



SKODA

Sustainability Report 2023

reporting.skoda-auto.com

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Foreword

Dear Reader,

Thank you for joining us in our journey to a more sustainable future at Škoda Auto. I believe you will find in this Sustainability Report for 2023 that we are taking important steps on a clearly defined path, anchored in our overarching Next Level Škoda Strategy 2030.

We are committed to transparency and open communication with our stakeholders and the wider world. Therefore, we have made a significant evolution in our reporting. For the first time, this year, we will present our sustainability report in parallel with the annual financial report. This shift exemplifies our dedication to align and communicate sustainability together with our financial information.

Our sustainability strategy, updated in April 2023, sets a trajectory for Škoda Auto to be the best in class in Environmental, Social, and Governance (ESG) areas. Sustainability is not merely a corporate initiative; it is embedded in our ethos, our products, and our actions.

With the updated sustainability strategy, Škoda Auto is focused on eight key areas designed to make sustainability more visible to our customers and other stakeholders. This approach signifies our commitment to making sustainability integral to our operations and processes.

In our pursuit of decarbonization, we've taken notable steps in production by installing photovoltaics and starting the transformation of our heat-production plant in Mladá Boleslav from coal to 100% biomass. Since 2021, we have also been cooperating with other Volkswagen Group brands as part of the "goTOzero Retail" project to decarbonize the sales and service network. The goal is to offer our partners practical tools that will help effectively reduce their carbon footprint. In 2023, this project was piloted in selected markets, and others will follow from 2024. Moreover, our new Superb and Kodiaq models are now available as plug-in hybrids with a purely electric range of more than 100 km.

We've restructured our purchasing process to incorporate 40 kg of recycled plastics in our new Battery Electric Vehicle (BEV) models starting from 2025.

Our commitment to local ecosystems is embodied in the Krakonos Gardens program, which is realized by the Škoda Endowment Fund. It invests CZK 2 million annually to support biodiversity elements, connecting environmental and social activities.

Social sustainability plays a key role in our Company in building long-term prosperity and creating a positive social impact. To be better prepared for the challenges we collectively face, we have continued to focus on a range of activities in five strategic areas in 2023. Škoda Social Week was an example of a project that connected our employees with the external environment and became an important initiative to raise awareness of social issues. This event successfully linked employee care with social and health service providers and helped to raise several important and challenging topics.

The Škoda Auto Endowment Fund successfully builds on the Company's activities, further deepening our social responsibility. That is why, as a Škoda Auto company, we decided to share the good economic result of 2023 and put CZK 103.8 million into the Endowment Fund to ensure long-term financing of key activities. Together with our partners, we aim to revitalise public spaces and help connect local communities. In addition to these metaphorical bridges, I can also mention an example of real ones in the form of the Gateway to Bohemian Paradise project - the footbridge from Mnichovo Hradiště to Horka Hill – as well as footbridges over the Jizera River at Česana (Mladá Boleslav) and "U Kofoly" (Mnichovo Hradiště).

In diversity and inclusion, we exceeded our target with 18.3% women in management. The Škoda Enyaq Respectline,

a unique vehicle showcasing respect as a core value, exemplifies our commitment to fostering an inclusive workplace.

The Together for Integrity (T4I) project, completed in 2023, has fortified our commitment to integrity and compliance. The project was based on recommendations of the US Monitor and the standards of the Volkswagen Group and includes measures for the protection of human rights and the environment. Škoda Auto also established a new internal system for submitting notifications of possible illegal conduct, based on new legislation.

Sustainable business relations are an integral part of our sustainability strategy. One of the key performance indicators is the proportion of turnover realized with suppliers with an A rating for sustainability. For the year 2023, this share amounts to 90%.

We continue to work on sustainability targets that will propel Škoda Auto toward our goal of "Best-in-class ESG". I want to extend my gratitude to every stakeholder who is part of our sustainability path. Together, we are creating values that will make a difference in our shared world.

Best regards,



Klaus Zellmer
CEO, Škoda Auto



About This Report

The Company Škoda Auto a.s. (hereinafter referred to as the "Company" or "Škoda Auto") considers it important that its stakeholders are regularly and transparently informed of all important aspects of its business. Since 2005, the Company has regularly published a report on sustainable development. The primary aim is to share experience, information, and new trends in sustainable business, as well as examples of good practice in this area. The data in the report relate to Škoda Auto a.s. and not to its subsidiaries. There is also a chapter devoted to the Škoda Auto Endowment Fund (hereinafter referred to as the "Endowment Fund" or "Fund"), through which selected activities are carried out as part of the social sustainability strategy. The Company exercises managerial control over the Endowment Fund through the involvement of employees in the Fund's management board and supervisory board.

Until now, the Sustainability Report has been published as a separate document. Taking into consideration Group reporting and legislative obligations, the Company plans to incorporate information about sustainability into its future Annual Reports.

One preparatory step is to transition away from the two-year reporting cycle in place at Škoda Auto from 2005 to 2022. Starting with 2023, the Sustainability Report will be published every year alongside the Annual Report.

