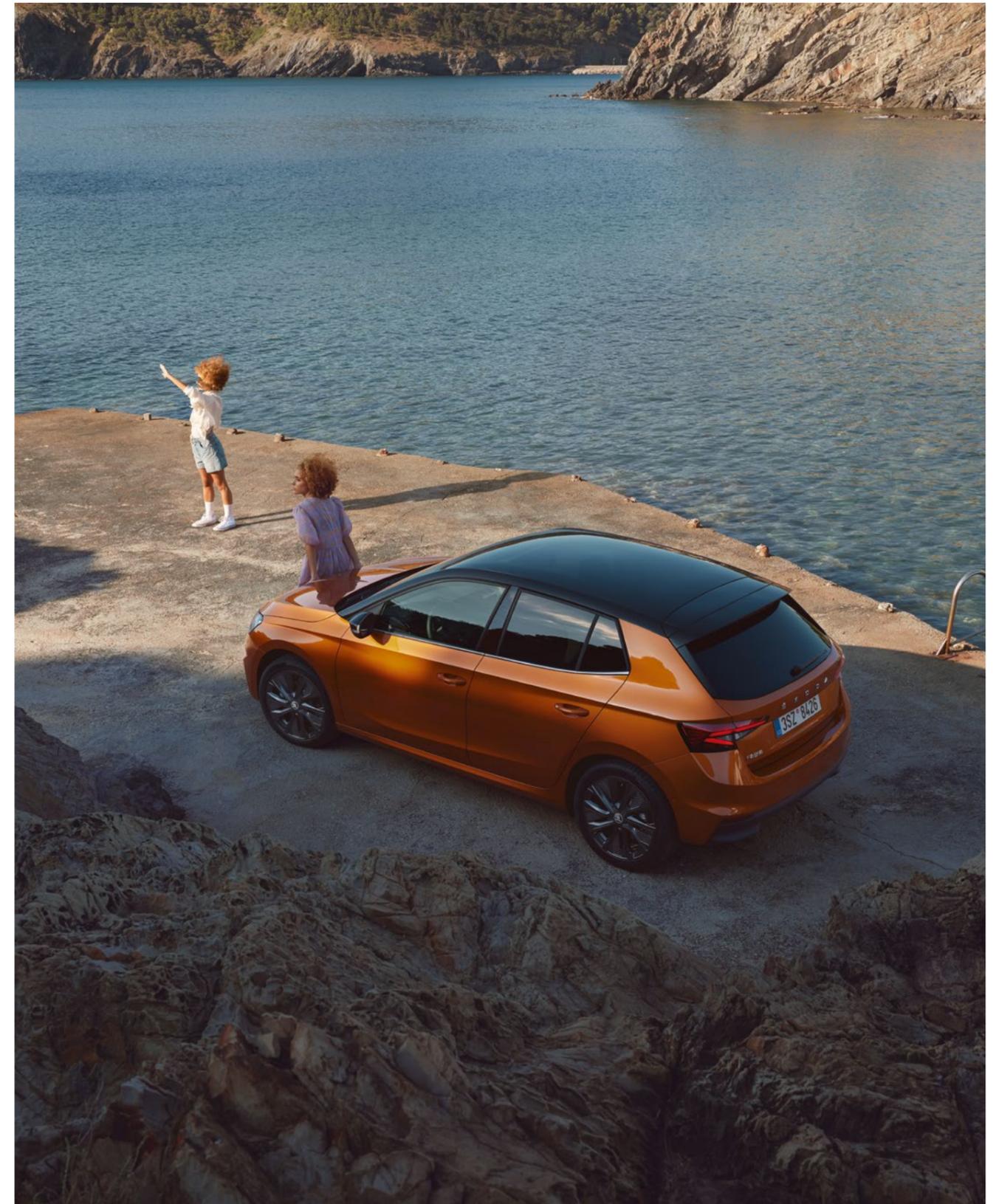
	Unit	2021	2022
total nitrogen – indirect discharge	kg/year	53,042	40,778
total phosphorus – indirect discharge	kg/year	5,950	4,761

Water consumption per vehicle (m³)



The increase in water consumption between 2020 and 2021 was mainly due to production shutdowns.

The increase in the amount of recycled water per car for the year 2021 was caused by a higher proportion of car bodies produced in the new B paint shop at the Mladá Boleslav plant. The decrease in the amount of recycled water per car for the year 2022 was caused by a lower proportion of car bodies produced in the new B paint shop at the Mladá Boleslav plant.





zero waste

to landfill from production in 2020

Policy and Ambitions

As mentioned above, the sustainability approach of Škoda Auto is embodied in the GreenFuture strategy. All three pillars deal with the topics of circular economy and resources.

The goals mentioned below were approved by the board of Škoda Auto as a part of the current Škoda Environmental goals until 2025. For more goals and targets [see Climate Change](#).

At the production level the accepted goal is to maximise effective resource use and to promote a circular economy approach when using materials, energy, water, and soil.

Circular Economy and Resources

Materials and waste management are among the key material sustainability topics for Škoda Auto while contributing to the climate commitment. **The Company aims to achieve the transition to a circular economy by applying the circular principles in the whole value chain.** The mentioned circular economy principles are defined by the EU Circular Economy action plan.

One notable achievement of the Company's sustainability efforts in this area is the attainment of **zero waste to landfill from production in 2020**, which has been maintained in both 2021 and 2022.

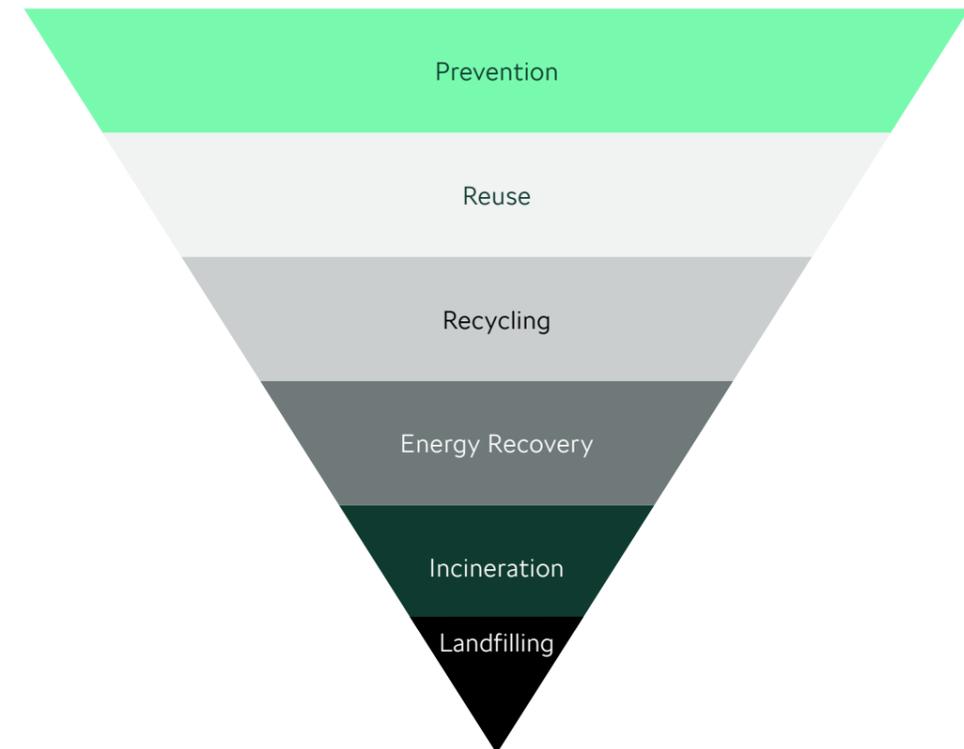
Reduce the Number of Materials Used

GreenFactory

Škoda Auto endeavours to prevent waste generation and to use raw material resources sparingly. If waste is already generated within a production process, the waste management hierarchy is consistently applied, i.e. material and energy use is preferred over landfilling.

Thanks to the consistent application of these principles, it was possible to reach the state where no waste originating from the production processes in the Czech plants has been landfilled as of October 2019.

Waste management hierarchy



Regarding waste management, the following policies are always applied:

- All produced waste is handed over exclusively to individuals authorised for waste handling.
- All waste produced by the Company is weighed, its legal documentation is recorded, and it is handed over to authorized persons.
- In tenders for waste buyers, preference is given to those who can provide a higher level of treatment according to the waste hierarchy.

The GreenFuture strategy has set goals for circular economy and resources, such as the **reduction of waste generated per car manufactured**. These are incorporated in the target for UEP reduction by 52.2% by 2025. [See GreenFuture Strategy](#).

One of the objectives of the 2025 Environment goals ([see Climate Change](#)) is to reduce the number of used materials and to reduce waste in the production.

GreenProduct

As defined in its Policies and Targets, Škoda Auto systematically maximises effective resource use and innovates with respect to circular economy approaches.

All car models currently produced by Škoda Auto are homologated in compliance with the requirements for recyclability outlined in Directives 2005/64/EC and 2009/1/EC.

The Company uses labelling of the vehicle parts to provide information about the materials used. This helps to determine the composition of each part, simplifying the subsequent sorting and processing of waste according to different material groups.

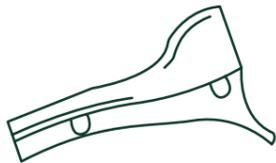
This reduces the overall environmental impact of the product and increases the share of recycled materials, which can be used as a substitute for primary raw materials.

To fulfil the approved goal to minimise the environmental impact, Škoda Auto uses [recycled and environmentally friendly materials](#), such as **bio-based and biodegradable materials** which have the same qualities as the virgin materials. When using these materials, the Company prioritises the use of local raw materials with a lower carbon footprint compared to the primary material.

Example of sustainable materials used in current Škoda models

Sustainable materials – Highlights

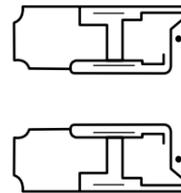
Selected parts with content of recycled plastics in Scala/ Kamiq



Water Canal Cover
PP – TD20 (REC 100)
Mafill CRHT 6344 HUV



Wheel Housing Liner
PP – PE (REC 100)
Mafill CR C 5044 H



Flooring + Insulation
CO + PP + PET
flooring PET (REC 100)

The share of recycled materials will further rise in future models. In the first phase, the content of recycled plastics in new models from 2025 on is planned to be doubled compared to the current products to approx. 40 kg net weight (real weight of recycled material).

This target for the share of recycled plastics will be continuously revised and extended to other materials, such as metals, glass etc. with respect to market research and anticipated legislation.



Materials: Environmentally friendly and recyclable

GreenRetail

The GreenRetail strategy focuses partly on waste management and the GreenRetail certification is awarded based on proven results in resource efficiency. This is how Škoda Auto encourages efficient use of resources by its retail partners.

The accepted goal is to contribute to environmental improvement and sustainable development by actively supporting Škoda Auto's global sales and service network in:

- resource efficiency,
- take-back and handling of waste from vehicle repairs.



Plan to double the content of recycled plastics in new models from 2025.

Actions

GreenProduct

Škoda Auto is active in the field of innovative materials and has continued its activities in this area in the reporting period. Below are examples of significant activities in this field:

Implemented

- Crushed sugar beet – developed together with the Technical University of Liberec and the supplier Mocom, potential usage: monochrome design in vehicle interiors to create design elements
- Fabrics made from recycled plastic bottles – developed in cooperation with the Czech supplier Sage Automotive Interiors, usage: design edition of Škoda Enyaq, model Lodge
- Technical fabrics made from recycled PET bottles with a wool blend – developed in cooperation with AUNDE, usage: Škoda Enyaq

In progress

- Material based on Miscanthus reed, potential usage: interior
- Fabrics with special fibres, usage: heating and increasing the comfort of seats, or special reflective yarns
- Materials based on recycled cooking oil, potential usage: exterior components of vehicles

GreenFactory

Another project is a collaboration with a recycling company, in which a process was developed to transform used painted bumpers into granules. These can then be used to produce new bumpers.



GreenRetail

2nd life of batteries

Škoda Auto uses robust and long-lasting batteries for its electric vehicles. For Battery Electric Vehicles – fully electric vehicles, Škoda Auto provides an **8-year or 160,000 km (whichever comes first)** warranty guaranteeing the battery will have **at least 70% capacity**. For Plug-in Hybrid Electric Vehicles, the Company provides the same warranty, but without a guarantee of at least 70% capacity.

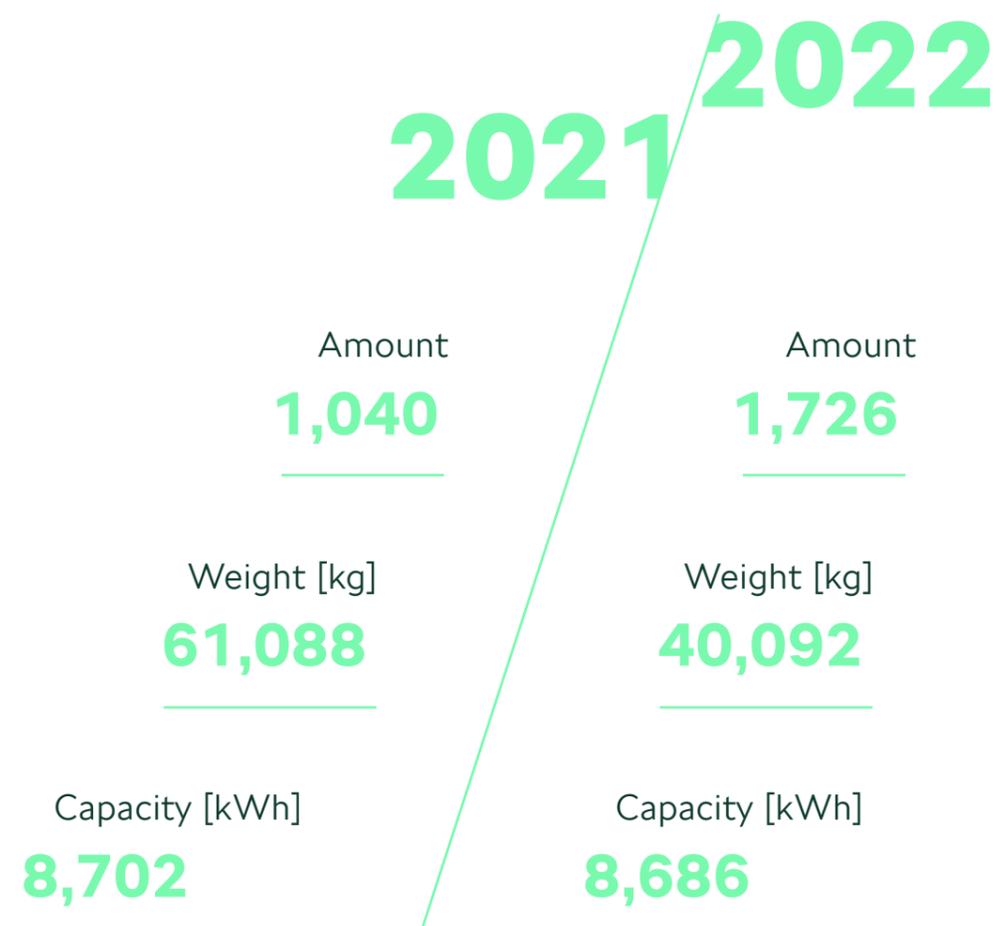
Similar to internal combustion vehicles, many test and prototype vehicles are operated, which are not sold as used cars, but scrapped after testing. The batteries from these vehicles would normally be expensive to recycle. Instead, they are used in 2nd life, which means they can still be used for years.

Because batteries used in typical stationary energy storage applications are only subjected to a fraction of the power demand of a vehicle, even **older and used batteries have enough power for a 2nd life**. Stationary energy storage systems serve as boosters for DC fast-charging stations, backup power supplies (replacing diesel generators), and store green energy from photovoltaics. Therefore, 2nd life batteries can contribute to reducing CO₂e in the energy sector after their sustainable transportation life.

In 2021 and 2022, Škoda Auto obtained the following volumes of batteries and battery modules for 2nd life, 99.9% of which were from internal sources. In total, **more than 100 tons of batteries were collected in the years 2021 and 2022**.

Overview of the 2nd life of batteries project

The different year-on-year ratios in the number, weight, and capacity of batteries are caused by the presence of various battery types.



Take-back system – tyres, batteries

After a change in legislation, the network of take-back points for tyres and lead-acid batteries was significantly expanded in 2021. They can now be handed in free of charge at more than 800 locations across the Czech Republic. In total, over 500,000 tyres and more than 2,000 tons of lead-acid batteries have been collected and recycled over the past two years. The vast majority of the materials obtained from recycling these used products have been utilised to create new products, including new lead-acid batteries, shock-absorbing and anti-vibration elements, noise barriers, playground equipment, and other rubber granulate-based products.

In 2021 there were 279,662 tyres collected, in 2022 the number reached 305,173.



over **500,000** tyres

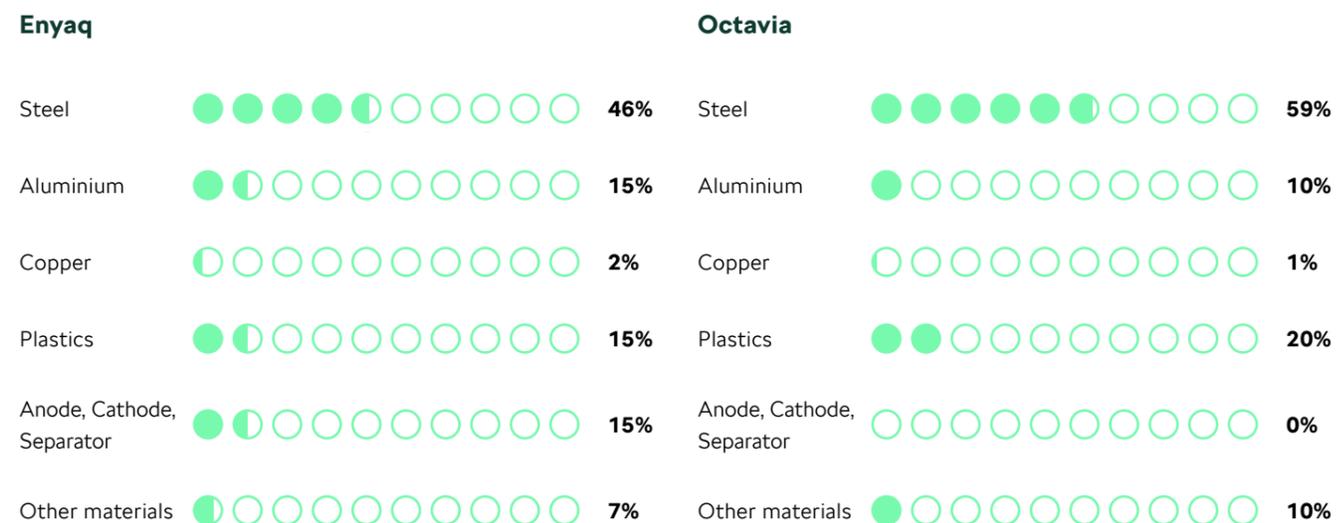
Risks and Impacts Assessment

In the stakeholder dialogue, **the Resource use and circular economy topic was scored among one of the material topics** and one of the top priorities by Škoda Auto and the stakeholders. [See Stakeholder dialogue.](#)

Data and Specific Disclosures

The graph below presents the percentage material composition of Enyaq 80 and Škoda Octavia.

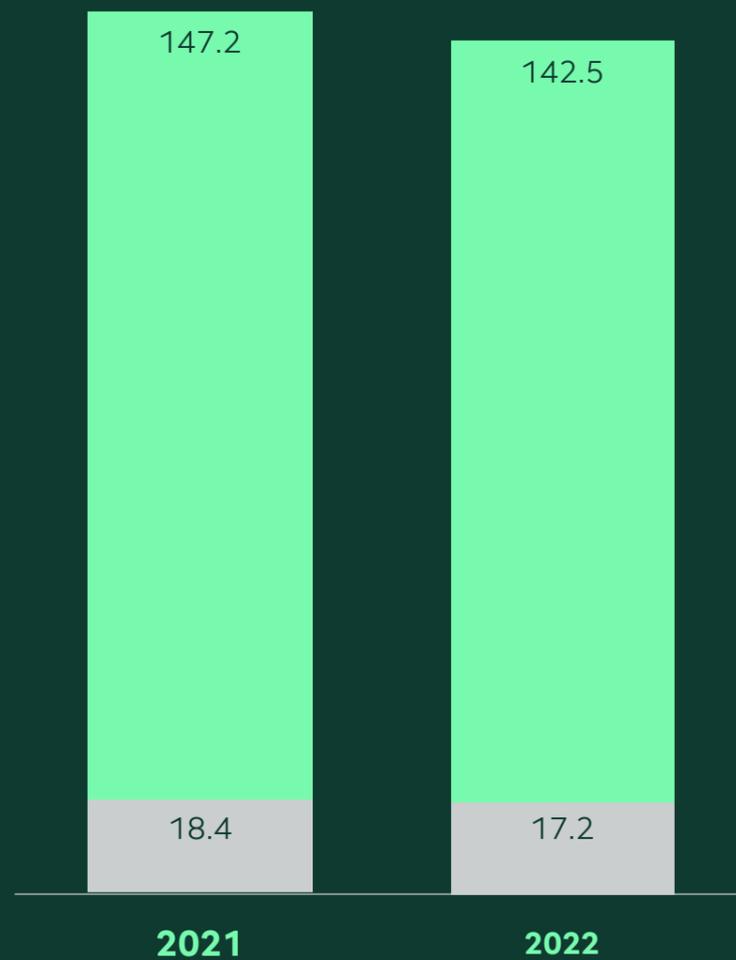
Material composition – Škoda Enyaq, Škoda Octavia



The graphs below present information on the Škoda Auto total amount of waste from own operations in tons.