Further steps on the path to fulfilling the future obligations the Company will have as of 2025 in relation to the requirements of the Corporate Sustainability Reporting Directive (CSRD) involve the gradual transition from reporting in line with the Global Reporting Initiative (GRI) to European Sustainability Reporting Standards (ESRS).

Until 2020, the Company prepared the report on sustainable development according to GRI standards. The most recent

Report on Sustainable Development, for the years 2021–2022, reflected the provisional version of ESRS available at that time. Preparation of the report for 2023 took account of the final, approved version of ESRS, from 31 July 2023; however, the Company will add reported information according to the broadened requirements over time, and this report is therefore not yet fully in line with ESRS in all aspects of the individual requirements for publication. The Company will gradually work on covering them in the coming year, when reporting at Škoda Auto will remain voluntary.

In the time remaining until the reporting obligations are established, Škoda Auto will concentrate on the timely fulfilment of the key requirements of CSRD and ESRS. For example, determining the issues reported according to the principles of double materiality.

The preceding and subsequent parts of the value chain are taken into consideration in the chapters which concern the main issues of sustainability where there are or could be impacts, risks, or opportunities, in particular when it comes to selecting and evaluating suppliers, the circular economy, workers in supply chains, and measures to combat corruption. These issues will also be expanded on.

Given the voluntary nature of reporting, there is currently no obligation to have the report verified from outside by an independent auditor. However, the indicators for Škoda Auto are projected in reporting at the Volkswagen Group, which is verified on a consolidated basis with limited assurance.

The consolidated sustainability report is [available here](#).

Time horizons

The Sustainability Strategy defines the key milestones of its objectives for the year 2025 (medium-term horizon) and 2030 (long-term horizon). Short-term sub-objectives are defined in individual chapters (for example, **Batteries for the MEB platform** – setting the battery-production capacity).

Estimate of the value chain

Certain indicators in the report, such as the Decarbonisation Index (DCI), include estimates of the value chain. In the future, this information will be provided with more accuracy, in line with the requirements of ESRS.

Sources of uncertainty of estimates and results

The quantitative indicators in the report are prepared with the frequent use of estimates. In cases in which data for the whole year are not available in time for inclusion in the report, a calculation is undertaken with the use of the actual data for 11 months, in that a qualified estimate is made for the final month, the reliability of which is retrospectively verified. These cases are marked accordingly in the report.

Changes in the preparation or presentation of information about sustainability

Data that were not in the last report have been added this time; for example, data on the education of the internal workforce. The selection of projects that illustrate Škoda Auto's activity in relation to the environment and the social sphere has also been updated.

Errors in reporting in previous periods

No errors were identified in reporting in the preceding period.

Publishing information arising from other legal regulations or generally recognised sustainability statements

The report contains the list of Sustainable Development Goals (SDGs) which apply to Škoda Auto's activities.

Incorporating information by links

To fulfil requirements on publication according to ESRS, the report contains links to external documents to a greater extent than will be possible in the future. The required information will be integrated into the report itself over time. While still reporting on a voluntary basis, the Company does not prepare an overview of information incorporated by links.

Application of the provision on phase-in according to Appendix C ESRS 1

Due to the voluntary nature of reporting at present, requirements will be covered over time. The Company does not prepare an overview of information omitted according to Appendix C ESRS 1.

Introductory Information

Company Profile

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, and largely because it has been part of the Volkswagen Group (hereinafter the "Group") for more than 30 years. It has become a strong, internationally successful company that is active worldwide and offers its customers a total of thirteen model lines.

Škoda Auto has long been a pillar of the Czech economy, currently employing almost 35,000 people in the Czech Republic. 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.

The business activity in which the Company is engaged primarily focuses on the development, manufacture and sale of cars, and components. The latter also included battery systems for MEB platforms, original parts, Škoda brand accessories and the provision of servicing.

Škoda Auto is currently offering the broadest portfolio ever and provides the best of both worlds – electric and conventional powertrain options. Nevertheless, the future of Škoda is electric. The Company is implementing its clearly defined e-mobility roadmap, including six completely new e-models in the coming years.

The Company is further expanding its global footprint as a key element of its Next Level Škoda Strategy 2030. Škoda Auto intends to become one of the top five best-selling brands in Europe by 2030. As an integral part of Brand Group Core, the car manufacturer is leveraging its expertise in price-sensitive growth markets and contributes its know-how to unlock new growth potential for the Group in India and ASEAN.



Purpose

We will help the world live smarter.

Mission

Modern accessible mobility with everything you need and surprises you love.

Value Chain

This graphic provides an overview of the Company's main activities. The value chain is conceived so as to capture all flows of input and output in relation to a product in the form of upstream and downstream activities.

The scope of this graphic takes account of the activities undertaken by Škoda Auto (marked in green), activities undertaken by the Volkswagen Group (marked in blue), and activities undertaken by external partners (marked in grey). The figures presented are for 2023.



Suppliers

Car manufacturing requires plenty of input in the shape of primary raw materials (such as iron and aluminium), pre-prepared components, and other parts. In an effort to reduce environmental impacts, ensure that human rights are respected, and prevent corruption, Škoda Auto is helped by 8,333 direct suppliers, mainly from Europe and Asia. To begin working with the Company, the majority of those suppliers have to undergo an assessment in relation to sustainability, which is known as the S-Rating.