Total waste by type (thousand tons)

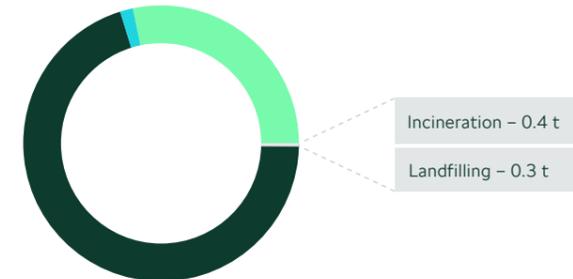
█ Non-hazardous waste
█ Hazardous waste



The reduction in the amount of waste was due to the optimization of packaging management, a reduction in the amount of metals and less construction activities.

Hazardous waste (2022)

█ Recycling – 12,072.6 t
█ Energy use – 4,861.7 t
█ Preparation for reuse – 239.4 t
█ Other – 0.7t



Non-hazardous waste (2022)

█ Recycling – 137,380.4 t
█ Other – 5,104.0 t



Hazardous waste (2021)

█ Recycling – 13,111.6 t
█ Energy use – 5,070.1 t
█ Preparation for reuse – 210.8 t
█ Other – 0.4 t



Non-hazardous waste (2021)

█ Recycling – 141,650 t
█ Other – 5,535.7 t



Type of operation	Hazardous waste – materials examples	Non-Hazardous waste – materials examples
Preparation for reuse	Metal packaging	
Recycling	Ferrous and non-ferrous metals, car wrecks	Ferrous and non-ferrous metals, blasting material, paper, plastic, glass
Energy recovery	Absorbing agents, paint, and varnish waste	Composite packaging, mixed plastics, mixed municipal waste
Incineration	Medical waste	
Landfilling	Street rubbish, construction waste	Street rubbish, construction waste

Jiří Podlipný

Currently in Environmental Protection,
with Škoda Auto since 1998

“I consider the most significant achievement in waste management to be the attainment of a state where no production waste from the plants in the Czech Republic is sent to landfills. The Company first achieved this state in 2020 and has since managed to maintain it, even at the cost of increased expenses.

A major event in the field of air protection was the putting into operation of paint shop B at the Mladá Boleslav plant. Thanks to the dry separation system for emissions, it achieves impressive parameters. The amount of volatile organic compounds emitted was 1.27 g/m² of painted surface, which is less than 4 % of the emission limit. The concentration of the concentration of dust emissions is an order of magnitude lower than in paint shops with wet separation.”





Policy and Ambitions

Protection and preservation of biodiversity and ecosystems have been an integral part of the Group Environmental Mission Statement "goTOzero" and has long been one of the key elements of the Company's environmental management. It aims to reduce its negative impact on biodiversity and ecosystems, promoting projects to preserve them. The updated environmental mission is currently in the process of integration into Škoda Auto's GreenFuture strategy, a process expected to be implemented in 2023. The issue of biodiversity and ecosystems is planned to be assessed comprehensively, both on land and in water. Similarly, in its Environmental Policy 2025, Škoda Auto has committed to a maximum effort to mitigate any negative ecological impact, and also to plant and care for greenery. With regards to its value chains, Škoda Auto plans to integrate considerations of resources use into the Code of Conduct required from business partners.

For the purposes of monitoring success, the Company develops dedicated indicators and targets to achieve a near-natural development, reduction of land and resource use, implementation of projects with partners, and involvement of employees. In addition, Škoda Auto commits to concrete targets in other areas that directly influence the state of biodiversity and ecosystems, such as emission reductions, waste and pollution minimisation, and materials recycling.

In line with the Group goals, Škoda Auto is aiming to be more active in the integration of biodiversity and ecosystems into its strategy, identifying and assessing relevant impacts, risks, and opportunities along its value chain.

In this respect, the Company is closely following the development of policies, standards, and tools at both global and European level, such as the requirements of the Post-2020 Global Biodiversity Framework or the framework by the Taskforce on Nature-related Financial Disclosures (TNFD).

Biodiversity

Reflecting global policy developments, such as COP15 and the Post-2020 Global Biodiversity Framework (reflected in the EU Biodiversity Strategy 2030), and related market initiatives, Škoda Auto recognises biodiversity as a key sustainability issue. Biodiversity and ecosystems are considered in the legislatively mandatory environmental impact assessment, as well as in the materiality assessment of sustainability topics through the stakeholder dialogue.

While Škoda Auto is developing its own initiatives to protect and promote biological diversity and ecosystems, it also invests in measures that are recognised by the United Nations Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) as essential to deal with biodiversity loss, such as climate change mitigation.



Actions

To deliver on its commitment to protect and promote biodiversity and ecosystems, Škoda Auto develops educational projects, dedicated communication, and provides financing for external projects.

The Company has been maintaining and planting biodiverse greenery, such as trees, shrubs, and grassland (see [Nature-based climate change mitigation and adaptation](#)). It manages 206.7 ha of a biodiverse forest on a test track site, using the services of an external expert. As part of this care, the monocultural forest cover has gradually been enriched with a diverse variety of new trees, including species better able to withstand changing climatic conditions and protect the forest land from erosion. Beyond climate change mitigation and adaptation, these initiatives also enable Škoda Auto to protect the individual species of the greenery, supporting the promotion of biodiversity

and ecosystems dependent on this greenery, including vulnerable pollinators. No quantitative evidence has been collected with regards to the success of such initiatives.

In 2022, Škoda Auto has also set up a new area dedicated to biodiversity between the administration centre and its headquarters in Mladá Boleslav with the help of employee volunteers.

Relevant projects have been supported by the Škoda Auto Endowment Fund grant programs. Biodiversity and ecosystems are targeted by the Krakonošovy Zahrádky program.

Risks and Impacts Assessment

At the Group level, biodiversity context is assessed using the Biodiversity Site Assessment Tool. Identification and assessment of the potential negative impact on biodiversity follows the legal requirement of the application of the Environmental Impact Assessment (EIA) preceding any major development projects, such as the expansion of buildings and production plants. EIAs have repeatedly confirmed that Škoda Auto's **major development projects have no or minimal impact on biodiversity**. In 2022, two such assessments have been executed, in relation to the "Kvasiny stopping and manipulation area" project and the "Increasing the flexibility of Paint Shop B – Hall M18" project. In the case that any material negative impacts on biodiversity and ecosystems were identified, they would be assessed, and mitigation measures planned.

Beside the legally required environmental impact assessment considerations, this topic was recognised as one of the key topics by the stakeholder dialogue 2021, yet it was not found material. [See Stakeholder Involvement](#).

For the purposes of monitoring risks and impacts, Škoda Auto keeps a list of protected areas and areas of high biodiversity value outside protected areas in up to a 10-km proximity of its plants, together with key details about the status of their protection (see tables below in this chapter).

206.7 ha

of a biodiverse forest on a test track site



Endangered species

The potential impact on endangered species is an integral part of EIA. All projects assessed to date have been evaluated as having no or insignificant negative impact on endangered species.



Deforestation

While choosing sites for its development projects, Škoda Auto avoids forest land and prefers to invest in its existing premises or use brownfields. Reusable packaging is favoured in packaging management planning, minimising the generation of wood waste.



Soil

Soil use is crucial for manufacturing sites of Škoda Auto, therefore, it tries to handle it responsibly. For example, all Technical Development buildings to date were built on brownfields. Regarding new development projects, the Company prefers to locate them on existing sites or use brownfield sites. The potential impact on soil is assessed as part of the EIA. All projects assessed to date have been evaluated as having no or insignificant negative impact on soil.

Škoda Auto has been dealing with a legacy negative impact on soil on the premises of the Mladá Boleslav plant and the Kosmonosy service centre, dating back to the times before the Company was privatised. The situation is regularly monitored, and groundwater and (where possible) soil remediation regularly carried out. The contamination is being gradually eliminated.

No policies or practices were adopted with regards to sustainable agriculture or sustainability of seas and oceans as those areas were identified as irrelevant for Škoda Auto's operations.

Data and Specific Disclosures

Mladá Boleslav plant

Category	Name	Distance (km)	Direction	Area (ha)	Object of protection and notes
Protected landscape area	Český ráj	10	NE	18,152.30	Preservation and restoration of the natural environment, particularly ecosystems of wild animal and plant species, and maintenance of the typical character of the landscape while developing the environmentally optimal use of the land and its natural resources.
Nature reserve	Vrch Baba u Kosmonos	2.2	N	249.61	Complex forest and non-forest natural ecosystems (forest ecotones and grassland) with high concentration of major habitats, diverse plant and animal species, significant geological and geomorphological phenomena in the form of hollowed out volcanic chimneys lined with basalt breccias containing crack-seal veins.
National natural monument	Radouč	1.6	W	1.47	Protection of significant calcicole and thermophilic communities of argillaceous rocks with a unique occurrence of needle sunrose (<i>Fumana procumbens</i>) in Bohemia.
Natural monument	Bezděčín	2	SW	75.11	Protection of critically endangered species, such as the European ground squirrel (<i>Spermophilus citellus</i>), whose population is residing in grassed areas of this natural monument.
Natural monument	Podhradská tůň	3.4	N	3.07	Landscape with significant natural and aesthetic value, especially the oxbow lake on the Jizera River, which is a remnant of a meandering waterway with characteristic water surface and floodplain forest ecosystems, including riparian vegetation and aquatic plants. Semi-intensive fish farming and sport fishing take place in the area, with an emphasis on maintaining the equilibrium necessary to achieve full restoration of this ecosystem.
Natural monument	Lom u Chrástu	4.3	SW	1.47	Significant paleontological deposits of Cretaceous middle Turonian fauna, which is one of the baselines supporting profiles for stratigraphy of the Bohemian Cretaceous Basin.
Nature park	Chlum	1.5	S	1,319.00	Mainly oak and hornbeam forests, locally with acidophilic oak woods or herb-rich beech forests. The herbaceous layer contains rare or protected species of plants, such as white helleborine (<i>Cephalanthera damasonium</i>), common hepatica (<i>Anemone hepatica</i>), Lily of the valley (<i>Convallaria majalis</i>), hazelwort (<i>Corylus avellana</i>), hairy sedge (<i>Carex hirta</i>), wood sedge (<i>Carex sylvatica</i>), Chinese lantern (<i>Alkekengi officinarum</i>), sweet woodruff (<i>Galium odoratum</i>), Turk's cap lily (<i>Lilium martagon</i>), wood anemone (<i>Anemone nemorosa</i>), Solomon's seal (<i>Polygonum multiflorum</i>), salisbury (<i>Dryopteris pulchella</i>), baneberry (<i>Actaea</i>), and others. The area also harbours many insect species, such as mallow skipper (<i>Carcharodus alceae</i>), purple emperor (<i>Apatura iris</i>), large poplar longhorn beetle (<i>Saperda carcharias</i>), several species of longhorn beetles, and jewel beetles.

The birds are represented by the European robin (*Erithacus rubecula*), great spotted woodpecker (*Dendrocopos major*), Eurasian nuthatch (*Sitta europaea*), Eurasian collared dove (*Streptopelia decaocto*), Eurasian jay (*Garrulus glandarius*), common buzzard (*Buteo buteo*), willow warbler (*Phylloscopus trochilus*), European green woodpecker (*Picus viridis*). Other animals include amphibians, such as the common water frog, European water frog (*Pelophylax esculentu*), European tree frog (*Hyla arborea*), and the common toad (*Bufo bufo*).

Nature park	Jabkenicko	9	SE	556	Continuous forest area, absence of larger settlements, and a system of forest ponds supplied with water from forest complexes, and thus uncontaminated by washes from the fields and waste from the municipalities. It is a system of ponds on Jabkenický creek, the largest of which is Vidlák, the system on Svatojiřský (Hladoměřský) creek, and a variety of small ponds on forest streams, which serves as a refuge for a number of formerly common, now vanishing aquatic animals and plants. Original pine oak forests, now mostly converted to cultural pine forests with smaller areas of native oaks, but also non-native trees, especially spruce. More varied vegetation is located in the valley indentations, with preserved fragments of hornbeam-oak woodlands, wet alder forests in the floodplain, and wet floodplain meadows.
Nature park	Čížovky	9	SE	386	Landscape of water areas, wetlands, meadows, remnants of old orchards, and valley slopes covered with forests. These habitats provide an environment for many different species of plants and animals. Animals living in the park include several species of endangered amphibians, owls, kingfisher (<i>Alcedo atthis</i>), white wagtail (<i>Motacilla alba</i>) and grey wagtail (<i>M. cinerea</i>), great spotted woodpecker (<i>Dendrocopos major</i>) and lesser spotted woodpecker (<i>Dendrocopos minor</i>), red-backed shrike (<i>Lanius collurio</i>), Eurasian coot (<i>Fulica atra</i>), garden warbler (<i>Sylvia borin</i>), sedge warbler (<i>Acrocephalus schoenobaenus</i>), and several species of bats. The park area harbours many interesting habitats, for example pigra, fescue and sedge meadows. Many plant species grow in the park, including marsh fern (<i>Thelypteris palustris</i>), shining pondweed (<i>Potamogeton lucens</i>), horned pondweed (<i>Zannichellia palustris</i>), pepper saxifrage (<i>Silaum silaus</i>) field wormwood (<i>Artemisia campestris</i>), several sedge species, such as soft-leaved sedge (<i>Carex montana</i>), greater tussock-sedge (<i>Carex paniculata</i>) and cyperus sedge (<i>Carex pseudocyperus</i>), common centaury (<i>Centaureum erythraea</i>), northern bedstraw (<i>Galium boreale</i>), valerian (<i>Valeriana dioica</i>), Kashubian vetch (<i>Vicia cassubica</i>), mountain parsley (<i>Peucedanum oreoselinum</i>), and others.

Kvasiny plant

Category	Name	Distance	Direction	Area (ha)	Object of protection and notes
Protected landscape area	Orlické Hory Protected landscape area	5.5	NE	23,387	Protection of the appearance and typical character of the landscape. Its distinctive features include in particular its surface profile, including watercourses and water areas, vegetation cover and its wild fauna, as well as the layout and use of forest and agricultural land fund, settlement structure of the areas, urban structure of settlements, local vernacular architecture, and construction works of a monumental or dominant character.
Nature reserve	Skalecký háj	8	N	3.16	Forest vegetation with natural composition of tree species and rich herbaceous layer – common cowslip (<i>Primula veris</i>), wild arum (<i>Arum maculatum</i>), and rue-leaved isopyrum (<i>Isopyrum thalictroides</i>). The most important plant species is a rare Czech endemic orchid species <i>Epipactis albensis</i> .
Natural monument (proposed) Special Area of Conservation (SAC)	Uhřínov-Benátky	5	NE	4.94	Populations of highly endangered species, such as dusky large blue (<i>Phengaris nausithous</i>). Active protection of its habitat and appropriate interventions and management of the watercourse, grasslands, and other vegetation concerned to ensure stability of the population and support its further spread in the locality.
Nature park	Les Včelný	3.5	SE		Slopes and plateaus of lakes covered with forest stands, dominated by coniferous trees, or with mixed stands. The original vegetation in the area was composed of oak and hornbeam woodlands. A total of about 400 plant species were identified in this area. Given the character of the habitats, forest vertebrates are the predominant species in the park. The wetlands around the pond harbours several species of amphibians, while forest bird species nest in the nearby forest stands.

Vrchlabí plant

Category	Name	Distance	Direction	Area (ha)	Object of protection and notes
National park	Krkonoše National Park	1.1	N	36,300	Protection and restoration of self-control functions of the natural systems, strict protection of wild fauna and flora, maintaining the typical appearance of the landscape.
Natural monument	Lom Strážné	7	N	4.22	Calcicole and thermophilic plant communities (including strictly protected species), which developed by succession after the exploitation on a very unusual bare limestone bedrock. This site harbours the largest population of the common spotted orchid (<i>Dactylorhiza fuchsii</i>) in the Krkonoše mountains. Emergence of additional calcicole species is expected in the future. Regarding fauna, the area harbours endangered species of amphibians in ponds at the bottom of the quarry, reptiles on dry sites, and wintering bats in the mine drainage. There are also geological reasons for protection, specifically the remaining lenses of crystalline limestone formed in the inner schist series of the Krkonoše mountains bedrock and karst areas.
Natural monument	Herlíkovické štoly	7	N	0.0025	Protection of permanent hibernacula of various species of bats in old adits.
Natural monument	Labská soutěska	7.5	N	2.8	Protection of unique evorsion structures and riffles in muscovite orthogneiss of the upper Elbe.

Social





Social Sustainability Strategy

The guiding principle of social sustainability is **a respect for human rights and freedoms**.
[See Human Rights.](#)

Social sustainability is one of the **three pillars of Škoda Auto's sustainability strategy**.

In collaboration with the social partner KOVO Unions, the Company is attempting to transition to a new approach based on Creating Shared Value (CSV) principles. CSV enables Škoda Auto to create a shared value between the Company and its stakeholders. This leads to a greater positive impact on society. The Company has identified five key focus areas: Education, Mobility, Volunteering and Employee Engagement, Well-being, and Diversity. For each of these focus areas, the Company sees significant points of interest concerning both external and internal dimensions. The internal dimension is linked to the support of the employees, and the external dimension is linked to sharing the know-how of Škoda Auto with its own partners, especially in the production regions. [See Strategic Focus Areas.](#)



Apart from the Strategy focus areas, Škoda Auto responds to current emergencies and provides immediate support. [See Humanitarian Aid.](#)

On a regional level, strong emphasis is placed on the attractiveness of the regions where Škoda Auto operates, i.e. **Mladá Boleslav, Kvasiny, and Vrchlabí**. [See Community Engagement.](#)

To independently monitor its activities in the field of social sustainability, Škoda Auto takes part in the regular IPSOS CSR and Reputation Research study. Two connected indicators of the study are the CSR Index and Corporate Reputation Index. The Corporate Reputation Index is based on questions measuring the trust and experience that the general public and customers have with the brand. Škoda managed to be the **TOP 2 in 2021 and TOP 1 in 2022**. The CSR index is calculated as the percentage of respondents who perceive the Company as definitely or rather socially responsible minus the percentage of respondents who perceive it as definitely or rather socially irresponsible. Škoda Auto ranked in the TOP 2 position in 2021 and 2022.



Strategic Focus Areas

Education

Support for education has a long tradition at Škoda Auto.

It has historically relied primarily on the development of educational institutions. The tradition of Škoda Auto Vocational school dates to 1927. Since 2013, Škoda Academy has helped connect education of employees and students of the vocational school. In 2000, support for education was further enhanced by the establishment of Škoda University.

Externally, the Company intensively supports technical education and has long been cooperating with 17 universities, 40 secondary schools, and more than 40 primary schools. Part of the external support are projects such as **Science Has a Future, EDU.LAB, EDU week for teachers, Technological Literacy and Technology Olympiad, Days of Technology, and Education for system developers**. Internally, employees are being encouraged in the **development of professional competences**.

40+ primary schools
40 secondary schools
17 universities

Science has a future

The Company is a long-term partner to the "Science Has a Future" programme, which promotes the **motivation of teachers at primary schools**. At the same time, the programme helps to popularise science and technical specialisations. In the reporting period, as part of the programme, 60 methodological materials (2021: 20, 2022: 40) were created for teachers to teach physics using a research approach.



EDU.LAB

The **EDU.LAB** project was established by Škoda Auto in 2021 to **promote technical education** among **primary** and **secondary school students**. By visiting the laboratory, students broaden their awareness of modern technology in the sphere of robotics, thermal vision, electromobility, artificial intelligence, virtual reality, and their use in practice.

The **mobile educational laboratory EDU.LAB visited** more than **3,000 pupils, teachers,** and other interested technology parties on its roadshow around the country in 2021. **In 2022, this figure doubled to 6,000,** making its appearance at events focused on promoting technology, such as the NATO Days in Ostrava and the Maker Fair festival in Brno and Mladá Boleslav. For one week, the EDU.LAB was also available to students in Žilina and Bratislava.

EDU Week for teachers

In cooperation with Škoda Auto University and the Škoda Auto Endowment Fund, the Company organised **the annual EDU Week** of lectures and seminars for educators of all types of schools and educational institutions in 2021 and 2022. In-person workshops took place in Škoda Auto's regions. Online webinars were accessible to participants from across the Czech Republic. Teachers learned about pressing topics, such as **harmless communication, bullying, aggression, and social media approaches**. A child psychologist focused on the mental well-being of children and educators, as well as lecturers from the non-profit organisation People in Need also participated. In 2021, 871 participants attended 18 online webinars. In 2022, when on-site sessions were organised, 568 educators participated in the free educational activities.

9,000 EDU.LAB visitors

1,439 participants of EDU Week

Technological Literacy and Technology Olympiad

The Company continued to support technical education in the Czech Republic by participating in the **Technological Literacy and Technological Olympiad projects** in the reporting period. These are a series of expert lectures with a subsequent nationwide competition for Czech secondary school students under the auspices of the Faculty of Electrical Engineering at the Czech Technical University in Prague and the Ministry of Education, Youth and Sports of the Czech Republic.

The Technological Literacy project aims to promote technological literacy and demonstrate that technology has broad future applications. At the same time, it seeks to show students that **modern technology is not only related to programming and mathematics, but also to social sciences with implications for ethics**. Škoda Auto, as the general partner, provided experts from technical development, who helped to create a standardized lecture for schools and provided financial assistance for the entire project.

Days of Technology

In June 2022, the Company held an extensive educational program called Days of Technology at the Kvasiny plant, which introduced students from local primary schools to the prospects of studying technical fields. During the four days, **269 students and teachers** from primary schools in the region visited the plant and were able to get a close look at modern automotive industry technologies.



Education for system developers

Education plays a vital role in successful digital transformation. That was the main reason why Škoda Auto founded 42 Prague in 2021. **42 Prague is a peer-to-peer coding institution** with a world-class curriculum empowering the next leading generation of tech talent in Central and Eastern Europe. Through the educational model, students are trained to **become qualified software engineers**, designing inclusive solutions for the challenges of today and tomorrow. Up to **450 future programmers** will be trained here free of charge in the next 5 years as they prepare for new careers and professional roles. Based on peer-to-peer feedback and gamification, the most important software programming languages will be taught practically, with an additional focus on continuous learning and strengthening social skills.

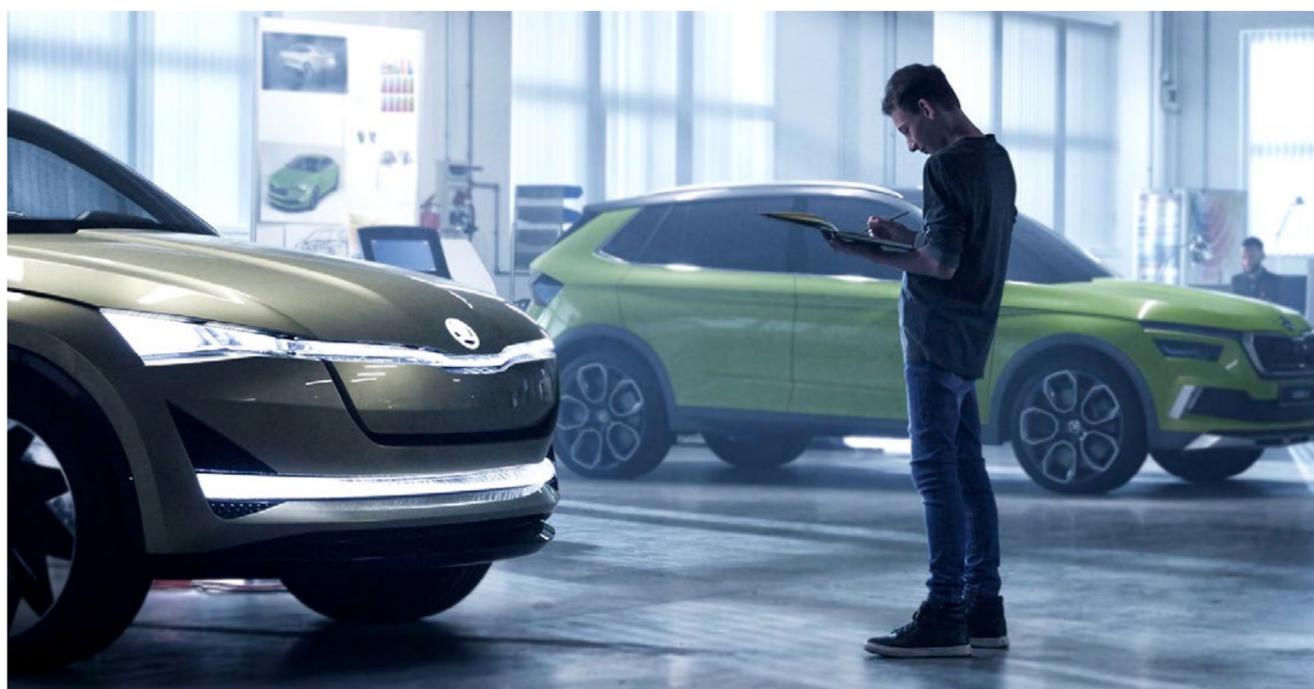
Škoda Auto also supports the **IT education of women and children**. In cooperation with Czechitas, it organises short- and long-term courses for women and children who want to strengthen their IT skills.

Professional education and development

Professional training is a key instrument of Škoda Auto to advance the Company's **competitiveness and sustainable growth**. Therefore, the Škoda Academy offers a wide range of on-the-job and off-the-job measures for all employees to support **up- and re-skilling**, for example:

- digital competences and tech skills,
- technical education and e-mobility,
- language courses,
- specialised trainings for concrete target groups – foremen, managers, trainees, and experts,
- soft skills courses, team, and peer group workshops,
- leadership, cultural and mindset topics, mental, and physical health.

The Company considers the right skills and employee empowerment to be a major key to successful transformation. The Škoda Academy therefore sees its task as offering training courses that are not only relevant in terms of content, but also to motivate employees to learn independently and enable them to develop continuously.



The Škoda Academy

continuously supports the Company-wide effort of getting and retaining qualified employees especially in the following areas:

Company founded **university** offering combined economic and technical programmes.

Delivering a **transformation portfolio** based on product, digitalisation, factory and mindset, with corresponding working methods.

Own vocational **school** (currently almost more than 800 apprentices).

Mindset and culture measures and activities.

Offering **practical training** for students.

New cooperation with **42 Prague** for **high-level upskilling** of Software and Coding skills.

Attendance at student and apprentice job fairs, **cooperation** with primary, secondary schools and universities, **support** of student organisations, **arranging** of lectures and seminars.

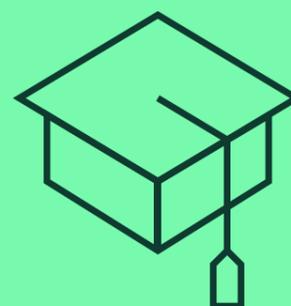
Area supports in project management, change management, agility.

Development paths, evaluation, and **performance support**.

Building-up an **internal learning ecosystem**.

The Škoda Academy supports and implements educational projects for getting the right qualifications – qualification for transformation, important topics for the development of future skills. Skills management enables a more flexible approach to identifying the potential for personnel development.

Examples of internal programmes for employees in 2021 and in 2022 were:



Digital productivity and skills programs (365 Academy, Junior Data Analyst, Digital Drivers license, Digi4Work, Digital boot camps for managers...).

Azubi Car 8 (Apprentice car) **Škoda Afriq**.

Sustainable Culture activities and Mindset Change activities (Open talks, Role model programme, Culture workshops, GreenFuture workshops, Screw Up Talks, Days for Foremen, Leader to Leader Programs, Culture Workshops for Leaders etc.).

Health and Preventive programmes.

Encouragement for eMobility programme (a programme for all employees of Škoda Auto).

Mobility

Škoda Auto is attempting to ensure **barrier-free and safe mobility for all**. The main ambition in the focus area Mobility is **to enable accessible mobility** to disadvantaged groups and **promote road safety**.

A car in the hands of a person with reduced mobility represents freedom of movement and significantly improves their quality of life. **Accessible mobility for those who need it the most** – that is Škoda's goal. However, mobility should not only be

accessible, but also as safe as possible. That is why, thanks to the expertise of the Transport Safety Research team, Škoda Auto **helps the most vulnerable groups and employees** to get the information they need to be **as safe as possible when travelling**, avoiding dangerous mistakes. This is where the Company's responsibility is directly linked to the product. Škoda Auto employees should then play the role of ambassadors for the topic of road safety.



Traffic safety

Road safety is one of the most important topics in the Social Sustainability Strategy. Škoda Auto wants to contribute to improving the traffic situation on roads by being the leading brand on the market and by actively addressing the issues of traffic education and prevention, with a focus on risk groups, including children, young drivers, and the elderly.

Since 2018 Škoda Auto has been developing the Safe Friday initiative. The project draws on more than **12 years of experience of experts from Škoda Auto's unique Traffic Safety Research team**, which analyses in detail the causes, circumstances, and course of traffic accidents, evaluating how a vehicle can further avoid the consequences of an accident or how its driver or other road users can prevent an accident. During the reporting period, 12,890 children from elementary schools were educated in Traffic safety programme.

Škoda Auto contributes to the education of students and driving school instructors in the Czech Republic by participating in the **Start Driving project**, which includes workshops for instructors that focus on active and passive vehicle safety features as well as the latest assistance systems. In 2021 and 2022, more than 4,000 novice drivers and their parents were trained.

4,000 novice drivers trained

Barrier-free mobility

The Škoda Handy project has been supporting people with disabilities and their family members since 2010. **Škoda Handy Centres assist clients in choosing a suitable car**, provide tailored financing including specially designed insurance, help with car modifications and applications for state subsidies. The Company supports people with disabilities through a network of partners with whom it collaborates on projects that make life easier and more active for people with disabilities. These include cooperation with the Czech Paraplegic Association, the association „Cesta za snem“, and the rehabilitation institutes – Kladruby, Luže Košumberk, and Hrabyně, the Paraple Centre and the Fénix Brno Centre.

In 2021 and 2022, Škoda Auto developed the mobility of the handicapped through the grant programmes “Škoda NEŘÍDIT” and “Cycling Without Barriers”.

In the Škoda NEŘÍDIT grant programme, 11 people were awarded a grant in 2022 to obtain a driver's license. The Cycling Without Barriers grant programme was opened in 2021. Under this programme athletes can apply for financial support to purchase a handcycle, tricycle or modified bicycle. In 2022, five disabled cyclists received this support.

In cooperation with the “Cesta za snem” organisation, a series of three lectures for drivers with disabilities took place directly in rehabilitation centres and institutions, which Škoda Auto has been supporting for a long time.

Volunteering

Volunteer activities is a strong part of the Škoda Auto values. The Company aims to enhance its focus on skill-based volunteering to maximize its positive impact. The Company is **encouraging its employees to share their know-how** through involvement in employee working groups or to become even more involved in the development of the existing employee volunteer community and participate in its direction. Currently, volunteering has 3 main pillars. **Traditional large-scale events, ad hoc voluntary support** during the year and **single voluntary small-scale events** realised by an individual unit.

Apart from contribution of time, effort and talent, the employees provide **financial donations** to various causes.

Employee collections

Employees of Škoda Auto provide financial support to selected projects of non-profit organisations through employee fundraisers.

In 2022, the **employees and Škoda Auto donated CZK 8.9 million** (CZK 8.2 mil. in 2021) to charitable causes. 1,613 employees (1,520 Employees in 2021) participated in these employee collections.

Since 2014, Škoda Auto has been one of the companies that **offer its employees the opportunity to contribute significant financial support to a good cause**, with long-term employee fundraisers being one of the most popular tools for promoting employee social responsibility.

10 non-profit organisations regularly receive financial support from Škoda Auto's employees in the form of payroll deductions, with the amount chosen by the employee. **Škoda Auto doubles these donations.** Twice a year, each non-profit organization receives a donation equivalent to 80% of the amount donated by the employee, with the remaining fifth going towards supporting CSR activities around Škoda Auto's plants in India.

Project objectives:

- Engage employees in social sustainability activities.
- Support activities in the four main priority areas: road safety, access to education, helping children and barrier-free mobility.
- Support local activities by contributing to regional development and employee care.

CZK
9 million
1,613 employees
participated



Large-scale events

The main long-term projects are connected to environmental and social areas.

Let's clean up the world, let's clean up the Czech Republic.

Škoda Auto was the **main partner** of the **national clean-up campaign** known as **“Uklidme svět, uklidme Česko”** (Let's clean up the world, let's clean up the Czech Republic) for the seventh consecutive year in 2021. The campaign runs throughout the Czech Republic and aims to **clean up illegal dumps and waste** in the countryside. The pandemic year of 2020 aside, Company employees put their efforts into cleaning up the areas around their production plants, as is now the tradition. In 2021, volunteers collected 700 kg of waste in the surroundings of the Škoda Auto plants in Mladá Boleslav, Kvasiny, and Vrchlabí.

In 2022, **Škoda Auto mobilized 322 volunteers** from all three of its plants, including dozens of refugees from Ukraine whom the carmaker is supporting in their integration into Czech society, to participate in the Clean Up the Czech Republic event. The April clean-up took place in the Milovice protected landscape area near Mladá Boleslav, followed by a May clean-up along watercourses near Harrachov, which was co-organised by the Krkonoše National Park Administration. The volunteers then headed to the Šerlich Hill area on the ridge of the Orlické Mountains, where the Czech Union of Nature Conservationists organised a litter pick. Overall, the volunteers successfully collected **18 tons of garbage** from these three locations.

External Affairs Team

“We are most proud of how much our Company takes care of its employees even in tough times, while also paying attention to the people living in regions where we have production plants or people who have simply had a more difficult journey in life. Through our projects, we try to simplify and enhance their journey. In addition, we are now connecting the internal environment with the external one more than ever before, and we want to intensify this in the coming years. We understand that for corporate philanthropy to be truly credible, it must come from the people, which is why we want to further expand our volunteer community in the future. Join us, Škoda Volunteers.”





Škoda Trees

“Škoda trees” is a Škoda’s grant programme facilitated by the Partnership Foundation (Nadace Partnerství). Non-profit organizations, educational institutions, civic and interest associations, administrations of the protected landscape areas, and other organisations can apply for financial support for non-commercial forest planting in this programme. Since 2007, the Company has been planting **one tree per every car** sold in the Czech Republic. By the end of 2023, **1,244,080 trees** will have been planted by Škoda Auto’s employees, trainees, and dealers at 200 different locations. There were **163,177 trees** planted in the reporting period. More details about the planting initiatives can be found at hlaslesa.cz.

In the territory of the three Czech plants, the Company has been taking care of a total of **1,423 trees, 27,567 m² of shrubs, and 98,550 m² of local flowering plant species**. The care for greenery is based on an annual certified arborist assessment of a dendrological survey. The Company takes care of regular maintenance (watering, weeding, cutting, raking, pruning), as well as additional care (educational, health and safety cuts or felling in the case of poor condition).

In addition to long-term care for vegetation, the Company maintains three **green roofs, green facades and terraces** (Technological Centre and Motor Centre in Česana and Škoda Auto Vocational School) and several **trellises**. Such projects are beneficial not only for the climate but also for biodiversity and ecosystems.

[See Biodiversity.](#)

Ad hoc voluntary support

To coordinate ad hoc voluntary support, an employee group Volunteers Škoda was established in 2022. Through the internal platform, employees interested in helping during their free time and the demand for volunteers from local NGOs meet in one place. During the first year of operation, hundreds of volunteer hours were worked.

Small-scale events

The third pillar is based on teamwork and the motivation of managers and their departments to help. Škoda employees help mainly with tree plantings, clean-ups in nature, charity work, and financial collections. **In 2021, 74 events with the participation of more than 1,000 employees were recorded. In 2022, volunteering activities were undertaken by 107 teams**, with some teams participating multiple times, resulting in the realisation of **193 events/activities involving 2,038 individuals**.



Teribear

During the reporting period more than 200 volunteers from Škoda Auto took part in the charity running event of Tereza Maxová's Foundation Teribear, otherwise known as Fun Movement with the Bear. The Company is the general partner of this event which helps ensure the same starting line for all children.



Due to the anti-COVID measures in 2021, online participation was also allowed, which led to a higher number of participants and thus higher funds raised. The funds were allocated to help children from disadvantaged backgrounds.

Cooperation with the Tereza Maxová Foundation took place not only in the area of Volunteering but played a major part also in the Well-being focus area.



Well-being

Behind the next focus area of the Social Sustainability Strategy, Well-being, Škoda Auto primarily emphasizes **life satisfaction, as well as physical and mental health**.

Internally, Škoda Auto supports the **holistic health of employees** – care for physical health, as well as development of mental health. Externally, the Company advocates for the support of the **well-being of disadvantaged children**.

Disadvantaged children

The tradition of helping children from disadvantaged backgrounds at Škoda Auto stretches back to the days of Laurin & Klement. Škoda Auto is taking this idea further by not only educating children but also by supporting projects that aim to increase their well-being. Only when they find a balance can they learn and systematically develop their skills.

participation in
63 hospitals

Get Going!

The Get Going! project, implemented as part of a long-term partnership with the Tereza Maxová Foundation, is specifically designed to help **motivate children from children's homes to get education**, help them with their choice of **future occupation**, and support children in their **relationship with their biological family**. 131 children participated in the project in 2021. In 2022 the number of participating children was 82.

Medical Clown

Cooperation with the Medical Clown non-profit organisation also continued in 2021 and 2022. In 2021, The Company helped the organisation maintain its programme of regular clown shows for hospitalised children at 63 Czech hospitals and other special facilities.

On the occasion of the 20th anniversary of successful cooperation in 2022, the Company provided the non-profit organisation Medical Clown with **two Škoda Enyaq Coupé electric cars**.

A **financial contribution of CZK 1 million was made both in 2021 and 2022**. The cars will be used to transport health clowns during their therapeutic activities, which involve visiting children and seniors in healthcare and social facilities, and in the case of long-term sick children, also in their homes. The final appearance of the car was designed by the children themselves in the "A Car for a Health Clown" ("Auto pro Zdravotního klauna") competition.

Health and care of employees

The health and care of employees are integral and essential aspects of the well-being focus area. At Škoda Auto, there are programmes in place to support comprehensive health care while placing great emphasis on prevention.



Physiotherapy programmes

Škoda Auto intensively supports the physical health of employees, especially those in direct manufacturing roles, through programmes focused on physiotherapy. The attendance at these programmes was voluntary and **almost 1,500 employees took part in it**. Participants were very satisfied with the content of the programmes; the overall satisfaction was 96%. Physiotherapy programmes focused mainly on the **prevention of aching muscles, painful back, shoulders, and arms**. The goal was to provide participants with information on how to work while considering ergonomic principles.

Health day

Škoda Auto organised a company-wide campaign "Zdravá záda – Back in Play" in 2021 and 2022. The campaign included numerous events that focused **on examining painful legs, physical abilities, and the mobility of the spinal column**. Employees had the opportunity to seek **advice from medical staff** on improving their physical condition, avoiding pain, and receiving preventive recommendations.



Ergonomics

Škoda Auto recognizes the importance of ergonomics, particularly in the manufacturing department. The company has added new ergonomic tools, manipulators, and balancing tools. Most importantly, they have established **controlled rotation**, which serves to **decrease the physical workload** for employees exposed to higher occupational loads. Škoda Auto was awarded 1st place in the international competition "Safe Company – Good Practice" for the initiative "Controlled Rotation".

In the context of ergonomics, Škoda Auto focuses on preventive ergonomics and increased cooperation in the innovation of new models. The Company not only conducted simulations using CAD data but also utilized virtual reality in the development of new models.

1st place
Safe Company – Good Practice
Controlled Rotation

Mental health

Škoda Auto launched an extensive communication campaign called “**Soul Matters**” focused on mental health. The campaign aimed to **raise awareness about the most common mental health issues**. Participants were provided with information about the main symptoms and how to recognize when something is amiss. The campaign also introduced various resources for seeking help and advice. Each subtopic was accompanied by **a podcast or video, self-examination tests, and advice and recommendations**.

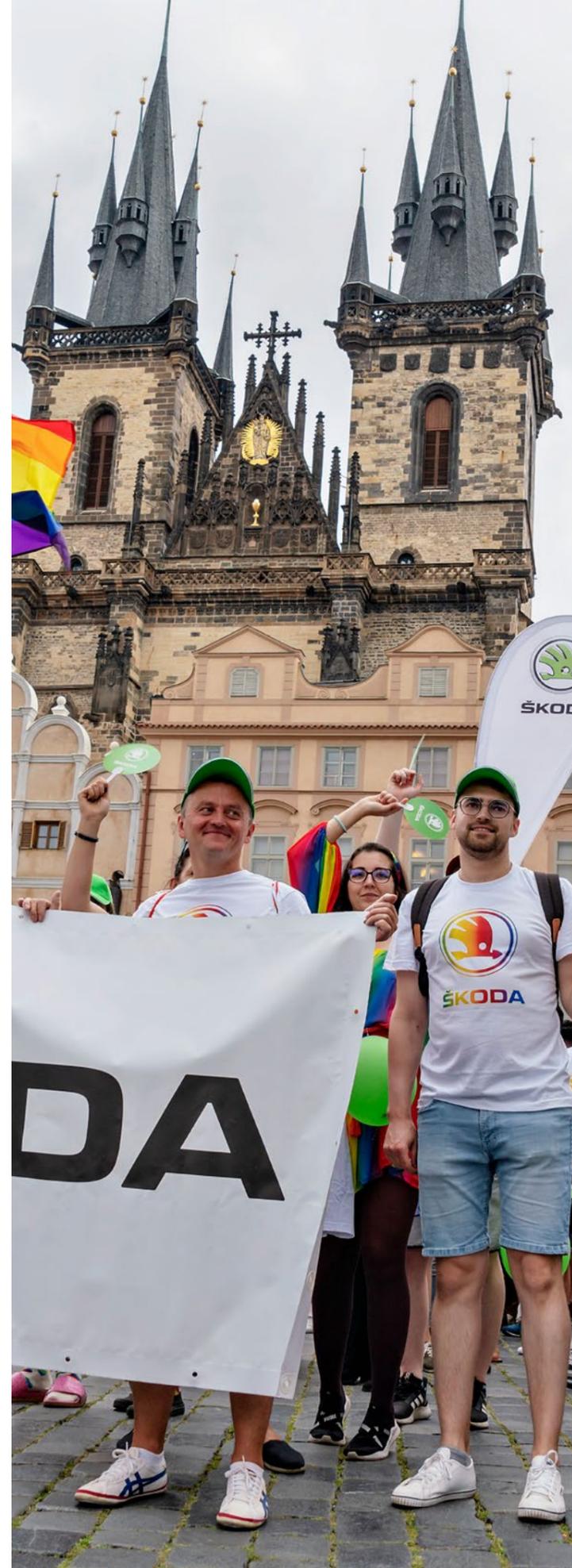
The most popular topics covered in the campaign were depression, burnout, anxiety, and psychosomatic disorders. This initiative garnered significant popularity, with the topics receiving 21,000 views within a span of 9 months.

Moreover, in cooperation with the Škoda Academy, Škoda Auto organized 136 courses on the topic of mental health, with a total of 1,414 participants.



Psychosocial risks are among the primary sources of workplace stress. Therefore, Škoda Auto evaluates the psychological demands of jobs. In 2022, a **rating system for the psychological demands of office jobs was developed and published**. The findings will be incorporated into the internal system, Hello Success.

For people to fully thrive physically and mentally, they need to feel good, included, respected, and welcomed. That is the point where the focus area of well-being transitions to the next focus area, which is diversity.



Diversity

To succeed in the future, it is vital to be aware of and promote individual diversity. The evidence strongly supports that **more diverse teams achieve better results and are more innovative**. That is why Diversity is one of the focus areas of the Social Sustainability Strategy. Škoda Auto supports diversity primarily internally, but it also acts as an ambassador of diversity outside the Company. The strongest example of external ambassadorship is the official partnership with Prague Pride in 2022.

Škoda Auto has been a **gold signatory of the Diversity Charter** since 2020. The company has actively participated in numerous professional conferences, further reinforcing its image as a leader in diversity and inclusion and as a responsible employer.

The Diversity Charter is available at diverzita.cz (available in CZ).