Upstream Activities



Logistics and Transport

In relation to logistics and transport, the Company's main efforts are aimed at transitioning to rail transport and using more means of transport that run on alternative fuels. New emission-free forms of in-house transport have also been introduced. At the same time, logistics and transport are downstream activities.



Research and Development

Innovations have a fundamental role at Škoda Auto. They run throughout the Company and help, for example, with the gradual electrification of the product portfolio, or check the potential of new mobility and connectivity solutions.



Škoda Auto



Production

Škoda Auto manufactured 888,418 vehicles in 2023. Investment in modernising production, robotisation, and the introduction of innovative approaches result in each of those vehicles having a lesser environmental impact and in the continual improvement of conditions for employees.



Sales and After-sales Servicing

Sales and after-sales servicing is carried out through a partnership network of dealers that, in addition to intermediating sales of vehicles, offer professional servicing and use original spare parts.



Vehicle Use

Škoda Auto helps its customer run an environmentally friendly form of transport, with its ever-expanding range of PHEV and BEV vehicles. Of the total number of vehicles sold, 2.2% were PHEV and 9.4% BEV vehicles. Škoda Auto also continues its support for building charging infrastructure.



Recycling and Circular Economy

Recycling the materials used in production and those at the end of the vehicle's lifetime significantly reduces the negative environmental impact. By continually investigating opportunities to use the principles of the circular economy, the Company is making efforts to run more environmentally friendly operations and to potentially secure a stable supply of the input needed for production.



Downstream Activities

Sustainability Strategy

For several years now, sustainability has been one of the Company's top priorities. The Next Level Škoda Strategy 2030, which defines a total of nine key areas and priorities for Company development leading up to 2030, was updated in 2023. Sustainability helps the Company achieve the Next Level Škoda Strategy 2030 and has been firmly anchored in it as an integral part of it. The name of the sustainability strategy also reflects the Company's ambition – **"Best in Class in ESG"**.

The implementation of this strategic topic is overseen by two members of the board of directors responsible for the area of Procurement and the area of Production and Logistics.

As a vehicle manufacturer of long-standing tradition, Škoda Auto is well aware of the global challenges ahead and its responsibility toward the environment and society. The strategy aims to help the Company achieve significant success in the defined areas, to become an inspiration for other companies on the market, and to link the Škoda brand with the issue of sustainability even more in the minds of its customers.

The updated Sustainability Strategy is based on three main ESG pillars and defines a total of **eight strategic areas**.

In the environmental pillar, the Company intends to become an innovator in re-using resources with sustainable Simply Clever solutions. Strategic areas include decarbonisation, the circular economy, and protecting local ecosystems.

The social sustainability pillar at Škoda Auto encompasses strategic areas such as people and communities, including support for education, mobility, well-being, volunteering, and diversity. It proactively engages local communities, supports employees, and provides humanitarian aid.

As far as corporate governance is concerned, Škoda Auto wants to become an example of ethical conduct and resilience to crises. Strategic areas were defined as being integrity and compliance, risk management, and building sustainable business relationships.

In order to monitor the achievement of the Company's objectives, a set of eight "TOP KPIs" are used in relation to strategic areas, defining specific targets for the year 2025 or 2030 for each particular area. At the operative level, there are several other monitored indicators.



Environment

An **innovator** in resource reuse with Simply Clever sustainable solutions

- **Decarbonization**
- **Circular Economy**
- **Preserving local ecosystems**



Social

Hands-on proactive **local community** engagement and **people empowerment** and ad hoc **humanitarian aid**

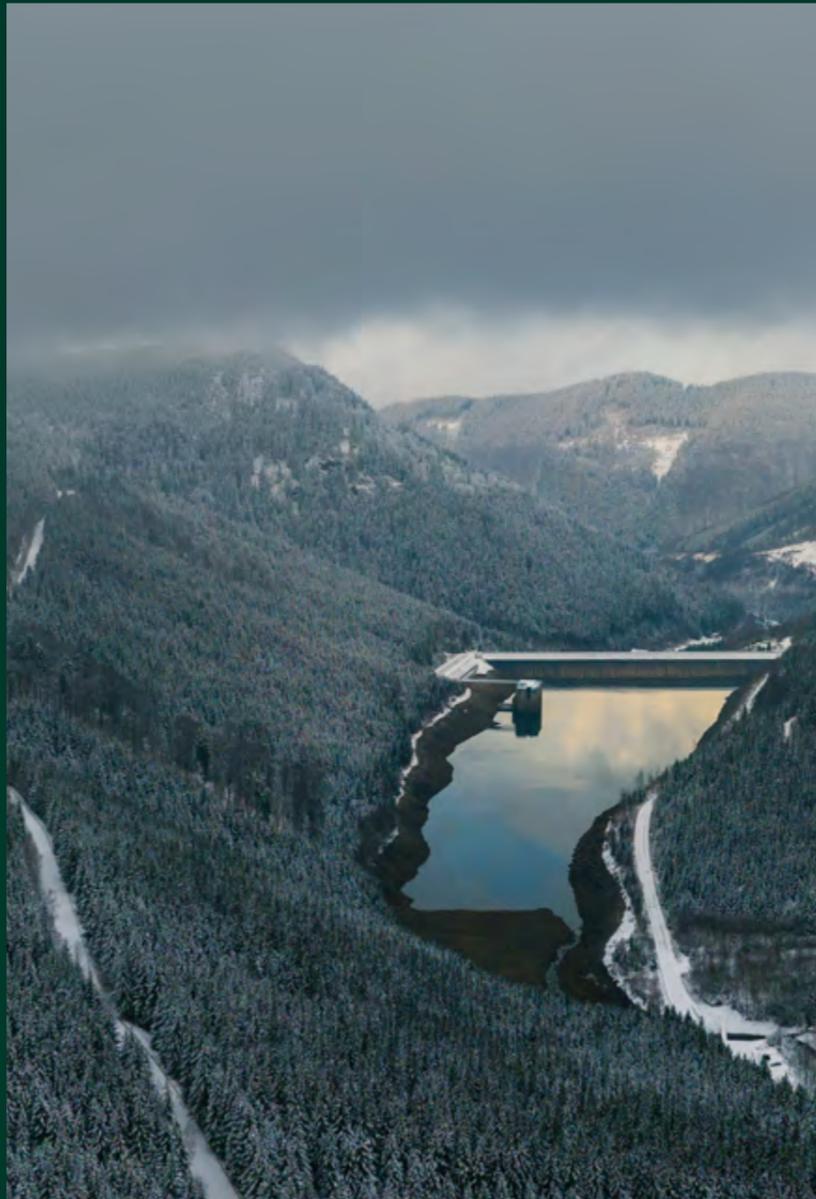
- **People and Communities**
- **Diversity**



Governance

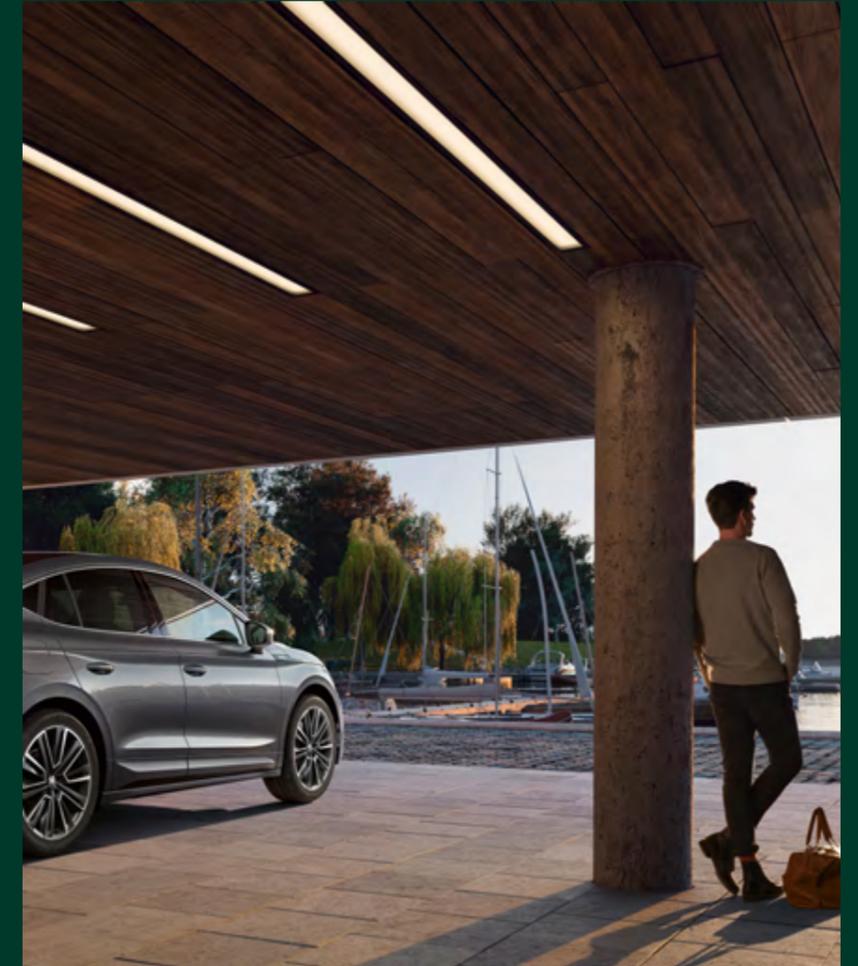
Role model for **acting ethically** and being **resilient** against crises

- **Integrity and Compliance**
- **Risk Management**
- **Sustainable Business Relations**



Decarbonization
Circular Economy
Preserving local ecosystems

People and Communities
Diversity



Integrity and Compliance
Risk Management
Sustainable Business Relations

TOP KPI Sustainability Targets for 2025 and 2030

40 kg

Share of Recycled Plastics

Share of recycled plastics in new models manufactured from the year 2025.

40%

Decarbonisation Index

Expresses the reduction of CO₂e emissions throughout the value chain per each manufactured car in comparison with the year 2018 (41.24 t CO₂e)

i.e. 24.7 t CO₂e per car in comparison with 2018

52.5%

Reduction of the Environmental Impact of Production

This indicator monitors the reduction in energy consumption, the production of CO₂ emissions, the consumption of water, and the production of volatile organic compounds and waste per each manufactured car in comparison with the year 2010.