Discrimination and harassment are not tolerated in the internal policies. The policies prohibit discrimination and harassment based on race and ethnicity, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national origin or social origin and other forms of discrimination.



Diverzita.cz

2030 Diversity Strategy

In May 2022, the **2030 Diversity Strategy was created and communicated**. The new strategy defines the direction of diversity, equity, and inclusion until 2030. It introduces new KPIs and considers future legislative and Group requirements.

These are the key areas in the Diversity strategy:

- a human being is at the epicentre of interest,
- an inclusive workplace with a high level of psychological and physical safety,
- well-being and flexible forms of work are standard working conditions,
- monitoring and compliance with legal and Group requirements,
- DEI (diversity, equity, inclusion) is part of Škoda Auto's corporate culture,
- best Role Model in Diversity and Trend Setter.

The vision of DEI: Škoda Auto – a place for everyone

Mission: Škoda Auto gives everyone the opportunity to develop and use their potential in a natural and safe environment with respect to their individual qualities.



Values

- Humanity
- Respect
- Openness

KPIs measured within

Diversity index

Future KPIs

- Diversity mindset index
- Flexibility
- Disabilities
- Equal pay

Key Activities



Škoda Auto is committed to promoting gender equality and equal opportunities. By 2030, the company aims to have one in every four management positions filled by women. Additionally, Škoda Auto supports employees from the LGBT+ community, introduces measures to support colleagues with disabilities, encourages intergenerational cooperation, and implements pro-family policies. The Company is dedicated to actively supporting and strengthening Employee Resource Groups.

Škoda Auto's approach to equal opportunities is defined in its code of conduct. [See Code of Conduct.](#)

“We offer equal opportunities for everyone. We do not discriminate or tolerate discrimination on grounds of ethnic or national origin, sex, religion, views, age, disability, sexual orientation, skin color, political views, social background or any other characteristics protected by law. We embrace diversity, actively encourage inclusion and create an environment that fosters each employee’s individuality in the interests of the Company. As a matter of principle, our employees are chosen, hired and supported based on their qualifications and skills.”

Code of Conduct - 4/Equal opportunity and equal treatment (Corporate principle), page 14

Škoda Auto Diversity report 2021 can be found [here](#).

Škoda Auto Diversity report 2022 can be found [here](#).



Diversity report 2021



Diversity report 2022

A major shift in 2022

In May 2022, Škoda Auto celebrated the **European Diversity Month** under the theme “Each of us is unique. Diversity is what unites us.” As a result of this initiative, Škoda Auto was honoured with an award in the TOP Responsible Company 2022 competition.

For the first time, Škoda Auto became an **official partner of the Prague Pride festival** held in August, which is dedicated to promoting the rights of the LGBT+ community. The festival featured an extensive programme consisting of nearly 150 workshops, debates, theatre performances, and concerts.

European Diversity Month involved the participation of over 20,000 employees. Through wide communication across various platforms and the organization of more than 15 events, the Company was able to address several dimensions of diversity, including gender balance, family-friendly policies, LGBT+ inclusion, internationalization, and more.

As part of the support of diversity and inclusion in the Company, **a dedicated diversity department** was created where 2 full-time employees are working on the development of this area.

European Diversity Month
20,000 employees



Community Engagement and Development of Škoda Auto Regions

Support for the sustainable **development of the Mladá Boleslav, Kvasiny, and Vrchlabí** regions has been a long-term priority at Škoda Auto. The Company has invested tens of millions of CZK in the focus areas during the reporting period. The implemented support was based on the identified needs and specificities of all three regions through regional development studies and public opinion surveys.

Škoda Auto employees have played a direct role in many of these initiatives. In the future, local activities and support will primarily be channelled through the Škoda Auto Endowment Fund. Projects under the Škoda brand, on the other hand, will mainly be implemented in other regions and abroad.

Škoda Auto Endowment Fund

The Škoda Auto Endowment Fund was established by Škoda Auto in 2018 to share the economic prosperity and enable sustainable growth to both Škoda Auto and surrounding communities. The aim of the 780 million CZK Endowment Fund is to use targeted investment to harmonise economic development at the Company with the **development of the Mladá Boleslav, Rychnov and Vrchlabí** regions. The Fund works hand in hand with local communities and other stakeholders to **enhance the attractiveness of mentioned regions** and ensure **their sustainable development**.

In the first phase of its operation, the Fund focused on systematically supporting the development of Mladá Boleslav. Gradually, it expanded its support to the regions of Vrchlabí and Rychnov. The Škoda Auto Endowment Fund has been a member of the Donors' Forum since 2021.

nové»»
boleslavsko

nové
rychnovsko

nové
vrchlabsko

The activities of the Endowment fund are aimed at achieving the Sustainable Development Goals (SDGs) defined by the United Nations focus on three program pillars:

Grant programmes

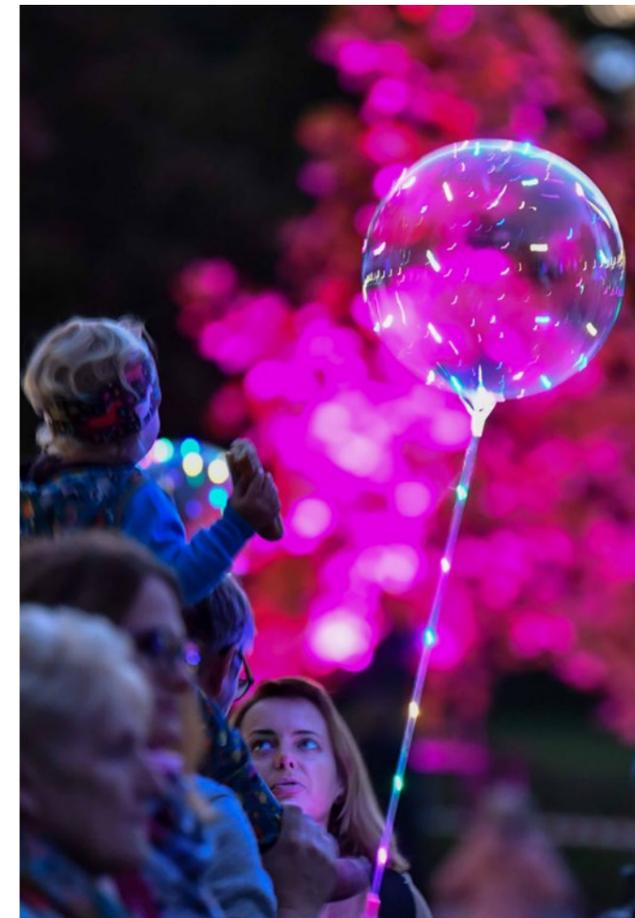
to strengthen civil society, cultural life, education, and the development of social services.

Strategic projects

developed with partners that contribute to the revitalisation of public space and historical monuments.

Philanthropic projects

with a long-term impact, including support for community engagement, public fundraising, or the development of the quality of primary and pre-schools.



Grant programmes

Dozens of projects focused on developing civil society, culture, local heritage, leisure activities for children, and social care receive support through grant schemes. The objective of these schemes is to promote public involvement in regional development initiatives and address identified challenges. In the reporting period, Škoda Auto Endowment Fund supported more than 240 projects in 8 thematically specific grant calls.

Selected projects

That's my home	Supporting activities developing community life and good neighbourly relations, overcoming anonymity, inspiring interest in public space, creating new and improving existing meeting places.
Municipal leisure facilities	To create new or improve existing facilities for meetings, leisure or physical activities for all citizens.
Children matter	Improving the quality and range of leisure and non-formal educational activities for children aged 3 to 18, with a particular focus on supporting their all-round development, preventing risky behaviour and psychological problems, and supporting the integration of children from disadvantaged families.
Green for Culture	Support of talented artists, inspiring events, to initiate bold and visionary projects with unique cultural content linked specifically to the region of Mladá Boleslav, Rychnov and Vrchlabí.
Forgotten Stories	Building and preserving the historical memory of Škoda's regions, to preserve even small stories of Škoda's regions, which are provided by inhabitants themselves.
Region without barriers	Helping to create safety nets in the regions and restore joy and dignity to people. Program focused on social inclusion, support to caregivers and home palliative care.
Road safety and prevention	Builds the key pillars of prevention: educating at-risk groups, especially children, as well as eliminating risk areas based on tips from residents.
Scholarships for high school students to study abroad	Providing support to talented high school students aged 15 and above, enabling them to participate in cultural and educational stays abroad.

Sustainable development – strategic projects with partners

Biotop Kosmonosy	Revitalisation of an unused swimming pool and the creation of a leisure area.
Bridge over the Jizera River	Support for the creation of a pedestrian and bicycle bridge over the Jizera river near Česana in Mladá Boleslav.
Community tree planting	Launch of the Green Cities initiative in which 370 enthusiastic volunteers, along with other partners, planted a total of 413 trees and shrubs in 2021.
Bike-sharing support	Support for bike-sharing in the regions and the development of new cycling paths.

Philanthropy

Cooperation with local schools

By supporting students and teachers, the Škoda Auto Endowment Fund develops the human potential in the regions. Programmes such as Škoda EDU or cooperation with the Škoda Auto University cover the entire educational cycle from kindergartens to continuing adult education.

Znesnáže21 cooperation

Endowment Fund supports and shares public collections helping with difficult life stories from home regions to with the intention of encouraging public involvement in supporting others and emphasizing that it is normal to ask for help.

Supporting the Klaudian Hospital

The Škoda Auto Endowment Fund helps the Klaudian Hospital, significantly shortening the necessary hospitalisation time and speeding up diagnosis thanks to new modern equipment.

All current information regarding the Škoda Auto Endowment Fund, including the Annual Reports, is available at nfsa.cz/en.



The Škoda Auto Endowment Fund



Humanitarian Aid

Aid to South Moravia

In 2021, Škoda Auto held an employee collection to help South Moravia and the area of Lounsko, the area hit by the devastating tornado. The aim of this collection was to provide financial resources to those in need from the region.

The Foundation for the Development of Civil Society was entrusted with the administration of this one-time collection. Thanks to the support of employees, the KOVO Unions in Mladá Boleslav and the subsidiary companies ŠKO ENERGO and Digiteq Automotive, the total raised amount reached **CZK 8.5 mil.**

In addition to financial aid, the Company also rented more than 50 cars and donated bicycles to the people affected by the tornado.



Help to Ukraine

The Company reacted immediately following the outbreak of war in Ukraine in 2022 in cooperation with the KOVO Unions.

The Company had several suppliers in the Ukrainian and Russian markets, and over 600 Ukrainian employees working in the

Czech Republic. In response to the critical situation the Company released more than CZK 20 million. The aid was focused in three areas – aid to Ukraine, aid to employees and their families, and aid to regions where Škoda Auto hosts refugees.

20
million CZK

Direct aid to Ukraine

Direct financial support was sent to the Tjachiv Hospital and through the activities of the People in Need foundation. Rapid material assistance and logistical support to Ukraine was provided in cooperation with the Eurocar plant in Solomonov, where a centre for refugees was established. Škoda Auto transported approximately **20 trucks** full of equipment donated by the public, the employees, and the Company.

Aid to Ukrainian employees

An **information hotline** was set up for employees and their families, transportation and accommodation in Company housing facilities were provided, as well as support with integration. This included specifically, obtaining visas, education, and ideally, in finding employment for their family members.



Integration of refugees in the Czech Republic

Immediate **financial aid of CZK 2 million** for the regions of Rychnov nad Kněžnou, Mladá Boleslav, and Vrchlábí was provided upon the arrival of Ukrainian refugees in the regions.

The Company focused on supporting the integration of Ukrainian refugees, including **mental health** care support "Safety Line", **integration of women and girls** (e.g. IT and digital literacy courses), organizing **volunteer and community activities, educational activities** in cooperation with Škoda Auto University and Škoda Academy (summer camps for children and youths aged 6–15 with various activities, excursions and games, support for communication in the Czech language and also **Czech language courses** for Ukrainian students, adults, and healthcare professionals).

The Škoda Auto Endowment Fund was entrusted to **implement humanitarian aid** on behalf of Škoda Auto, KOVO Unions and Volkswagen Belegschaftsstiftung. Its support was primarily focused on **increasing educational capacities, improving equipment for kindergartens and elementary schools, and providing support in the field of mental health**. The aim of the Škoda Auto Endowment Fund's grant calls was to promote the cohesion of the entire region, filling any gaps that were not covered by public resources. A total of 25 projects were supported with a total amount of more than **CZK 5.4 million**, which supported over **1,250 child and adult refugees** in all Škoda Auto regions.

The story of a refugee Ekaterina Azizova can be found at [Škoda Storyboard – Škoda World](#).



The story of Ekaterina Azizova





Policy and Ambitions

The policy ambitions concerning the Company's own workforce are aligned with the Social Sustainability strategy. More details [see Social Sustainability Strategy](#).

Actions

Actions related to Health and Safety play a prominent role in the efforts to **enhance the overall quality of life of Škoda Auto's workforce**. Additionally, employee initiatives are designed to extend the positive social impact of Škoda Auto and foster a sense of solidarity among employees. The ZEBRA initiative specifically aims to engage employees in activities regarding improvements and innovations. [See ZEBRA](#)

Own Workforce

With an unwavering belief in the **importance of its workforce**, Škoda Auto consistently strives to improve the **work environment** and enhance the overall **work experience** for its employees. Employee engagement is crucial not only for financial performance but also for facilitating communication, feedback mechanisms within the Company, and innovation across all areas. As a result, Škoda Auto is involved in multiple projects in different domains to enhance employee engagement and the sense of belonging.

Škoda Auto recognises that **acquiring and developing talents** are key factors for the Company's successful growth. The goal is to retain staff in the long term. Therefore, it is essential for Škoda Auto to address the evolving needs of its employees, both domestically and internationally. Škoda Auto aims to attract new prospective employees, who are interested in contributing to the positive development of the Company, from both domestic and international sources.

Emphasizing diversity, Škoda Auto upholds the principles of equal opportunities and fair remuneration for all employees. Furthermore, Škoda Auto strives to build lasting and close relationships with all its employees.

diversity

equal opportunities

fair remuneration

Healthy employees in a safe working environment

Health and care

Health and care are integral aspects of the well-being focus area at Škoda Auto. The Company has implemented programmes that support strong comprehensive healthcare and places a strong emphasis on prevention.

Škoda Auto has also established an Occupational Safety and Health (OSH) management system that surpasses legal requirements.

In 2022, after 3 years, the Company obtained a new certificate according to **ISO 45001:2018 Occupational Health and Safety Management Systems**, which it subsequently retained. This system encompasses internal employees, agency workers and employees of external entities.

The OSH strategy at Škoda Auto remains guided by the motto: "Healthy employees in a safe working environment". The Company's procedural and organisational documentation outlines the process of identifying and assessing risks, establishes a system for regular health and safety inspections, delineates the responsibilities of company management, and defines procedures for recording, reporting, and investigating workplace accidents.

Furthermore, the **collective agreement**, which governs individual and collective relationships between individual employees and the employer, includes a chapter dedicated to collaboration between the Company and the KOVO Unions in the realm of OSH. Regular employee training in this field is conducted and integrated into the organisational standard.

Data related to occupational accidents and incapacity for work

	2021	2022
Deaths of internal employees due to occupational accidents or illnesses	0	0
Incapacitating work injuries	46	35
The number of incapacitating work injuries per 1 million hours worked	0.9	0.7
Recorded cases of occupational illnesses	5	3
Days missed due to accidents at work	1,688	978
Days missed due to occupational illness	102	79

ZEBRA

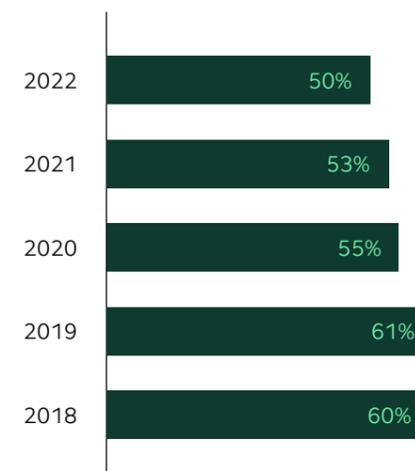
ZEBRA is an incentive programme that encourages innovative thinking among employees and facilitates the implementation of ideas for savings and improvements within the Company. The successfully participating employees are financially and materially rewarded.

It is the oldest innovation programme at Škoda Auto and it is managed by the Idea management department, which works closely with the social partner. Improvements can actively influence all processes and activities in the Company. The programme regularly helps to **save millions of Czech crowns** a year and to implement **thousands of small and large improvement ideas** that cannot be quantified financially. The benefits are savings in materials, costs, and labour, improved efficiency of production processes, increased safety of employees, improved environment and ergonomics, higher product quality etc. Improvements help the Company respond to opportunities and risks related to changes in the market and directly support the efficiency, profitability, competitiveness, and sustainability of the Company.

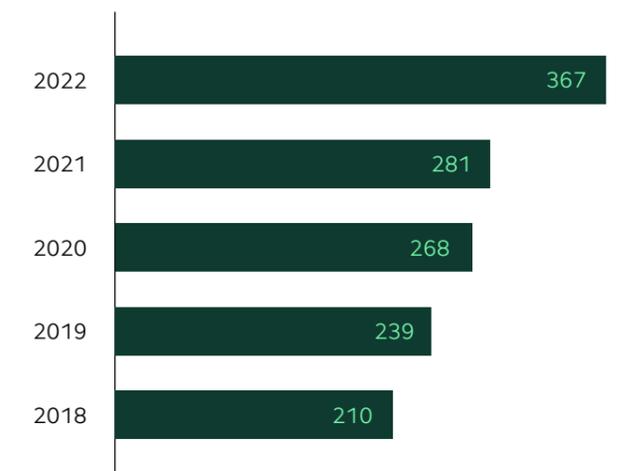
The year 2022 brought one of the most significant transformations of the ZEBRA Improvement Programme in the last decade. Idea management is now clearly focused on the quality of proposals rather than the quantity, on the speed of delivery processing, and on streamlining the entire programme. As part of the change in strategy, staff rewards for implemented proposals were increased. Thus, authors can receive more than one million crowns for an improvement proposal.



Implementation rate of ZEBRA proposals



Financial savings within the programme ZEBRA in millions of CZK per year



Risks and Impacts Assessment

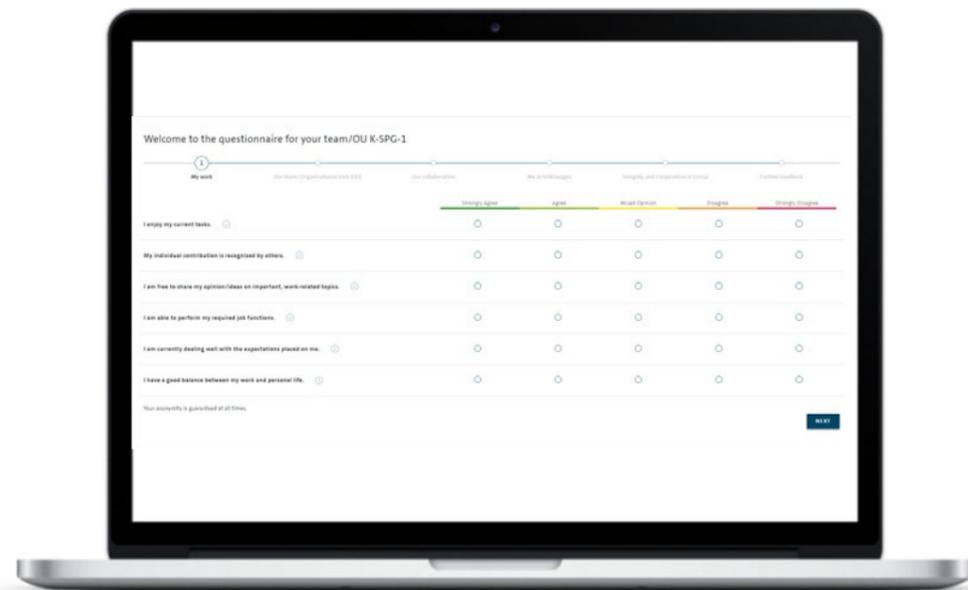
In the stakeholder dialogue, employee related topics were considered an essential part of the Company's materiality topics. Stakeholders evaluated the Company's relationship with employees and their health and care as material. [See Stakeholder dialogue.](#)

At the same time, the own workforce forms an integral part of the risk management system, being included for instance in the risk cluster on HR risks (e.g. health and safety related; [see Risk Management System](#)). Regular communication with its employees is the primary method through which the Company prevents risks and mitigates impacts in the realm of its own workforce. The main topics covered in the ongoing communication are employee relations, working conditions, remuneration and collective wage agreements, vocational and professional training, personal development and social commitment, diversity, health, and ergonomics.

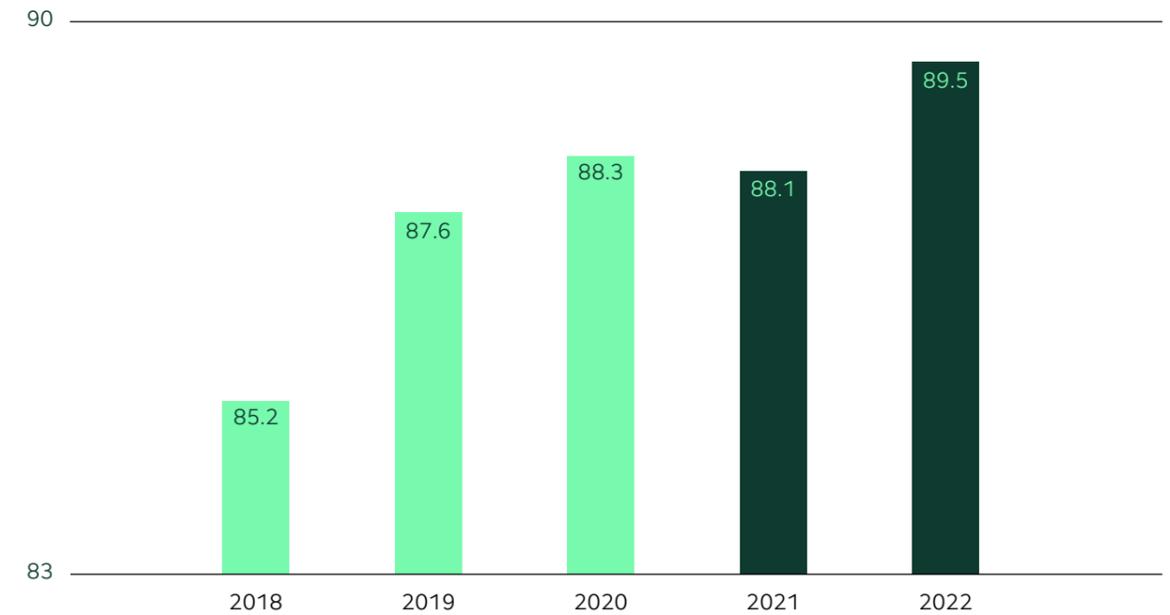


The Stimmungsbarometer

The Group-wide employee satisfaction survey "Stimmungsbarometer" enables a **fully digital and completely anonymous collection of feedback** from all Škoda Auto employees. The questionnaire consists of a total of 24 questions thematically divided into five blocks, which are rated on a points scale with options ranging from "strongly agree" to "strongly disagree". Given the one-year interval of the survey, a **positive trend of increasing employee satisfaction** over time can be observed. Continuous work with the results improves the situation in the teams and thus influences the results of subsequent evaluations.



Employee satisfaction index (in %)



The aim of collecting feedback from employees is to **assess satisfaction, identify risks and negative impacts on employees.**

Employees receive information on how to communicate complaints from their supervisors or via the employee intranet.

If a complaint is received, it is recorded in the system, given a specific label, an investigation team is appointed, and the case is subsequently investigated.

In addition, a summary of the investigation is prepared, the case is discussed in the Personnel Committee and the agreed conclusions are then implemented. The conclusion may be a recommendation or the implementation of disciplinary action. Everything, including the disciplinary action taken, is monitored, evaluated, and recorded. The procedure is specified in an internal methodological guideline.

Olga Fikarová

Currently in Compensation and New Work,
with Škoda Auto since 2010

“I returned to work about a year ago after spending the last 5 years on parental leave. From my perspective, I can say with certainty that I see huge progress not only in the field of automotive technology, but above all, I see that Škoda Auto has been able to respond flexibly to changes in the market and has started to actively support the use of flexible forms of work and a work-life balance. Typically, this involves primarily the use of home office by employees whose job allows it.

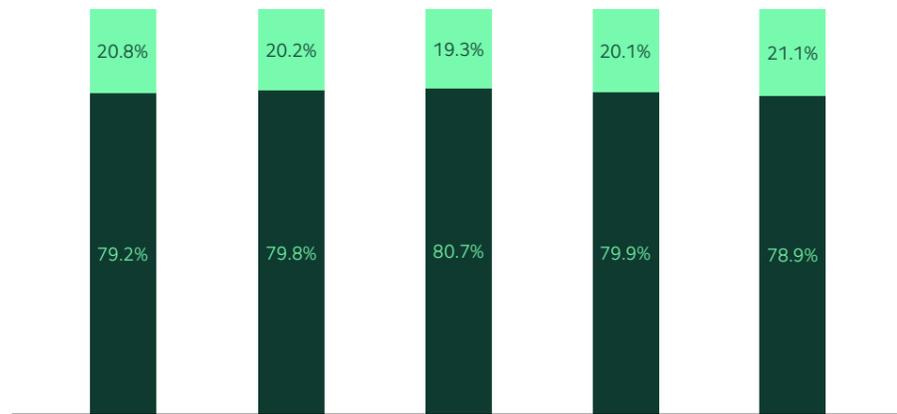
Furthermore, the company supports reduced working hours, which are mainly used by parents or employees who care for family members. We already have several employees in the company who share workspaces.”



Data and Specific Disclosures

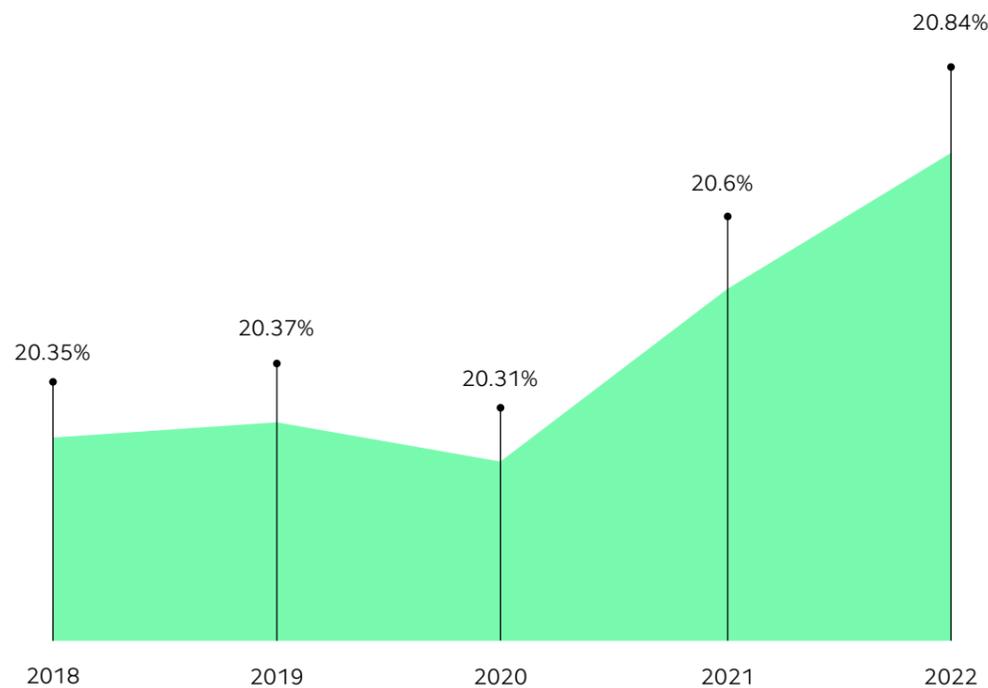
Diversity

Employee structure by gender



Škoda Auto's current personnel system provides only two gender options, "male" or "female". However, the Company is planning to implement a new system that offers more gender identity options.

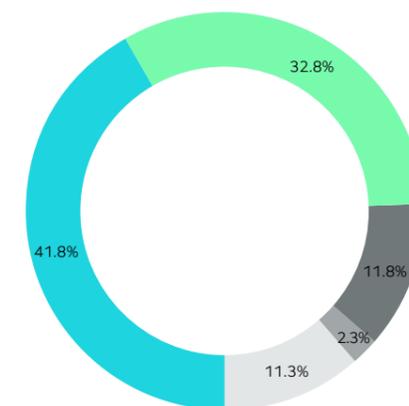
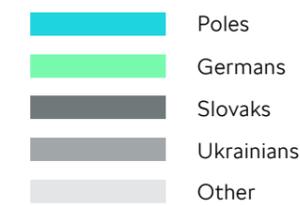
Share of women among core staff



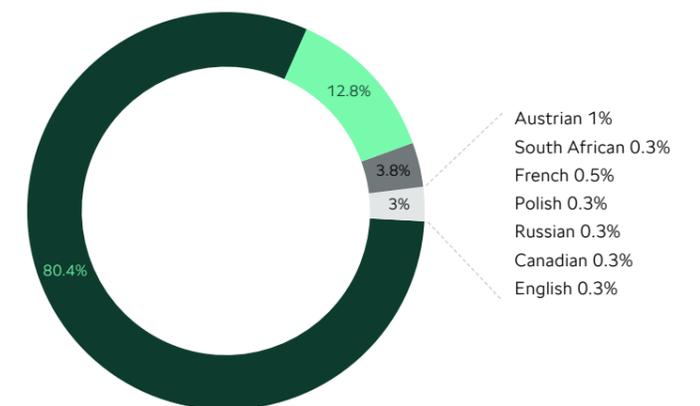
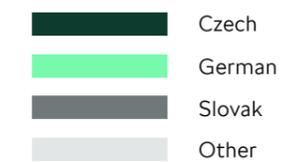
Nationality structure of employees in 2022 (%)



Share of foreign nationals among foreign core staff (100%)



Nationality in senior management in 2022 (%)



Characteristics of employees

Year 2021			
	Female*	Male*	Total
Number of employees (head count/FTE)	7,242	27,911	35,153
Number of permanent employees (head count/FTE)	6,907	26,995	33,902
Number of temporary employees (head count/FTE)	647	2,724	3,371
Number of non-guaranteed hours employees (head count/FTE)	147	162	309
Number of full-time employees (head count/FTE)	7,149	27,903	35,052
Number of part time employees (head count/FTE)	93	8	101

* Gender as specified by the employees themselves

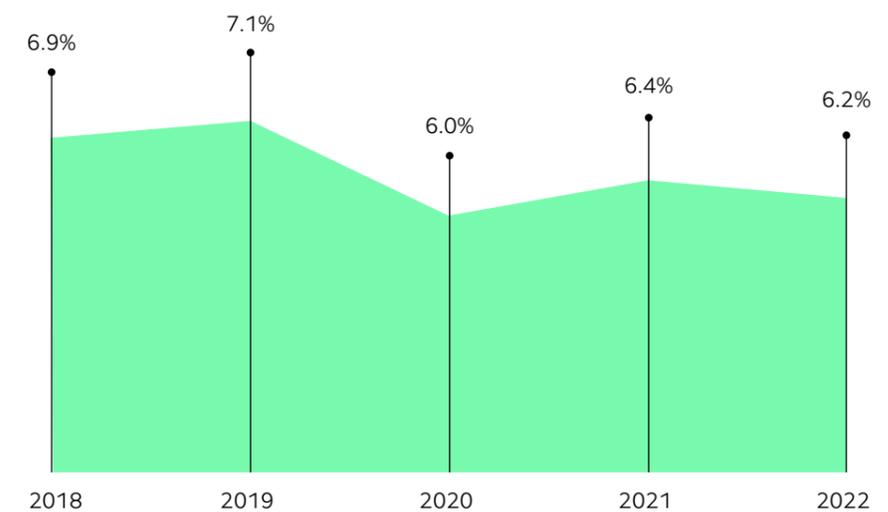
Year 2022			
	Female*	Male*	Total
Number of employees (head count/FTE)	7,136	27,113	34,249
Number of permanent employees (head count/FTE)	6,976	26,773	33,749
Number of temporary employees (head count/FTE)	902	2,366	3,268
Number of non-guaranteed hours employees (head count/FTE)	134	136	270
Number of full-time employees (head count/FTE)	6,997	27,101	34,098
Number of part time employees (head count/FTE)	139	12	151

* Gender as specified by the employees themselves

Year	2018	2019	2020	2021	2022
Core staff	32,738	33,881	34,514	35,153	34,249
Temporary workers	2,789	3,232	3,262	2,120	2,768
Apprentices	958	948	923	879	814
Summary	36,485	38,061	38,699	38,152	37,831

Turnover

Annual employee turnover (%) – total



Contracts, financial rewards, and benefits

Škoda Auto implements an **equal pay system** to ensure that female and male employees working in the same or similar positions receive equal remuneration. This principle is applied globally across the Group. The wages of employees are determined by collective agreement applicable to all core employees of the Company in the Czech Republic. The wage system comprises a fixed base salary and a variable remuneration component. Additionally, the Company provides supplementary allowances such as those for overtime, on-call duty, and holiday work. The wages and benefits paid for a standard working week will not fall below the relevant national or industry minimum wage in the respective country. The remuneration policy is based on the Labour Code and other regulations under Czech legislation.

The collective agreement applies to all employees of the Company. It applies to all those who have a valid employment contract with Škoda Auto and applies to contracts for temporary work or agreements to complete a job.

The Agency Employment Charter regulates agency employment. However, employees with work agreements outside of the employment relationship are not covered by the collective agreement for rights related to termination, working time, rest periods, work obstacles, and remuneration.

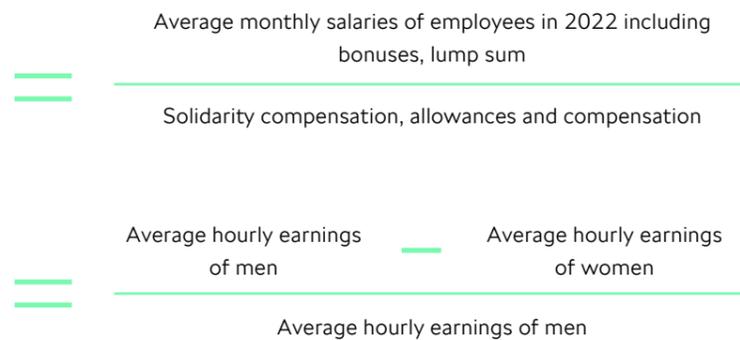
Škoda Auto provides a wide range of benefits irrespective of the full-time/part-time working scheme. The system is being modernised emphasising digitalisation and flexibility, targeting the needs of each employee.

The most frequently used employee benefits are:

- Škoda Cafeteria Benefits,
- contributing to the voluntary Pension Scheme,
- meal allowance in Company-internal catering establishments,
- working anniversary rewards,
- allowances for recreation or reconditioning stays,
- interest-free loan for housing or purchasing a Škoda car,
- operational leasing for Škoda cars,
- support of sports activities,
- preventive health programmes.

In 2022, the budget of the Social Fund for benefits exceeded CZK 381.9 million. The Company also provides various attractive benefits to agency employees (governed by the Charter for Agency Employment), for example special price offers for cars and accessories and for participating in selected trainings.

The **compensation ratio** for 2022 was **3.95**



Gender pay gap is **0.028**

Social Fund for benefits budget in 2022

Purpose of use	thousand CZK
Relaxation and recreation programmes	
■ Relaxation programmes and package trips, prevention	103,269
■ Leisure time activities	
■ Health benefits	
Work anniversaries	125,400
Childbirth allowance	16,000
Social support – retirement	41,250
Food service	95,590
Crèche (day nursery)	410



Social protection

Škoda Auto operates in the Czech Republic, where a **strong social policy system** is in place. This system provides employees with state support during maternity and parental leave, retirement, unemployment, as well as in the case of illness or incapacity for work due to injury.

Based on the collective agreement, the Company provides its employees with the following time off in the event of personal obstacles to work in addition to the applicable legal regulations caused by:

- the birth of a child to the employee's wife (partner)
- death of close ones, attendance at a funeral,
- wedding/registered partnership ceremony participation,
- moving with own furniture regardless of location,

The company also provides time off for work related to the care of a child under the age of 12, time off for a family member of a ZTP/P card holder and time off for people with disabilities.

As part of its efforts to support parental care and employee families, Škoda Auto provides financial assistance to new parents. Parents who have been employed by the Company for at least 3 months are eligible to receive a payment of CZK 10,000 per child born to cover social expenses.

Seniority programme after 30 years of continuous employment offers:

- 1 paid day off every half-year
- a 14-day reconditioning stay with a subsidy from social expenses
- 5 paid days off per year for taking a reconditioning stay from the employer

CZK 10,000

per child born to employed parents

Incidents

All complaints and actions relating to suspected breaches of labour law are recorded in an internal electronic system and dealt with:

(a) by the immediate supervisor in cooperation with the relevant personnel department

(b) an investigative team consisting of a labour attorney and a representative of the appropriate personnel department, which is then reviewed by the Personnel Committee, which meets weekly to decide on disciplinary actions and recommendations.

The procedure is described in an internal methodological guideline and regulates the responsibilities of supervisors and the departments involved in the investigation. Initial information about the existence of suspected misconduct may take any form (e.g. verbal/written communication or direct sensory perception of the event – seeing or hearing the event) and may come from a variety of sources, in particular:

- the suspect's supervisor,
- colleagues of the suspect,
- an anonymous whistleblower,
- other employees of the Company or its bodies,
- Internal audit (especially because of an ongoing audit investigation),
- Governance, Risk and Compliance as a result of a decision by the Human Resources and Compliance and Integrity Steering Committee or other persons (in particular from the whistleblower system),
- HR Coordinator or HR contact person (from the complaints system),
- Corporate Security (e.g., as a result of orientation testing for alcohol or other drugs in the body, accident, fight, theft, or other property damage),
- other persons from the Group,
- a business partner or third party, or
- public authorities (e.g. from the Police of the Czech Republic in the event of a crime committed with a company vehicle).

In terms of the disciplinary process, Škoda Auto deals with suspected breaches of labour law obligations and punishes employees for proven breaches of these obligations according to the intensity and severity of the conduct. Financial penalties are not permissible in labour law.

The individual acts are classified in the categories established by the Group (see below).

1. Breach of working time
2. Property offences (theft, fraud)
3. Discrimination (mobbing, stalking)
4. Sexual harassment
5. Failure to perform work duties (not doing work)
6. Inappropriate behaviour
7. Environmental offences
8. Alcohol, drugs, smoking
9. Corruption, conflict of interest
10. Fraud against third parties (customers, authorities)
11. Personal data protection offences
12. Occupational health and safety offences
13. Damage to the Company's reputation
14. Other (e.g. misuse of employee card or traffic offences)

Discrimination

Regarding discrimination there were no termination of employment contracts in the reported period.

No cases related to forced labour, trafficking in human beings or child labour were recorded during the reporting period. Furthermore, there were no violations of the UN Global Compact and OECD guidelines.

Jitka Šlejharová

Currently in Social relations and HR Compliance, with Škoda Auto since 2019

“The implementation of a disciplinary process and the establishment of a personnel commission at Škoda Auto have enabled us to approach offenses and suggestions transparently, ensuring equal treatment of all our employees, not just in the imposition of sanctions for similar violations of work discipline. I am proud that Škoda Auto has such a sophisticated process in place, which has made it possible to harmonize the individual steps related to the investigation of reports and create a safe space for all individuals involved in this process.”





Workers in the Value Chain

Škoda Auto recognises that the workers in its supply chain play a critical role in achieving the Company's goals and makes sure that they are treated fairly and with respect. The Company believes that it has a responsibility to provide a safe and healthy working environment for its employees, ensuring fair compensation for their valuable contributions to the product's value.

Policy and Ambitions

In terms of ensuring the protection of workers across its value chain, **Škoda Auto is fully committed to its corporate human rights responsibility** ([see Human Rights](#)). The Company's approach follows the UN Guiding Principles on Business and Human Rights that further refer to the Universal Declaration

of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

Actions

Human rights due diligence

As part of the Company's sustainable supplier management measures, Škoda Auto pays particular attention to the protection of those groups of people who experience a particularly high risk of human rights abuse. In this context, the Company is guided by the implementation of the due diligence processes required by the described policies. Due diligence in this sense means most importantly the process of continuous risk identification and the establishment of prevention and mitigation measures. To adequately respond to particularly serious human rights and environmental risks, the Company has implemented **a Human Rights Focus System** in its supply chain. The system, based on internal analyses, enables the Company to focus on supply chains associated with particularly high risks of a negative impact on human rights.

Raw material supply chains

The supply chains of raw materials are treated with particular caution by Škoda Auto. The way the Company organises the responsible sourcing of raw materials is driven by the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. These contain guidelines for management approaches, risk identification and prevention, system of checking smelters, and communication and reporting instruments. In line with this approach, the Company has implemented **the Raw Material Due Diligence Management System**.

Risks and Impacts Assessment

Some of the most acute risks related to human rights were identified in the upstream supply chain. Škoda Auto minimises these risks by following responsible sourcing practices and implementing the described processes of human rights due

diligence. The Company actively engages with its suppliers beyond Tier-1 to ensure social sustainability throughout its entire supply chain. The sustainability of the Company's suppliers is assessed by the S-rating. [See Business Conduct](#).



Consumers and End-Users

Customer orientation is a set of activities across the Company, through which it systematically works towards one clear and common goal – the development of relationships with Škoda Auto’s internal and external customers. The Company strives to understand its customers, partners, suppliers, and employees as much as possible in order to provide them with the best service and experience. Customer orientation is one of Škoda Auto’s priorities, which is why the Company has long supported training in this area.

Škoda Auto has been focusing on optimising all processes to evoke positive emotions in customers with regards to the Škoda brand. The Company recognises that more rigorous legislative regulations and changing trends, such as digitalisation and evolving customer preferences, frequently provide new prospects for business undertakings, creating opportunities for developing innovative products.

Customer safety

Customer safety is one of the main priorities for the Company. For that reason, intensive investments are made in innovative solutions and the latest technologies to increase passenger safety. The Company’s long-term goal is to **increase the safety of all road users** and to move the common technology to a higher level in the compact car segment. Škoda cars are among the safest vehicles in their segments.

For more on safety and mobility, [see Social Sustainability Strategy](#).

Policy and Ambitions

Consumer protection is an integral part of Škoda Auto’s business initiatives. The Company is committed to complying with all legal and internal regulations related to consumer protection.

All customer initiatives and concerns received through the various communication channels (e.g. e-mail, mail, Infoline, car dealers, importers, and other company units) are processed by the use of a Customer Relationship Management (CRM) system.

Actions

Škoda Auto engages with customers through the regular monitoring of customer satisfaction using various studies and Company applications. Customer experience and satisfaction is being monitored through an international study performed in the entire Group. This study is focused on learning about customer satisfaction with a product, the after sales service, and the dealership. Škoda Auto as such has recently been meaningfully increasing its rating through the project **Škoda Customer Xperience**.

Special attention is paid to the quality of after sales services. Satisfaction with the car repair shop services is regularly monitored. Customers are contacted by e-mail or SMS in one to three days after taking the car from the car repair shop and fill in

The Company has specific units responsible for addressing these concerns and initiatives. Each case is individually resolved, with Škoda Auto always considering the specific circumstances involved. The special needs of customers that may be particularly vulnerable and/or marginalized are resolved individually (for instance a car with an automatic transmission or with some other adjustment would be offered to a disabled consumer).

a basic satisfaction questionnaire. Results from the questionnaire are immediately rewritten into the satisfaction reporting, allowing the Company to monitor the evolution of the customer experience in real time. The main attention is paid to those customers, who were not satisfied with the last visit to the car repair shop. Such customers are contacted by phone at the latest within 24 hours and are provided with sufficient explanation and a resolution of the issue.