Environment

High ≥ 120%

Activity Success Index

The index reflects how successful the projects are in terms of credibility, value, uniqueness, whether they “fit the brand”, and further potential they have. The Company started tracking this Index in 2023.

26

Diversity Index

The diversity index combines women in management and internationalization in management (managers with foreign nationality and Czech managers with more than 3 years of relevant experience abroad). It is the average of the values of the percentage representation of women in management and the percentage representation of the above-defined internationalized management in the total number of managers. The 2025 goal for women in management is 20% and for internationalisation it is 32%.

Social

6.8–7.0

Good Corporate Citizenship Index

External marketing study evaluating the Company based on customer surveys in selected EU5, India and China markets. Customers are asked twice a year about Škoda Auto’s ethical and socially responsible behaviour through an external MPM (Marketing Performance Monitoring) study. The final score varies on a scale from 1 to 10.

90%

Reported Risks

This indicator focuses on early and proper reporting of significant operative risks. It is a ratio of detected risks reported and subsequently actually occurring.

90%

S-rating

The proportion of turnover achieved with suppliers having the highest sustainability rating (A-rating) in total turnover for the past 12 months.

Governance

Stakeholder Dialogue and Material Topics

When updating its strategy at the end of 2022, the Company initiated an internal analysis of sustainability issues emerging from dialogue with stakeholders from 2021 and the strategies and commitments of the parent Volkswagen Group.

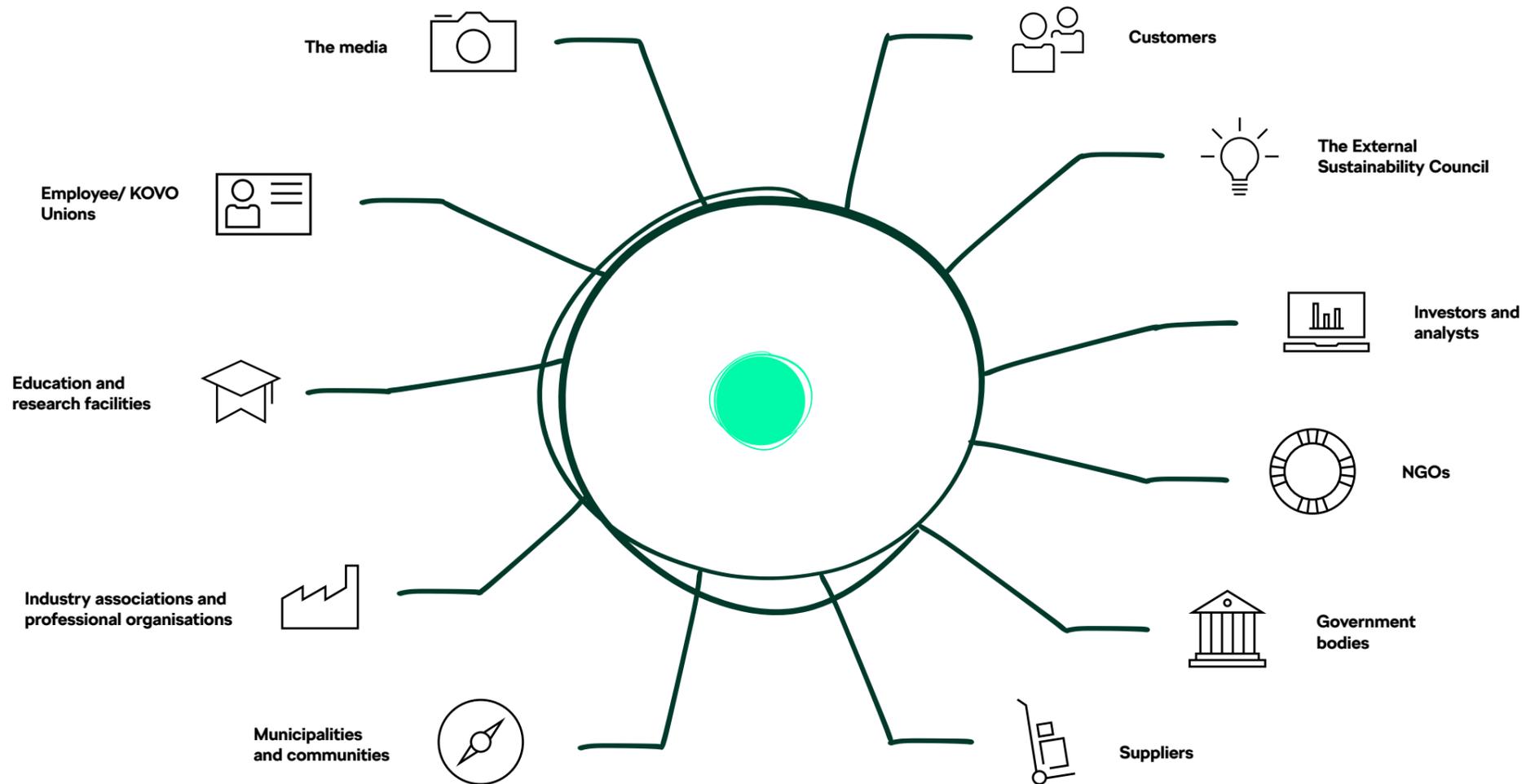
Among the significant issues identified were: profitability and sustainable growth, the circular economy, customers, quality and safety, technology and innovation, employee relations and satisfaction, health and safety, decarbonisation, data protection and cybersecurity, and resource management and innovations.

At the same time, the Company mapped out its current activities and objectives in the sphere of sustainability based on interviews with key internal departments. The outcomes were considered and discussed with the External Sustainability Council at the beginning of 2023. The updated sustainability strategy was then approved based on the input specified above.

In the future, the Company plans to work with the Volkswagen Group to evaluate material issues in line with the principles of double materiality which corresponds to the requirements of the new Corporate Sustainability Reporting Directive (CSRD). The outcomes will be projected in an updated overview of material issues in non-financial reporting, showing the areas having the greatest impact on Company activities.



Stakeholder Engagement



Regular communication with stakeholders is a key activity at Škoda Auto, giving it a better idea of the needs and expectations of its partners and enabling it to better set the sustainability strategy and its priorities.

At the same time, the Company communicates with external stakeholders, such as municipalities, public authorities, suppliers, customers, universities, and NGOs, with differing degrees of regularity using different means of communication.

Communication methods are adapted to the individual parties and include active communication at individual meetings and representation in different bodies, as well as passive communication, including publishing reports on sustainable development, press releases, or publishing information about sustainability on the Company website.

SUSTAINABLE DEVELOPMENT GOALS



Sustainable Development Goals

The UN General Assembly adopted the 2030 Agenda for Sustainable Development in the autumn of 2015, setting out 17 sustainable development goals as a global challenge. The aim is to end poverty, protect the planet, and make sure that all people live in peace and prosperity by the year 2030. Whereas the sustainable development goals are intended primarily for countries and their governments, Škoda Auto, as part of the Group, endeavours to contribute at least in part to achieving certain goals through its sustainability strategy.

In light of its updated sustainability strategy, the Company chose **14 of the most significant SDGs**, which it reflects in its current activities. The selection of individual goals was done at the level of sub-goals based on the 17 main SDGs. Remaining three SDGs (1. No poverty, 2. Zero hunger and 14. Life below water) were not selected because of the limited Company impact. These goals are shown in the individual chapters of the Report.

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 carried out using an established risk management system. This enables meaningful strategy and management of the business model and value chain.

The Company's activities and partnerships rely on the environment, social areas, and corporate governance, influencing them both positively and negatively. Škoda Auto monitors the development of requirements on evaluating the impacts of its activities, doing so in line with the Group's approach. The Company plans to fully consider any future legislative requirements.

The risk management system

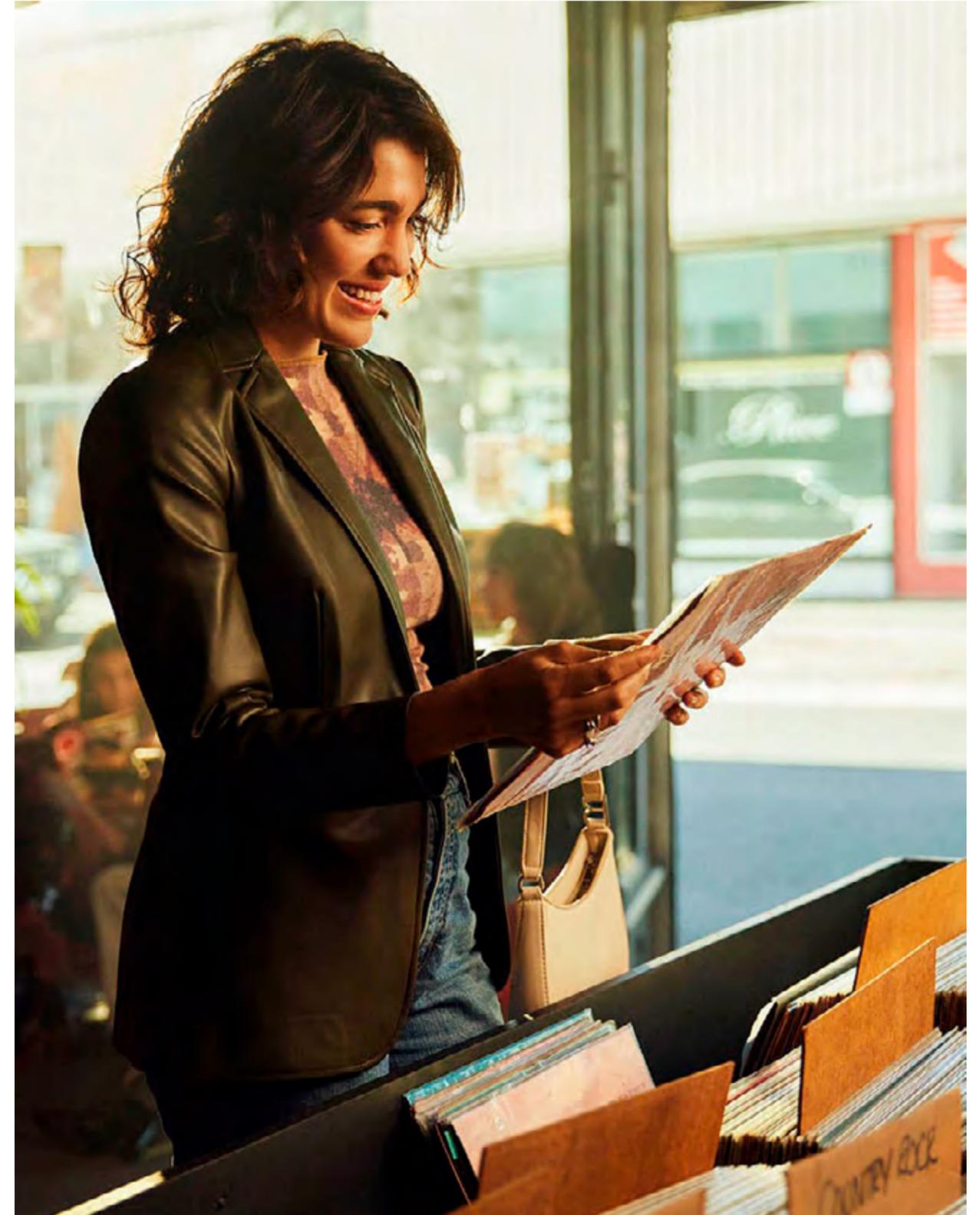
Škoda Auto operates an internal control system and a comprehensive risk management system in line with the methodology of COSO II.