In 2021, a project called **Customer CentriCITY** was launched to put the customer at the centre of the Company’s thinking and decision-making. For Škoda Auto, customer insight and feedback is important not only in the final product phase, but also in the development phase.

Risks and Impacts Assessment

In justified cases, Škoda Auto utilises all available means for the mitigation and remediation of material impacts on its customers and end-users, including its goodwill.

The Customer Care Department, as part of its activities, assesses risks arising from individual customer business partners and addresses concerns raised by importers. It assigns the appropriate priority to each case in the CRM tool and resolves them on an individual basis. If necessary, information is passed to other specific organisational units for processing.

Customer incentives and concerns are monitored and evaluated, relevant cases either start a deep car analysis or the process of elimination of defects. All cases with materialized damage or with the occurrence of a negative impact are resolved individually. The Company has created a special budget for such cases and related compensation.



Governance

Škoda Auto acts in a responsible and open way to ensure that it is perceived as a successful and transparent company by its employees, business partners, customers, and the public at large. To uphold such conduct, the Company actively develops and maintains corporate governance practices. It supports employee integrity, ensures compliance with relevant rules and regulations, and adheres to effective risk management and a strong corporate culture.

Integrity and compliance principles are an essential part of the corporate and sustainability strategy. These principles are in accordance with the voluntary commitment of the Škoda Auto Board of Management, reflected in all strategic decisions of the Company and applied to all subsidiaries and affiliates. To ensure

adherence to integrity and compliance, Škoda Auto launched the implementation of measures within the Together4Integrity programme based on the standards of the Group in 2019. Integrity and compliance principles have been implemented in all relevant business areas, including HR processes, management of business partner relations, product and environmental compliance, legal affairs, and corporate governance processes.

Regular updates of the Integrity Management System, the Compliance Management System and the Risk and Internal Control System are performed in Škoda Auto, its subsidiaries and affiliates. Moreover, personal data processing is monitored and revised to ensure compliance with the General Data Protection regulation.

Together4Integrity programme



Business Conduct

Corporate governance ensures that the business runs in a responsible, qualified, and transparent way. It safeguards the proper management and supervision structures and defines the distribution of rights and duties among the parties involved in the Company, such as shareholders, executive management, company bodies, employees, business partners and customers. Generally, it is a set of legal and executive methods and procedures committing Škoda Auto to maintain a balanced relationship between the Company and its stakeholders.

The Code of Conduct clearly defines the Company's general standards for employee behaviour

Corporate Culture and Business Conduct Policies

The trust of customers and stakeholders in Škoda Auto and its products is one of the Company's most valuable assets. Škoda Auto strengthens public trust and protects its employees and the environment by conducting itself in accordance with the integrity and ethical principles.

Code of Conduct

[The Code of Conduct](#), which defines the essential ethical standards for the entire Škoda Auto Group, has been developed and adopted in the Company and Škoda Auto affiliates in scope. The Code of Conduct clearly defines Company's general standards for employee behaviour. It applies to all employees, serves as a guide for compliant and correct conduct, forming the basis for all company decisions. This document is built up on common values, statutory requirements as well as internal regulations and offers orientation, guidance, and support guidance in dealing with existing rules and regulations at work.

Additionally, **the Code of Conduct for business partners** has been implemented across the Group. Its principles have become a part of relevant contractual stipulations with business partners.

Together with the Code of Conduct, the Board of Directors has adopted voluntary commitments to Integrity and Compliance principles like the leadership at the Group. Integrity and Compliance principles are considered in management decisions and form an integral part of the Next Level – Škoda Strategy 2030 and the Sustainability strategy. The Next Level – Škoda Strategy 2030 is supported with specific KPIs enabling regular monitoring and evaluation of the corporate culture in the Company.

The Board of Directors actively supports maintaining the Code of Conduct principles by establishing appropriate internal processes and rules. It also acts on communications and explanations based on the principle of "Tone-from-the-Top".

Code of Conduct training

The promotion of corporate culture-related matters is ensured through a system of regular employee training. The Code of Conduct, as an essential document, is binding for all employees. It is mandatory for every employee to complete the **Code of Conduct training** at least once every two years. For administrative personnel the training is delivered in an e-learning form, for blue-collar workers the training is carried out in person. The training session consists of the introduction to conduct principles and rules adopted at the Group level, behaviour examples, and focal points to be contacted in case of doubts or need of support. The Code of Conduct contains statements related to the ban of corruption. Besides the Code of Conduct training and as part of the corporate culture, Škoda Auto has developed and put in place special training courses focused on prevention of corruption and bribery. Škoda Auto monitors the proportion of trained employees, evaluates training process results, and has escalation procedures in place in case of need. The reported proportion of trained employees for the Code of Conduct training is significantly over 99%, but the objective is to achieve a 100% completion rate.



Code of Conduct at
Škoda Auto Group

Human rights

The Company reaffirms its commitment to the relevant international conventions and declarations. It respects, protects, and enforces all applicable regulations for the protection of human rights and children's rights as a fundamental and general requirement worldwide. Through continuous improvement of processes, systems, and concrete measures, Škoda Auto seeks to assert leadership in the automotive industry with respect to human rights. The Company applies internal policies and procedures to prevent any violation of human rights.

An overarching principle of Škoda Auto's Social Sustainability Strategy is a full commitment to respecting human rights. Škoda Auto firmly rejects the use of child labour, forced or compulsory labour, and all forms of modern slavery and human trafficking.

This policy applies not only to the Company's internal operations but also to the behaviour of its business partners, as set out in the Code of Conduct, which is in line with the principles of the UN Global Compact.

For greater clarity, the Code of Conduct provides examples for employees on how to proceed if they suspect a violation of human rights.

The Company's approach follows the UN Guiding Principles on Business and Human Rights that further refer to the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

Compliance management system

As part of the Group, the Company can only achieve success by operating with integrity, complying with worldwide statutory provisions, upholding its voluntary commitments, ethical principles, and responsibility for the protection of human rights.

To foster a cultural change and promote compliant behaviour, the Company actively provides target group-oriented, continuous, and clear communication and training activities. These initiatives are delivered through effective and accessible channels and procedures that are available throughout the organization.

The Company has implemented an effective Compliance Management System (CMS), in line with the Group principles, applicable legislation and internal regulations. The Company pays particular attention to its duty to observe valid legal and internal regulations. This ensures that Škoda Auto and its relevant affiliates comply with the requirements that stem from legal and ethical rules applying to, for example, economic competition,

the financial and tax sectors, environmental protection, and employee relations, which includes the promotion of equal opportunities. The Company, along with its relevant subsidiaries and affiliates, has implemented a comprehensive and structured CMS to ensure compliance with all applicable regulations. This includes, but is not limited to, principles related to anti-corruption, anti-money laundering, and prevention of terrorist financing. Additionally, the CMS covers areas such as gifts and invitations, sponsorships and donations, business partner due diligence, and the avoidance of conflicts of interest.

The CMS as such is organised according to seven elements: Compliance culture and values; Compliance objectives; Compliance risks; Compliance programme and processes; Compliance organisation; Compliance communication and training; Compliance monitoring and improvement.

Learn more about the CMS seven elements [here](#).



CMS seven elements

An overarching principle of Škoda Auto's Social Sustainability Strategy is a full commitment to respecting human rights.



Škoda Auto firmly rejects the use of child labour, forced or compulsory labour, and all forms of modern slavery and human trafficking.

Risk management system – three lines of defence

Škoda Auto has implemented a system of three lines of defence to identify, report and mitigate compliance risks and to investigate potential concerns about unlawful behaviour or behaviour in contradiction with the Company Code of Conduct and other internal policies and regulations. **All functions** representing the first line of defence are responsible for assuring all relevant business processes. The second line of defence is represented by the **organisational units** responsible for Compliance Management systems, including Governance, Risk & Compliance and Legal Affairs. Those units are responsible for setting rules and play a preventive role including giving support to the first line of defence. Their preventive role consists in making appropriate risk analyses to detect and prevent behaviour which might be in contradiction with the Company rules. The third line of defence is represented by the **Internal Audit**. This function is responsible for assuring that processes are sufficiently performed by the representatives of the first line of defence. The Internal audit performs this control via its auditing activities within planned and extraordinary audits during the year.

Integrity management system

The integrity topic covers a number of areas, processes, and initiatives within Škoda Auto, directly relevant for compliance principles, corporate culture, and diversity. To build harmony across these topics while ensuring understanding across Škoda Auto, the Company has laid down a set of key principles of integrity that are based, among other things, on applicable legislative and internal regulations, the Group's, and principles and the principles of the Ethics and Compliance Initiative (ECI). The necessity to act in accordance with integrity principles is also firmly rooted in the Next Level – Škoda Strategy 2030. Škoda Auto believes that only honest and reliable conduct in accordance with its integrity principles will enable the Company to win and build the trust of its employees, customers, shareholders, business partners, and the general public.

Towards this end, the Integrity Management System has been built in recent years as the framework for systematic assessment of integrity, as well as for its further development at Škoda Auto. This is the only way to keep this topic sustainable and thereby make Škoda Auto successful in the future market. The Integrity Management System is based on goals and measures defined by Škoda Auto. The purpose is to ensure that Škoda Auto's management team, its employees, and relevant third parties follow the principles of integrity as expected by the Company.

To administer the topic of integrity sustainably at Škoda Auto, there is a so-called integrity organisation under Group Guideline 31: Organisation of functions – Governance and Integrity, Risk Management, Compliance and Legal set at the Company. The integrity organisation is headed and managed by the Head of Škoda Auto's Governance, Risk and Compliance department, in the position of Brand Chief Integrity Officer.

[Learn more about Integrity at Škoda.](#)



Integrity at Škoda

Whistleblowing system

The Company has implemented a Whistleblowing system to deal with reports of serious regulatory violations which may significantly harm the Company's reputation or financial interests and could severely violate the fundamental ethical values of the Company. This system is administrated by the Governance, Risk, and Compliance organisational unit and serves for communication of possible concerns about violations of valid legal and/or internal regulations and Company rules. With the help of this system, both employees and external representatives can reliably and anonymously give any kind of incentive for its further investigation. Protection of individuals who reported any non-ethical behaviour incident is granted and managed in the internal regulations defining the Whistleblowing system as such. Concurrently the first line managers are obliged to announce any breach of valid legal and/or internal regulations or Company rules they detect. For the most critical and urgent topics, there is a special process implemented at the Group level called Hot-topic reporting. This process is used for reporting Compliance principle-based breaches.

In the case of personal matters, employees have the option to file a personal complaint directly with the Social Relations and HR Compliance/Human Resource Planning organisational unit or any relevant HR department within the HR disciplinary process. This is in addition to the availability of the Whistleblowing system. Such complaints are addressed separately.



Management of Relationships with Suppliers

Škoda Auto has implemented the Group Policy to ensure sustainable development in relations with suppliers. A process of integration of environmental and social standards has been described along with the requirements for compliance in relationships with business partners ([Code of Conduct for Business Partners](#)). These requirements are contractually binding.

Škoda Auto complies with the Law on the Protection of Economic Competition to assure a fair attitude towards its business partners.

Škoda Auto uses the following tools for supplier management and evaluation: Sustainability rating and Non-compliances.



Sustainability rating (S-Rating)

Škoda Auto adopted a general concept for the evaluation of suppliers from a sustainability point of view called S-Rating in 2019. This concept enables Škoda Auto to maintain an up-to-date overview of the sustainability of the supply chain. S-Rating has become an integral part of the supplier acquisition process. The company does not initiate or maintain cooperation with low-rated suppliers.

The basis for the S-Rating is the [Code of Conduct for Business Partners](#). The S-Rating is determined by the score in the Sustainability Self-Assessment Questionnaire (SAQ) and may be supplemented with the result of an On-Site Check (check performed at the supplier's site).

The rating is determined site-based and is relevant for companies with a headcount of 10 and more. Company sites with less than 10 employees can get an exception from the S-Rating. Additionally, independent of the result of the SAQ and On-Site audit, a so-called Business Partner Due Diligence check (BPDD) is required for selected suppliers following a risk-based approach. The BPDD is an anti-corruption and integrity check. A successful assessment is a prerequisite for any business relationship with the Group.

In general, a positive S-Rating is required for doing business with the Group including its brands and regions. All entities of the Group follow the same S-Rating process.

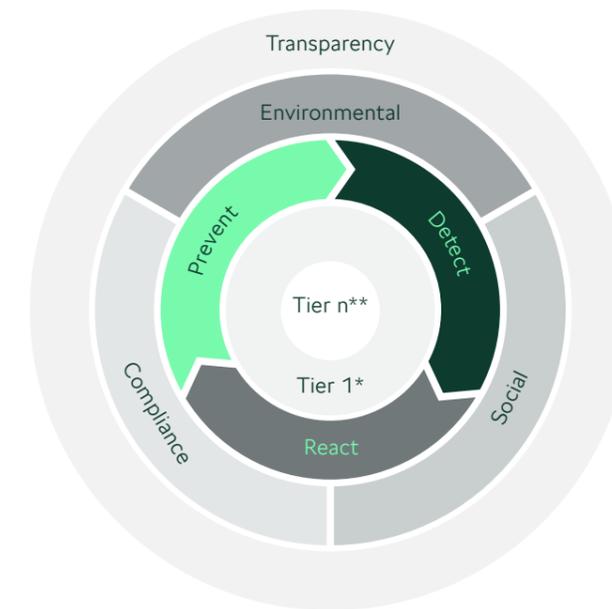


Code of Conduct at Škoda Auto Group

Non-compliances - Breach of the Code of Ethics for Business Partners

In addition to the S-Rating, an internal process is triggered in case of suspicions of violations of the sustainability requirements. Any indication or hint raising the concern of such a violation (e.g. via the Whistleblower system or press articles) is checked as fast as possible. The Company intends to work on non-compliances with its business partners and prevents further violations of its requirements. Furthermore, Škoda Auto aims to actively and effectively improve its suppliers' sustainability performances.

Sustainability in supplier relations – the Group management concept



* Tier 1 (direct suppliers)

** Tier n (indirect suppliers)

In procurement, Škoda Auto follows a three-pronged approach to establishing sustainable supply chains with the focus on decarbonisation, human rights, responsible procurement of raw materials, and combating corruption. The Company approach requires transparency in supplier relationships that go beyond the first tier (Tier 1).

Prevent: Sustainability requirements are enshrined in contracts and specifications, particularly the Code of Conduct for Business Partners. Suppliers are trained and awareness for sustainability is raised.

React: Various measures are available to react to the risks and impacts identified. These include a standardized internal process to review breaches by individual suppliers and action plans from on-site checks. The key objective is to rectify and prevent breaches and to improve suppliers' sustainability performance actively and effectively.

Detect: Sustainability risks in the supply chain are systematically analysed and prioritized. Sustainability is anchored in material contract award decisions across the Group and a rating of potential suppliers' sustainability performance (S-Rating) is used. The basis for this is a self-assessment tool and on-site checks conducted on a risk-based approach.



0 tolerance

unlawful damaging corrupt

behaviour

Prevention and Detection of Corruption or Bribery

Škoda Auto has implemented a system of prevention for its own protection and for protection of its employees in terms of prevention of conflicts of interests, corruption, and bribery. Additionally, binding internal rules regarding gift acceptance and the act of giving gifts have been implemented as preventive measures. Škoda Auto has declared its zero tolerance to unlawful, corrupt, and damaging behaviour.

The principles of prevention of conflicts of interest and corruption are defined in the internal regulations. A structured system of Compliance training in this area is in place. The Code of Conduct contains among other things, a part relating to the

prohibition of corruption. Next to this general training, Škoda Auto has introduced another two specific trainings dedicated to anti-corruption matters, i.e.: "Anti-corruption training" and "Anti-corruption training of a person in authority". These two specific trainings are mandatory for all administrative personnel working positions and each employee must complete these training sessions also once every two years.

Anti-corruption trainings belong to the basic set of trainings in the Group. Škoda Auto uses a risk management approach in the design of specific trainings. The above-mentioned training "Anti-corruption training of a person in authority" was prepared

on the basis of an internal risk assessment and covers specific preventive measures for this area. Škoda Auto has reached a high proportion of trained employees, significantly over 99% in the "Anti-corruption training" and also in the "Anti-corruption training of a person in authority".

The Whistleblower System is utilized, among other purposes, to detect potential cases of misconduct related to corruption and/or bribery. This system has been set up to deal with reports of potential Serious Regulatory Violations of Group employees. Reports on potential regulatory violations via the different reporting channels can be made by employees of the Group and

by business partners, customers, and other third parties. Reports can be made at any time and in any language, the Investigation Office deals with all reported cases.

Škoda Auto did not report any confirmed incidents relating to corruption and/or bribery relating to own employees and/or business partners in the years 2021 and 2022.

A system of prevention and detection of risks linked with corruption and bribery has been established in the Company. Škoda Auto has not encountered any signs of insufficiency of this system and implemented measures in the whole value chain.

Political Influence and Advocacy Activities

Škoda Auto has been in constant contact with public administration and legislative bodies at the local, regional, and central level for a long time directly as well as via memberships in industry and economic associations, active participation in advisory bodies of public administration, and representation in academic institutions. The topics Škoda Auto is advocating for are in line with the Group as part of the one voice policy.



The Department of External Affairs of Škoda Auto is responsible for managing such activities as well as for the representation of the interests of the Company, coordinates Company steps in this area. Within the internal structure, The Department of External Affairs is subject to the management of the Member of the Board of Directors (Mrs Maren Gräf) responsible for the "People and Culture" area. The Department of External Affairs is responsible for all communications with the central Government and legislative bodies as well as local public and self-governing authorities. In close cooperation with the Group, it is also in touch with EU institutions, representatives, and foreign governments. The external affairs area of the Company interests' representation falls under the governance of the specific internal guideline, which is based on the Group internal policy (forming the so called one-voice approach).

Škoda Auto always acts in line with the legislation in force of the EU, applicable national legislation and the Group ethical standards and rules.

Škoda Auto has not been involved in any kind of financial or in-kind political contributions in the reporting period and concurrently was not registered in the EU Transparency Register. The interests of Škoda Auto vis-a-vis the European institutions are represented by the Group representation in Brussels. There is no transparency register in the Czech Republic in place. As of 2022 none of the members of the administrative, management and supervisory bodies held a comparable position in public administration, within the two years period preceding his/her appointment.

Škoda Auto is advocating in these regulatory topics (alphabetical order):



Automated driving



Business and human rights



Competitiveness and promotion of the industry



Data regulation



Decarbonisation



Electromobility and charging infrastructure



Energy supply and renewable energies



Employment regulation



Euro7 Legislation



EU industrial policy and support instruments



Future of Mobility



International trade policy



Sustainable finance



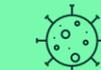
Technical education, reskilling, and upskilling



Transformation and future of the automotive industry



Transparency of Public Affairs

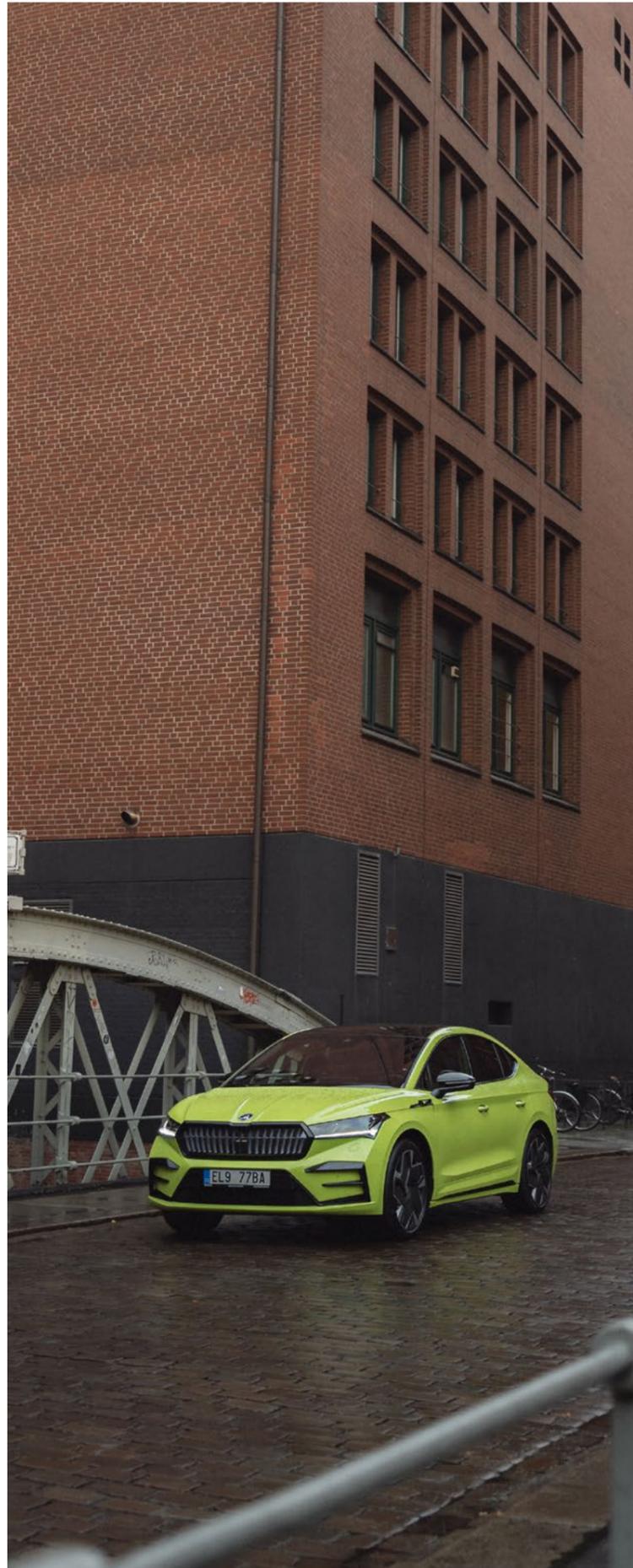


Working in the pandemic

Relationship with state and political institutions, the most current topics

The Company, in collaboration with the Government of the Czech Republic, aims to transform the automotive industry into the eHUB of Central and Eastern Europe. Škoda Auto plays a pivotal role as the anchor player in the field of zero/low-emission mobility. The decarbonisation of production and transportation aligns with the environmental goals set by the EU and the Czech Republic, and it is not solely a legislative objective, but an integral part of the Company's DNA and corporate strategy.

The Company's commitment to decarbonisation is evident through the signing of a **Memorandum of Understanding between Škoda Auto and the Ministry of the Environment**, specifically focusing on decarbonisation of production. Additionally, the Company actively supports governmental strategies such as the National Action Plan for Clean Mobility and collaborates with various public stakeholders. Škoda Auto is working on a win-win approach that fosters cooperation between the public and private sectors, either directly or through relevant associations. This approach involves sharing expertise and knowledge to facilitate a successful transition to e-mobility and beyond.



State aid examples

Škoda Auto is handling state aid in accordance with European and national legislation, ensuring full conformity. The company is involved in projects co-financed by public national and European programs in various fields such as research, technical development and innovation, education, and environmental protection. These projects are particularly focused on areas such as electromobility, urban mobility, Industry 4.0, 3D printing, environmental protection, as well as enhancing the qualifications and skills of students and employees.

One of the examples of respective projects with state aid is the investment incentive to produce the Enyaq electric car and its derivatives. In 2020, Škoda Auto met the conditions of the project as required by law and is eligible for support in the form of a tax reduction of up to CZK 400 million.

Škoda Auto is active in the public discussion about the most efficient allocation of state aid towards sustainability and clean mobility development. This has resulted lately into the involvement of specific projects, namely biomass boilers, energy management, and green transport technologies.

Examples of strategic membership in industrial and economic associations

- Confederation of Industry of the Czech Republic
- Czech Chamber of Commerce, including regional and local representations (Mladá Boleslav)
- Automotive Industry Association
- Electromobility Platform
- Czech-German Chamber of Commerce and Industry
- Czech-Israeli Chamber of Commerce
- ICC – International Chamber of Commerce
- Czech Institute of Directors
- Business for Society
- Association of social responsibility
- Business Leaders Forum
- Car Importers Association
- Czech Gas Association
- The Czech Chamber of Commerce for Eastern Europe and Central Asia

Participation in advisory bodies of state administration

- Coordination Group of the Ministry of Industry and Trade for the National Action Plan for Clean Mobility
- Regional Council of Economic and Social Agreement of the Central Bohemian Region
- Council for Competitiveness of the Central Bohemian Region
- Regional Council of Economic and Social Agreement of the Hradec Králové Region

- The Research, Development, and Innovation Council
- National Platform for Technical Education

Representation in academic institutions and universities

- Czech Technical University in Prague
- Brno University of Technology
- Faculty of Mechatronics, Informatics and Interdisciplinary Studies, Technical University of Liberec
- Academy of Arts, Architecture and Design in Prague
- Academic Council of the University of Economics, Prague
- Jan Evangelista Purkyně University in Ústí nad Labem
- Czech University of Life Sciences Prague
- Charles University in Prague
- University of Chemistry and Technology Prague
- VŠB – Technical University of Ostrava
- 42 Prague
- National Competence Centre for Industrial 3D Printing, Technical University of Liberec
- National Centre for Industry 4.0

Marek Drašar

Currently in Governance,
Risk & Compliance,
with Škoda Auto since 2005

“Acting in accordance with integrity principles and compliance values has always been, is, and will be an integral part of Škoda Auto’s culture and the DNA of its employees. Taking into account the principles of integrity in our actions, our own set of values, and how our decisions affect our surroundings or our company – as well as dealing with others fairly, honestly, and openly – is absolutely essential for the sustainable success of our company as a business subject, as well as for being an attractive employer. This includes having correctly set rules and regulations, along with well-defined processes and, most importantly, following them. This applies not only to situations that are simple for us but mainly to those that we perceive as complicated. Close attention must be paid in particular to the Code of Conduct at the Škoda Auto Group and the protection of human rights in our business activities. If each of us can look ourselves in the eye and say that we have acted to the best of our knowledge and conscience, then I believe that Škoda Auto will continue to be a role model in the topics of integrity and compliance.”





EU Taxonomy

Taxonomy – Assessment of Eligibility

The Taxonomy Regulation and the related delegated acts represent a key tool of the European Green Deal that enables classification of sustainable production and financial flows, and thus motivates and fast-tracks transition to climate neutrality by 2050. All economic activities of Škoda Auto have been assessed on their alignment with sustainability criteria in accordance with Article 8 of the Taxonomy Regulation to inform stakeholders and Company’s decisions.

Škoda Auto is part of the consolidated Group, its activities are covered by the reporting at the Group level, and therefore is not required to present a separate report according to the

EU Taxonomy regulation. Nevertheless, Škoda Auto is very dedicated to providing its stakeholders with all essential ESG-related data and has decided to voluntarily report according to the EU Taxonomy criteria. Additional details, as well as the Group-level information can be found in the section “EU Taxonomy” of the Group Management Report in the Group Annual Report ([2021](#), [2022](#)).

In 2022, 15.7% of Škoda Auto’s revenues, 27.5% of capital expenditure, and 19.9% of operating expenditure were aligned with the Taxonomy criteria for sustainable economic activities.

FY 2022	Total CZK million	Proportion of Taxonomy-aligned economic activities		Proportion of Taxonomy-eligible, non-aligned economic activities		Proportion of Taxonomy-non-eligible economic activities	
		CZK million	%	CZK million	%	CZK million	%
Revenue	444,229	69,776	15.7	355,952	80.1	18,501	4.2
Capital expenditure (CapEx)	24,898	6,844	27.5	18,054	72.5	0	0.0
Operating expenditure (OpEx)	7,888	1,572	19.9	6,316	80.1	0	0.0

Taxonomy-aligned activities, as described in the Taxonomy Regulation, meet the screening criteria for making a substantial contribution to climate change mitigation and “do no significant harm” criteria related to various sustainability objectives (including climate change adaptation, water and marine resources, circular economy, pollution, biodiversity, and ecosystems). These activities also adhere to minimum

safeguards regarding human and consumer rights, anti-corruption and bribery, taxation, and fair competition.

Taxonomy-eligible activities are described in the regulation but do not comply with the given criteria. Taxonomy-non-eligible activities are not described in the regulation.



Volkswagen Group Annual Report 2021



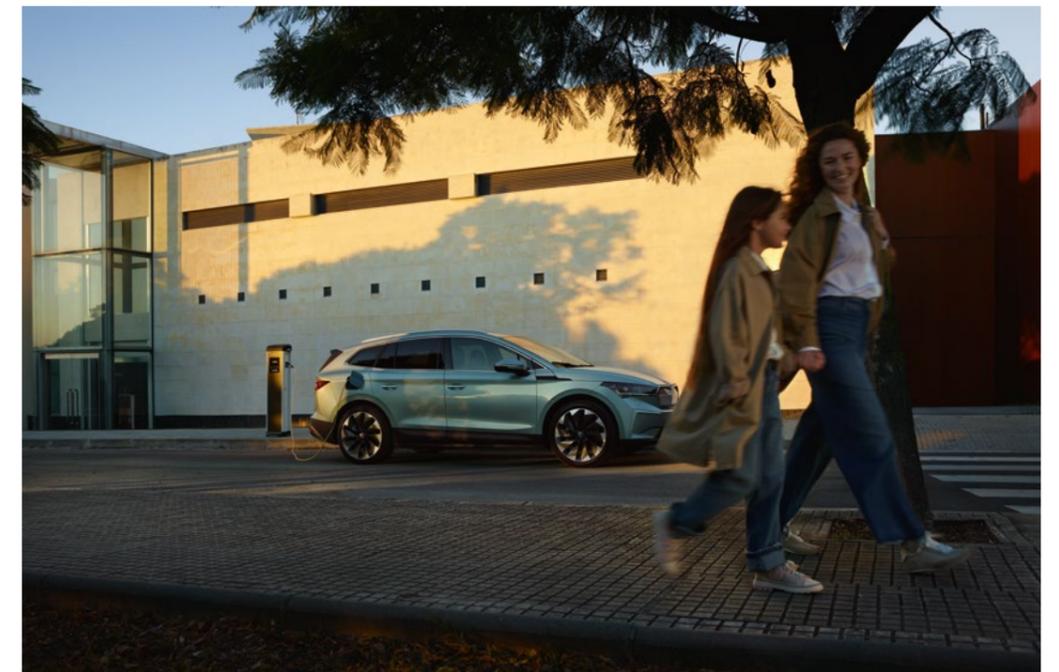
Volkswagen Group Annual Report 2022

The business model of Škoda Auto encompasses the entire process of vehicle development, production, and marketing, along with related activities. As per the EU Taxonomy Regulation, these activities have the potential to significantly contribute to the environmental objective of climate change mitigation by promoting clean and climate-neutral mobility.

The Company has categorised all its itemised activities under the economic activity of “Manufacture of low carbon technologies for transport” in line with the environmental objective of climate change mitigation. This categorisation applies to all cars produced, regardless of the drive technology used, and includes genuine parts.

However, hedging transactions and activities of subordinate importance that are reported as other sales revenue in Škoda Auto’s financial statements are not considered eligible according to the EU Taxonomy.

Although certain activities directly associated with the vehicle-related business should also be categorised under this economic activity, they are not currently classified as Taxonomy-eligible due to uncertainty around the appropriate economic activity as per the EU Taxonomy. These activities include the sale of engines, powertrains, parts deliveries, and production under licence by third parties, which are also reported as other sales revenue.



Taxonomy – Assessment of Alignment

As the objectives of the Taxonomy Regulation overlap with the topics of disclosure requirements of the ESRS, relevant details regarding Škoda Auto's substantial contribution to those objectives, as well as the context of avoiding any harm to them, can be found in the sections of this report dedicated to respective sustainability topics

Substantial Contribution

The screening criteria for assessing Škoda Auto's fulfilment of key performance indicators pertains to the CO₂e emissions of the vehicles produced by the Company. A comprehensive analysis of the CO₂e emissions was conducted and associated with each vehicle model and powertrain technology manufactured, in accordance with the Worldwide Harmonized Light Vehicles Test Procedure (WLTP). This analysis enables vehicles to identify which vehicles meet the screening criteria among all Taxonomy-eligible vehicles and contribute substantially to climate change mitigation.

During the reporting period, the BEV model series of Škoda Enyaq and Škoda Enyaq Coupé fulfilled the criterion of CO₂e emissions equal to 0 g/km. Moreover, during the reporting period, the PHEV model series of Škoda Superb and Škoda Octavia fulfilled the criterion of CO₂e emissions of less than 50 g/km.



Škoda Enyaq



Škoda Enyaq Coupé

CO₂e emissions equal to 0 g/km

Do no Significant Harm

In accordance with the EU Taxonomy, ecologically sustainable economic activities are expected to contribute to one or more of the defined environmental goals while ensuring that no adverse effects are imposed on other environmental objectives. To exclude any significant harm to these goals, economic activities must adhere to the "do no significant harm" criteria (DNSH).

During the review period, a thorough analysis of the DNSH criteria for the economic activity of "Manufacture of low-carbon technologies for transport" was carried out at the Group level for Škoda Auto. For vehicle-related business, the analysis was conducted at the individual production sites responsible for manufacturing or planning to manufacture Škoda vehicles that meet the screening criteria or are anticipated to do so in accordance with the five-year plan.

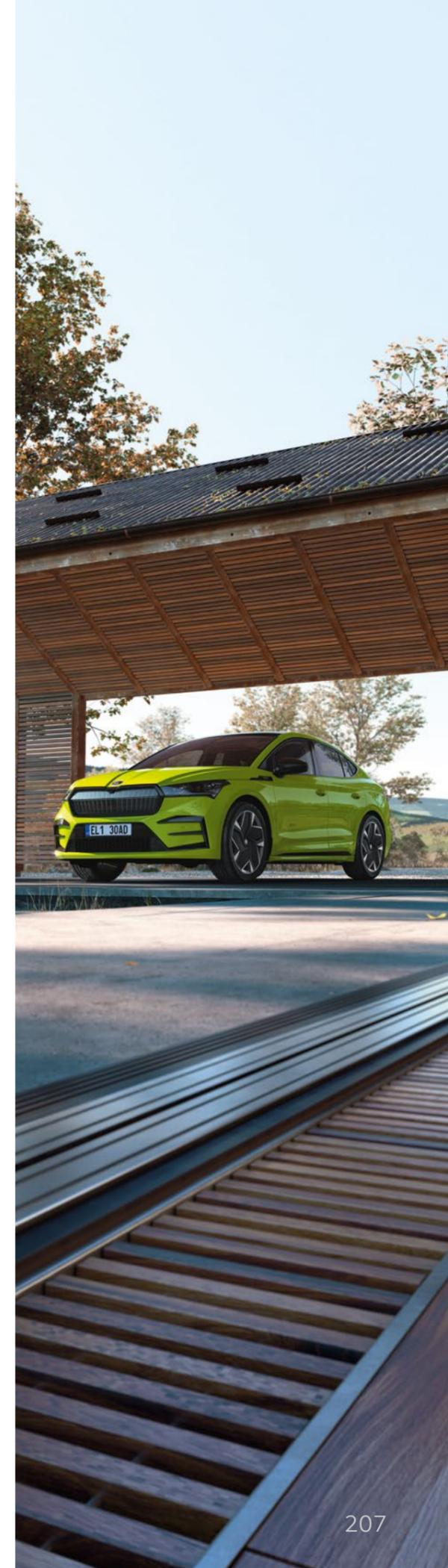
The Group's Annual Report features the primary interpretations and analyses employed by the Group to evaluate any potential harm to other environmental goals. As per these assessments, the Škoda Auto vehicle-producing sites fulfilled the DNSH criteria during the review period.

Key Performance Indicators

To present the details of eligibility and alignment of Škoda Auto's activities with the screening criteria, DNSH and the minimum safeguards required by the Taxonomy Regulation, the Company presents the key performance indicators of the turnover (here sales revenue in accordance with IFRS), Capital expenditure (CapEx) and Operating expenditure (OpEx) using the templates provided in Annex II to the Disclosures Delegated Act (see following tables).

Revenues are directly assigned to an economic activity based on a direct connection to the vehicles that can be established in accordance with the screening criteria.

CapEx and OpEx without a direct connection to vehicles are broken down using an allocation formula to fulfil the screening criteria. The allocation formulas used are based on the long-term sales plan and the planned capacity utilisation at individual sites. The data and planning figures used are part of the medium-term financial planning for the next five years agreed by the Board of Management and the Supervisory Board of Škoda Auto.



Sales Revenue

The definition of turnover in the EU Taxonomy corresponds to sales revenues as reported in the IFRS financial statements published in the Annual Reports. This amounted to CZK 444,229 million in the fiscal year 2022. Of this total, CZK 425,728, or 95.8% of sales, was attributable to economic activity "3.3 Manufacture of low-carbon technologies for transport" and was classified as Taxonomy-eligible. This includes sales revenues from the sale of new and used vehicles, from genuine parts (after-sales allowances), and from extended warranties.

Of the Taxonomy-eligible sales revenues, CZK 69,776 million (15.7%) meet the screening criteria used to measure a substantial contribution to climate change mitigation. This includes all of the Company's all-electric vehicles and the plug-in hybrids.

Taxonomy assessment of sales revenues for 2022

	Sales Revenue		Substantial Contribution to Climate Change Mitigation		Compliance with DNSH Criteria	Compliance with Minimum Safeguards	Taxonomy-Aligned Sales Revenue	
	CZK million	%*	CZK million	%*	Y/N	Y/N	CZK million	%*
Economic activities								
A. Taxonomy-eligible activities	425,728	95.8	69,776	15.7	Y	Y	69,776	15.7
Vehicle-related business								
3.3 Manufacture of low-carbon technologies for transport	425,728	95.8	69,776	15.7	Y	Y	69,776	15.7
of which taxonomy aligned BEVs					Y	Y	23,449	5.3
B. Taxonomy-non-eligible activities	18,501	4.2						
Total (A + B)	444,229							

* All percentages relate to the Company's total sales revenue

CZK 69,776 million (15.7%)

taxonomy-aligned revenues with substantial contribution to climate change mitigation in 2022



Capital Expenditure

In line with the EU Taxonomy, capital expenditure relates to specific items indicated in the IFRS financial statements, namely intangible assets and property, plant, and equipment additions. These are to be disclosed in the "Intangible assets" and "Property, plant, and equipment" sections of the Annual Report's financial statements.

The entirety of the capital expenditure is included in the category "Manufacture of low-carbon technologies for transport". No other significant capital expenditure was allocated to the other categories related to business activity, such as engine and parts deliveries, that were not initially included. Consequently, the Taxonomy-eligible capital expenditure amounted to CZK 24,898 million.

To calculate the substantial contribution, Škoda Auto identified all capital expenditure that directly relates to vehicles meeting the screening criteria. This expenditure was then entirely assigned to Taxonomy-aligned expenses. For capital expenditure that was not explicitly assigned to a particular vehicle, allocation formulas were utilised to account for them on a proportional basis.

The allocation formula for capital expenditures was established by the Group for each model and brand based on the long-term sales plan or planned capacity and utilisation. It applies to all expenditures made at sites that will produce only qualifying vehicles for the next five years according to taxonomy.

Capital expenditure relating to vehicles that meet the screening criteria amounted to CZK 6,844 million. Considering the DNSH criteria and minimum safeguards, 27.5% of total capital expenditure was Taxonomy-aligned in 2022.

CZK 6,844 million (27.5%)

taxonomy-aligned capital expenditure with substantial contribution to climate change mitigation in 2022

Taxonomy assessment of capital expenditure for 2022

	Capital Expenditure		Substantial Contribution to Climate Change Mitigation		Compliance with DNSH Criteria	Compliance with Minimum Safeguards	Taxonomy-Aligned Capital Expenditure	
	CZK million	%*	CZK million	%*	Y/N	Y/N	CZK million	%*
Economic activities								
A. Taxonomy-eligible activities	24,898	100.0	6,844	27.5	Y	Y	6,844	27.5
Vehicle-related business								
3.3 Manufacture of low-carbon technologies for transport	24,898	100.0	6,844	27.5	Y	Y	6,844	27.5
of which additions to capitalized development costs for BEVs					Y	Y	1,670	6.7
of which additions to property, plant, and equipment for BEVs					Y	Y	5,174	20.8
B. Taxonomy-non-eligible activities	0	0.0						
Total (A + B)	24,898							

* All percentages relate to the Company's total capital expenditure.



Operating Expenditure

The operating expenses disclosed in accordance with the EU Taxonomy consist of research and development costs that have not been capitalised. These costs can be found in the "Intangible assets" section of the notes in the Annual Reports.

Furthermore, all operating expenses related to Škoda's vehicle business fall under economic activity "3.3 Manufacture of low-carbon technologies for transport". As such, these expenses have been categorised as eligible under the EU Taxonomy.

Where possible, non-capitalized research and development costs were directly attributed to vehicles. Operating expenses for vehicles with a significant contribution to climate change mitigation were included. Any non-capitalized research and development costs directly attributable to vehicles that do not meet the screening criteria were not included. Non-capitalized research and development costs that were not clearly attributable to a particular vehicle were considered on a proportionate basis using allocation formulas. For these and other operating expenses, allocation formulas were used, similarly to capital expenditure. As a result, CZK 1,573 million (19.9%) of operating expenditure was found Taxonomy-aligned in 2022.

Taxonomy assessment of operating expenditure for 2022

Economic activities	Operating Expenditure		Substantial Contribution to Climate Change Mitigation		Compliance with DNSH Criteria	Compliance with Minimum Safeguards	Taxonomy-Aligned Operating Expenditure	
	CZK million	%*	CZK million	%*	Y/N	Y/N	CZK million	%*
A. Taxonomy-eligible activities	7,888	100.0	1,573	19.9	Y	Y	1,573	19.9
Vehicle-related business								
3.3 Manufacture of low-carbon technologies for transport	11,191	100.0	1,573	19.9	Y	Y	1,573	19.9
B. Taxonomy-non-eligible activities	0	0.0						
Total (A + B)	7,888							

* All percentages relate to the Company's total capital expenditure.

CZK 1,573 million (19.9 %)

taxonomy-aligned operating expenditure with substantial contribution to climate change mitigation in 2022



A young man with wavy brown hair, wearing a grey zip-up sweater and light-colored khaki pants, is standing next to a silver car. He is looking down at a smartphone in his hands. The background shows a modern building with large windows and light-colored curtains. The image has a bright green diagonal overlay in the top right and bottom right corners.