Regular quarterly assessment is conducted to evaluate and monitor operating risks. This focuses on the financial impact of a predefined list of risk activities identified at the Group-wide level.

Risk assessment proceeds in the form of a points score based on the severity and likelihood of the risks. Risks whose value exceeds EUR 5 million are deemed to be significant. After gathering the resulting proposed list of significant risks (generally around 80–100 items), the Board of Management assesses the 10 most significant risks. Such risks include sustainability related compliance and legislative risks, for example, fleet emissions of CO₂, risks associated with emissions of pollutants, other environmental hazards, and the health and safety of employees. Assessing these risks in line

with the ESRS method takes place at the Group level. The collection of data is further supported by annual consultation and the training of all employees. They have the opportunity to discuss all newly identified risks with their managers.

Škoda Auto also works with a system of immediate risk reporting based on direct communication with the Board of Management without undue delay. Immediate risk reporting is required in situations in which, despite all measures taken, a financial impact of EUR 50 million is expected within the next 24 months with a likelihood of more than 50%.



Corporate Governance of Sustainability

The governance guideline of sustainability is set in line with localised Group guidelines that set out the key sustainability processes implemented at Škoda Auto.

The Company put in place a model of governance with defined roles and responsibilities to ensure the effective and consistent governance of sustainability.

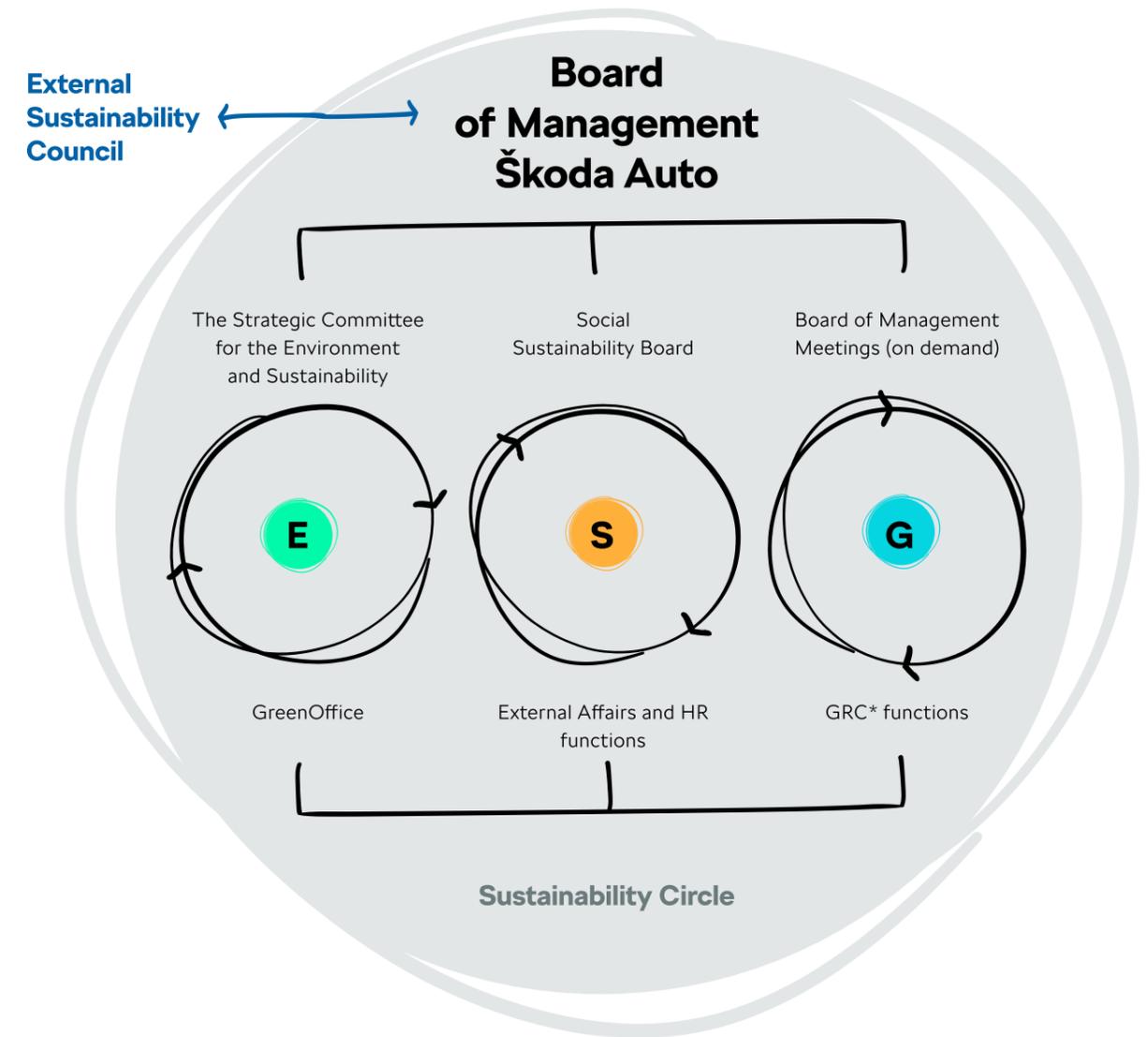
The Board of Management Škoda Auto meets at least once a year to discuss the status of the sustainability strategy, define specific goals, control its implementation, including impacts and risks, and evaluate its fulfillment. Furthermore, it decides on the implementation of related projects and measures in relation to sustainability.