Annexes

1. Index ESRS

ESRS 2 General Disclosures

Number of disclosure	Name of disclosure	Name of chapter	Page
BP-1	General basis for preparation of the sustainability statements	About This Report	8
BP-2	Disclosures in relation to specific circumstances	About This Report	8
GOV-1	The role of the administrative, management and supervisory bodies	Introductory Information Corporate Governance of Sustainability	34
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Introductory Information Corporate Governance of Sustainability	34
GOV-3	Integration of sustainability-related performance in incentive schemes	Introductory Information Corporate Governance of Sustainability Climate related incentive scheme	39
GOV-4	Statement on sustainability due diligence		
GOV-5	Risk management and internal controls over sustainability reporting	Introductory Information Corporate Governance of Sustainability Risks to the reporting process	39
SBM-1	Market position, strategy, business model(s) and value chain	Introductory Information Company Profile	13
		Introductory Information Value Chain	14
		Introductory Information Market Position	17
		Introductory Information Corporate Strategy	18

SBM-2	Interests and views of stakeholders	Introductory Information Impacts, Risks, and Opportunities Stakeholder involvement	26
		Governance Business Conduct Corporate Culture and Business Conduct Policies Human Rights	188
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	Introductory Information Impacts, Risks, and Opportunities Stakeholder involvement Stakeholder dialogue	28
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Introductory Information Impacts, Risks, and Opportunities Stakeholder involvement	26
		Introductory Information Impacts, Risks, and Opportunities Risk management system Social Own Workforce Risks and Impacts Assessment Social Workers in the Value Chain Risks and Impacts Assessment Social Consumers and End-Users Risks and Impacts Assessment	33
IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statements	Introductory Information Impacts, Risks, and Opportunities Stakeholder involvement Stakeholder dialogue	28



E1 Climate Change

Number of disclosure	Name of disclosure	Name of chapter	Page
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Environment Climate Change Risks and Impacts Assessment	70
E1-1	Transition plan for climate change mitigation	Environment GoTOzero Environmental Mission Environmental Mission Statement	43
		Environment GoTOzero Environmental Mission GreenFuture Strategy	45
		Environment Climate Change Policy and Ambitions Transition plan	53
E1-2	Policies related to climate change mitigation and adaptation	Environment Climate Change Policy and Ambitions	51
E1-3	Actions and resources in relation to climate change policies	Environment Climate Change Actions	60
E1-4	Targets related to climate change mitigation and adaptation	Environment Climate Change Policy and Ambitions Targets	52
		Environment Climate Change Policy and Ambitions	51
E1-5	Energy consumption and mix	Environment Climate Change Data and Specific Disclosures	70
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Environment Climate Change Data and Specific Disclosures Gross Scopes 1, 2, 3, and total GHG emissions	73
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Environment Climate Change Policy and Ambitions	51

E2 Pollution

Number of disclosure	Name of disclosure	Name of chapter	Page
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Environment Pollution Risks and Impacts Assessment	83
E2-1	Policies related to pollution	Environment Pollution Policy and Ambitions	83
E2-2	Actions and resources related to pollution	Environment Pollution Actions	83
E2-3	Targets related to pollution	Environment Pollution Policy and Ambitions	83
E2-4	Pollution of air, water and soil	Environment Pollution Data and Specific Disclosures	84

E3 Water and Marine Resources

Number of disclosure	Name of disclosure	Name of chapter	Page
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Environment Water Risks and Impacts Assessment	89
E3-1	Policies related to water and marine resources	Environment Water Policy and Ambitions	87
		Environment Water Risks and Impacts Assessment	89
E3-2	Actions and resources related to water and marine resources	Environment Water Actions	88
E3-3	Targets related to water and marine resources	Environment Water Policy and Ambitions	87
E3-4	Water consumption	Environment Water Data and Specific Disclosures	90

E4 Biodiversity and Ecosystems

Number of disclosure	Name of disclosure	Name of chapter	Page
E4-1	Transition plan on biodiversity and ecosystems	Environment Biodiversity	108
IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	Environment Biodiversity Risks and Impacts Assessment	111
		Environment Biodiversity Data and Specific Disclosures	114
E4-2	Policies related to biodiversity and ecosystems	Environment Biodiversity Policies and Ambitions	109
		Environment Biodiversity Risks and Impacts Assessment	111
E4-3	Actions and resources related to biodiversity and ecosystems	Environment Biodiversity Actions	110

E5 Resource use and circular economy

Number of disclosure	Name of disclosure	Name of chapter	Page
IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Environment Circular Economy and Resources Risks and Impacts Assessment	103
E5-1	Policies related to resource use and circular economy	Environment Climate Change Policy and Ambitions	51
		Environment Climate Change Targets	52
		Introductory Information Sustainability Strategy	20
		Environment Circular Economy and Resources Policy nad Ambitions	95
E5-2	Actions and resources related to resource use and circular economy	Environment Circular Economy and Resources Actions	100
		Environment Climate change Actions Circular economy	64
E5-3	Targets related to resource use and circular economy	Environment Climate Change Policy and Ambitions	51
		Environment Circular Economy and Resources Policy and Ambitions	94
E5-4	Resource inflows	Environment Circular Economy and Resources Policy and Ambitions Green Product	98
E5-5	Resource outflows	Environment Circular Economy and Resources	94
		Environment Circular Economy and Resources Policy and Ambitions Green Factory/Green Product	97
		Environment Circular Economy and Resources Data and Specific Disclosures	103



S1 Own Workforce

Number of disclosure	Name of disclosure	Name of chapter	Page
S1-1	Policies related to own workforce	Social Social Sustainability Strategy	120
		Social Social Sustainability Strategy Strategic Focus Area	122
		Social Own Workforce Data and Specific Disclosures	168
		Governance Business Conduct Corporate Culture and Business Conduct Policies Human Rights	188
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Governance Business Conduct Corporate Culture and Business Conduct Policies Human Rights	188
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Social Own Workforce Risks and Impacts Assessment The Stimmungsbarometer	164
		Governance Business Conduct Corporate Culture and Business Conduct Policies Human Rights	188
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Social Own Workforce Data and Specific Disclosures Incidents	175
		Governance Business Conduct Corporate Culture and Business Conduct Policies Human Rights	188
S1-6	Characteristics of the undertaking's employees	Social Own Workforce Data and Specific Disclosures	168
		Governance Business Conduct Corporate Culture and Business Conduct Policies	187
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Social Own Workforce Data and Specific Disclosures	168
		Governance Business Conduct Corporate Culture and Business Conduct Policies	187
S1-8	Collective bargaining coverage and social dialogue	Social Own Workforce Risks and Impacts assessment	162
		Governance Business Conduct Corporate Culture and Business Conduct Policies	187
S1-9	Diversity indicators	Social Own Workforce Data and Specific Disclosures Diversity	168
		Introductory Information Impacts, Risks and Opportunities Corporate Governance of Sustainability	34
		Governance Business Conduct Corporate Culture and Business Conduct Policies	187
S1-10	Adequate wages	Social Own Workforce Data and Specific Disclosures Contracts, financial rewards, and benefits	172
		Governance Business Conduct Corporate Culture and Business Conduct Policies Human Rights	188

S1-11	Social protection	Social Own Workforce Data and Specific Disclosures Social protection	174
		Governance Business Conduct Corporate Culture and Business Conduct Policies	187
S1-12	Persons with disabilities	Social Social Sustainability Strategy Strategic Focus Area Diversity	143
		Social Own Workforce Data and Specific Disclosures Social protection	174
		Governance Business Conduct Corporate Culture and Business Conduct Policies Human Rights	188
S1-13	Training and skills development indicators	Social Social Sustainability Strategy Strategic Focus Area Education	122
		Governance Business Conduct Corporate Culture and Business Conduct Policies Code of Conduct	187
		Governance Business Conduct Prevention and detection of corruption or bribery	194
		Governance Business Conduct Corporate Culture and Business Conduct Policies Human Rights	188
S1-14	Health and safety indicators	Social Own Workforce Actions Health and care	159
		Governance Business Conduct Corporate Culture and Business Conduct Policies	187
S1-15	Work-life balance indicators	Social Social Sustainability Strategy Strategic Focus Areas	122
		Social Own Workforce Data and Specific Disclosures Social protection	174
		Governance Business Conduct Corporate Culture and Business Conduct Policies Human Rights	188
S1-16	Compensation indicators (pay gap and total compensation)	Social Own Workforce Data and Specific Disclosures	168
		Governance Business Conduct Corporate Culture and Business Conduct Policies Human Rights	188
S1-17	Incidents, complaints and severe human rights impacts and incidents	Social Own Workforce Data and Specific Disclosures	168
		Governance Business Conduct Corporate Culture and Business Conduct Policies Human Rights	188

S2 Workers in the Value Chain

Number of disclosure	Name of disclosure	Name of chapter	Page
S2-1	Policies related to value chain workers	Social Workers in the Value Chain Policy and Ambitions	179
		Governance Business Conduct Corporate Culture and Business Conduct Policies	187
S2-2	Processes for engaging with value chain workers about impacts	Social Workers in the value chain Risks and Impacts Assessment	179
		Governance Business Conduct Management of Relationships with Suppliers	192
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Social Workers in the Value Chain Actions	179
S2-4	Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Social Workers in the Value Chain Actions	179
		Social Workers in the Value Chain Risks and impacts assessment	179
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social Workers in the Value Chain Policy and Ambitions	179

S3 Affected Communities

Number of disclosure	Name of disclosure	Name of chapter	Page
S3-1	Policies related to affected communities	Social Social Sustainability Strategy Community Engagement and Development of Škoda Auto Regions	148
		Governance Business Conduct Corporate Culture and Business Conduct Policies Human Rights	188
S3-2	Processes for engaging with affected communities about impacts	Social Social Sustainability Strategy Community Engagement and Development of Škoda Auto Regions Škoda Auto Endowment Fund	148
S3-4	Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Social Strategic Focus Areas	122
		Social Social Sustainability Strategy Community Engagement and Development of Škoda Auto Regions Škoda Auto Endowment Fund	148

S4 Consumers and End-Users

Number of disclosure	Name of disclosure	Name of chapter	Page
S4-1	Policies related to consumers and end-users	Social Consumers and End-Users Policy and Ambitions	181
		Governance Business Conduct Corporate Culture and Business Conduct Policies	187
S4-2	Processes for engaging with consumers and end-users about impacts	Social Consumers and End-Users Actions	181
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Social Consumers and End-Users Actions	181
S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Social Consumers and End-Users Risk and Impacts Assessment	181

G1 Business Conduct

Number of disclosure	Name of disclosure	Name of chapter	Page
G1-1	Corporate culture and business conduct policies	Governance Business Conduct Corporate Culture and Business Conduct Policies	187
G1-2	Management of relationships with suppliers	Governance Business Conduct Management of Relationships with Suppliers	192
G1-3	Prevention and detection of corruption or bribery	Governance Business Conduct Prevention and Detection of Corruption or Bribery	194
G1-4	Confirmed incidents of corruption or bribery	Governance Business Conduct Prevention and Detection of Corruption or Bribery	194
G1-5	Political influence and lobbying activities	Governance Business Conduct Political Influence and Advocacy Activities	196

2. List of Contributions to SDGs

Based on the link between Škoda Auto sustainability activities and specific SDG sub-targets

GOAL 3: Good Health and Well-being

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

- Škoda Auto supports health and well-being (via projects focused on ergonomics, mental health and health day).
- Rapid material assistance and logistical support to Ukraine was provided and through the activities of the People in Need foundation direct financial support was sent to the Tjachiv Hospital.

3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

The Company continuously monitors the use of hazardous chemicals and implements new safer technologies.

- The rising share of electric cars with no local emissions contribute not only to the reduction of the CO₂e emissions but also contribute significantly to the air quality improvement.

GOAL 4: Quality Education

4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.

- One of the program pillars of the Škoda Auto Endowment fund is aimed at the development of the quality of primary and pre-schools.

4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.

- One of the program pillars of the Škoda Auto Endowment fund is aimed at the development of the quality of primary and pre-schools

4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

- Škoda Auto supports the IT education of women and children. In cooperation with Czechitas, it organises short – and long-term courses for women and children who want to strengthen their IT skills.

4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

- Škoda Auto University offers a tailored practice-oriented education in business administration. The university provides a number of Bachelor's and Master's study programmes and develops high-quality applied research.

- Škoda Academy offers a wide range of on-the-job and off-the job measures for all employees to support up and re-skilling.

- Externally, the Company intensively supports technical education and has long been cooperating with 40 secondary schools and 17 universities.

- In 2021 and 2022 the Company, in cooperation with Škoda Auto University and the Škoda Auto Endowment Fund, organised the annual EDU Week of lectures and seminars for educators of all types of schools and educational institutions.

- In the reporting period, as part of the project "Science Has a Future", 60 methodological materials were created for teachers to teach physics.

- The Škoda Auto EDU.LAB project was established in 2021 to promote technical education among primary and secondary school students.

4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

- Škoda Auto supports the IT education of women and children. In cooperation with Czechitas, it organises short – and long-term courses for women and children who want to strengthen their IT skills.

- The Company focused on supporting the integration of Ukrainian refugees via educational activities in cooperation with Škoda Auto University and Škoda Academy (summer camps for children and youths aged 6-15 with various activities, excursions and games, support for communication in the Czech language and Czech language courses for Ukrainian students, adults, and healthcare professionals).

4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality,

promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.

- Škoda Academy offers a wide range of on-the-job and off-the job measures for all employees to support up- and re-skilling for example:

- Digital competences and tech skills
- Technical education and e-mobility
- Leadership, cultural and mindset topics, mental and physical health

4.8 Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.

GOAL 5: Gender Equality

5.1 End all forms of discrimination against all women and girls everywhere.

- In May 2022, the 2030 Diversity Strategy was created and communicated. The new strategy defines the direction of diversity, equity, and inclusion until 2030.

- More than 20,000 employees were involved in European Diversity Month. Thanks to wide communication on all communication platforms and more than 15 events, the Company was able to address several dimensions of diversity, such as gender balance, family friendly policy, LGBT+, internationalisation and others.

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

- Strategic goal: By 2030 one in every four positions in Škoda Auto management should be filled by a woman.

5.8 Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women.

- In cooperation with Czechitas, Škoda Auto organises short- and long-term courses for women and children who want to strengthen their IT skills.

5.9 Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

- Strategic goal: By 2030 one in every four positions in Škoda Auto management should be filled by a woman.

GOAL 6: Clean Water and Sanitation

6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

- Water reuse is used in all the Company's paint shops. These include the use of cascade backwash technology and water recycling using membrane technology.

- Large retention tanks that hold water and subsequently release this rainwater in a regulated manner help to manage water efficiently.

GOAL 7: Affordable and Clean Energy

7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.

- Škoda Auto wants to make it easier for its customers to charge their electric cars anywhere in Europe. Therefore, since 2021, the Company has been offering the Powerpass service.

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

- Converting energy sources from fossil to renewable is a priority for Škoda Auto regarding energy consumption. The Company plans to shift to renewable energy sources, such as biogas, within five years in Mladá Boleslav and Kvasiny.

7.3 By 2030, double the global rate of improvement in energy efficiency.

- Škoda Auto achieved a further improvement of energy efficiency regarding production. Škoda's goal is to improve energy efficiency by 1% every year (2018-2030), the overall improvement from the base year will be 16%.

7.4 By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

- Škoda Auto's measures to produce low- and zero-emission cars have a positive impact not only on mitigating climate change but also on the quality of the air we breathe.

GOAL 8: Decent Work and Economic Growth

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

- Škoda Auto is actively involved in programs in the field of research, technical development and innovation, education or environmental protection focused on e.g. electromobility, urban mobility, Industry 4.0, 3D printing, environmental protection, or increasing the qualification and skills of students and employees.
- Škoda Auto encourages innovative thinking among employees by an incentive programme called ZEBRA.

8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.

- As stated in its GoToZero environmental mission, by using recycled materials and renewable resources, the Company reduces the need for primary raw materials. The Company improves its energy and resource efficiency and establishes cycles for materials and water. Together with business partners, Škoda reduces the use of natural resources along the supply chain.

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

- The Company has implemented an Occupational Health and Safety (OSH) management system that goes beyond legislative requirements.
- In 2022, after 3 years, the Company obtained a new certificate according to ISO 45001:2018 Occupational Health and Safety Management Systems, which it subsequently retained. The system includes internal employees, agency workers and employees of external entities.

GOAL 9: Industry, Innovation and Infrastructure

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

- The company contributes to the country's gross domestic product and total exports. It employs thousands of people. Through its responsible policies, it is influencing the transformation of Czech industry and economy into more sustainable and resilient one.

- Škoda Auto invests in sustainable solutions such as non-fossil energy sources, electric vehicles production and development of infrastructure for EVs.

9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

- The company strives for sustainable industry approach based on environmentally friendly production, responsibility towards employees and communities and an innovative approach in the development of its product and service portfolio.
- Škoda Auto promotes technical education. The Company has also proven high level advocacy in the field of Transformation and future of the automotive industry.

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

- Škoda uses Decarbonisation Index (DCI) to measure its product carbon footprint. By 2030 the Company aims to reduce the DCI of Škoda products by 40% compared to 2018.
- Škoda systematically implemented more sustainability elements into its products as natural, recycled and recyclable materials in its cars. This is the case for instance in seat covers made from new wool and recycled PET bottles in the all-electric Enyaq SUV.
- The Company implemented environmentally sound technologies in its paint shops.

GOAL 10: Reduced Inequality

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

- Škoda Auto's social sustainability strategy defines five priorities as Education, Mobility, Volunteering, Well-being, and Diversity.
- More than 20,000 employees were involved in European Diversity Month.
- Škoda Auto supports diversity primarily internally, but it is also an ambassador of diversity outside the Company. The strongest example of external ambassadorship is the official partnership with Prague Pride in 2022.

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

- The Company provides its employees with time off in the event of personal obstacles to work in addition to the applicable legal regulations Parents who have been

employed by the Company for at least 3 months are eligible to receive a payment of CZK 10,000 per child born to cover social expenses.

10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies.

- Integration of Ukrainian refugees in the Czech Republic – A total of 25 projects were supported with a total amount of more than CZK 5.4 million, which supported over 1,250 children and adult refugees in all Škoda Auto regions.

GOAL 11: Sustainable Cities and Communities

- Support for the sustainable development of the Mladá Boleslav, Kvasiny, and Vrchlabí regions is a long-term priority at Škoda Auto. The Company invested tens of millions of CZK in priority areas in the reporting period.

- Dozens of projects developing civil society, culture and local heritage, leisure activities for children or social care are supported via grant schemes with the objective to support public involvement in regional development efforts and target identified bottlenecks.

- Bike sharing support: Support for bike sharing in regions and the development of new cycling paths.

- Region without barriers: Grant to support disadvantaged individuals, with the aim of reducing social exclusion, supporting caregivers, and providing palliative care providers.

11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage.

- Dozens of projects developing civil society, culture and local heritage, leisure activities for children or social care are supported via grant schemes with the objective to support public involvement in regional development efforts and target identified bottlenecks.

11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.

- In 2021, Škoda Auto held a collection to help South Moravia and the area of Lounsko, the area hit by the tornado. The aim of this collection was to provide financial resources to those in need from the region.

GOAL 12: Responsible Consumption and Production

12.1 Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into

account the development and capabilities of developing countries.

- Škoda Auto has a proven record of advocacy in these regulatory topics:
- Decarbonisation
- Electromobility and charging infrastructure
- Energy supply and renewable energies

12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

- The environmental approach of Škoda Auto is declared by its Environmental Policy and based on efficient management of natural resources and energy, as well as the use of environmentally friendly and energy-saving technologies, and recycled materials.

- The Company prioritises the use of local raw materials with a lower carbon footprint compared to the primary material.

- In the area of circular economy and resource savings, the new car models are developed with an increased share of sustainable, especially recycled materials.

12.4 By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

- Škoda Auto approach waste management responsibly and throughout the entire cycle.

- The network of take-back points for tyres and lead-acid batteries was significantly expanded in 2021.

- No production waste from the plants in the Czech Republic is sent to landfills since 2020.

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

- Škoda Auto endeavours to prevent waste generation and to use raw material resources sparingly. If waste is already generated within a production process, the waste management hierarchy is consistently applied. i.e., material and energy use is preferred over landfilling.

- As part of its environmental commitment, the company succeeded in sending Zero waste to landfill in 2021 and 2022.

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

- Company reports regularly on its sustainability matters. It publishes its sustainability report which meets international sustainability reporting standards.



12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities.

- Škoda Auto set up a process of integration of environmental and social standards criteria in its selection process. This concept is called S-Rating and implemented since 2019.

12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

- The company educate and involve its employees into sustainability topics on a regular basis. Many activities are published on a website skoda-storyboard.com.

GOAL 13: Climate Action

- The Company continued with its decarbonisation journey in production towards 2030 and is part of the Group 's commitment on climate neutrality by 2050.

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

- Škoda Auto puts emphasis on education on sustainability and efficient energy management within an authorised sales and service network. The portfolio of activities includes web-based training, webinars, consulting services, and voluntary certification.

GOAL 15: Life on Land

15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.

- Potential negative impact of Škoda Auto's major projects on soil are part of the Environmental Impact Assessment, so far, no negative impact has been identified.
- The company has been taking care of a legacy contaminated soil on its premises of the Mladá Boleslav plant and the Kosmonosy service centre. The company has been monitoring the state of respective soil and remediating any issues regularly. The contamination is being gradually eliminated.

GOAL 16: Peace and Justice Strong Institutions

16.1 Significantly reduce all forms of violence and related death rates everywhere.

- Škoda Auto is striving to reduce all forms of violence by mandatory Code of Conduct Training for all employees.

16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children.

- The Company does not approve any kind of children work.

16.5 Substantially reduce corruption and bribery in all their forms.

- Škoda Auto strives to act responsibly and transparently not only internally but also externally. Škoda Auto has developed further the relations with business partners by integrating the environmental and social standards to a Code of Conduct for Business Partners.

- Furthermore, The Whistleblower System is used, and the Company supports it to get feedback from stakeholders and to manage possible risks.

16.6 Develop effective, accountable and transparent institutions at all levels.

- Škoda's corporate governance ensures that the business runs in a responsible, qualified, and transparent way.

16.b Promote and enforce non-discriminatory laws and policies for sustainable development.

- Škoda Auto has a proven record in advocacy in Transparency of Public Affairs

GOAL 17: Partnerships to achieve the Goal

17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.

- Škoda Auto is a member of industrial, economic associations, and where it shares its knowledge and promotes the sustainable development.
- Currently the Company is targeting its efforts jointly with the Government of the Czech Republic towards supporting the transformation process aimed to the converting of the Czech Republic to the eHUB of the Central and Eastern Europe.
- Škoda Auto has developed further the relations with business partners by integrating the environmental and social standards to a Code of Conduct for Business Partners.
- The Škoda Auto Endowment Fund has been a member of the Donors' Forum since 2021.

17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

- Škoda Auto is a member of advisory bodies of state administration . The Company is also represented in academic institutions and universities.
- In November 2021, Škoda Auto extended its current governance model by creating the External Sustainability Council.

SKODA



In Škoda Auto, we continuously work on improving and developing technologies and models. We thank you for your understanding that changes in design, equipment, and technical specifications may be made at any time. As a result, the data and descriptions in this report are for informational purposes only.

Contact: sustainability@skoda-auto.cz

Created by Škoda Auto a.s. in August 2023
Tř. Václava Klementa 869, 293 01 Mladá Boleslav, Czech Republic