The Strategic Committee for the Environment and Sustainability and the Social Sustainability Board, chaired by a member of the Board of Management for Production and Logistics and People and Culture, is in charge of the environment and social areas. Both committees meet up to three times per year to discuss issues related to the environment and social matters. Corporate governance does not have a separate committee, in that issues are discussed with the Board of Management at the level of individual divisions.

The specialised GreenOffice Department is responsible for carrying out the general GreenFuture environmental strategy, and it coordinates the aforementioned Strategic Committee for the Environment and Sustainability.

The External Affairs Department coordinates the action of the Social Sustainability Board and issues associated with social sustainability in cooperation with other HR coordinators.

The Sustainability Circle is a cross-departmental team comprising representatives from all three pillars and other relevant departments, under the leadership of the Corporate Strategy and Innovation department. The team acts as a hub for all issues of sustainability and is responsible for carrying out the enterprise-wide sustainability programme board meetings regarding sustainability. The chair of the team, the Brand Sustainability Manager, acts as the contact for the Group and represents the Company in the area of sustainability.



* Governance, Risk & Compliance



The External Sustainability Council

The External Sustainability Council, founded in 2021, consists of independent external sustainability experts with international experience in business, environment, strategy and communications. The External Sustainability Council advises the Company's Board of Management on the strategic direction of sustainability projects and related activities. The Council provides feedback and offers a unique view from the outside, as well as new perspectives on sustainability.

The External Sustainability Council met with the Board of Management twice in 2023. Discussions centred on the circular economy, biodiversity, diversity, communities, and communication. In addition to these regular meetings, members of the Council attended meetings with individual departments about the issues mentioned. As of 31 December 2023, the members of the External Sustainability Council were Sandra Feltham, Jan Bureš, Soňa Klepek Jonášová and Ladislav Miko. Hans Reitz stepped down from the External Sustainability Council in June 2023.

Sandra Feltham
Founder and CEO of Flagship Sustainability Impact and President of the Business Leaders Forum



Jan Bureš
Senior Economist at Patria Finance



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



Soňa Klepek Jonášová
Founder of the Institute of Circular Economy

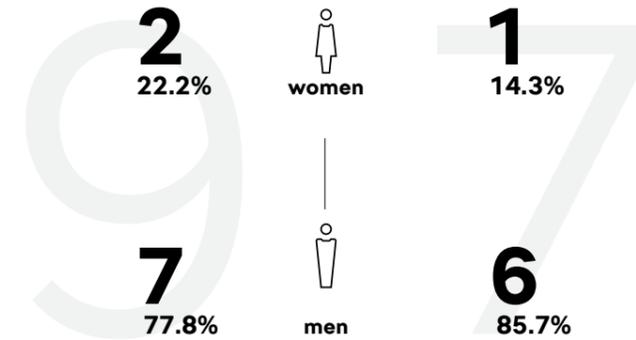


The Supervisory Board

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

The Board of Management

Decides on matters related to the company's business management, including sustainability topics.



0%
independent

appointed and removed by the single shareholder

The single shareholder appoints and removes 2/3 of members; employees appoint and remove 1/3 of members [in accordance with the provisions of Section 448(2) of Act No. 90/2012 Sb. on business corporations and cooperatives].

100%
executive

For the specific composition and competences of the members see the Annual Report.

Integration of sustainability-related performance in incentive schemes

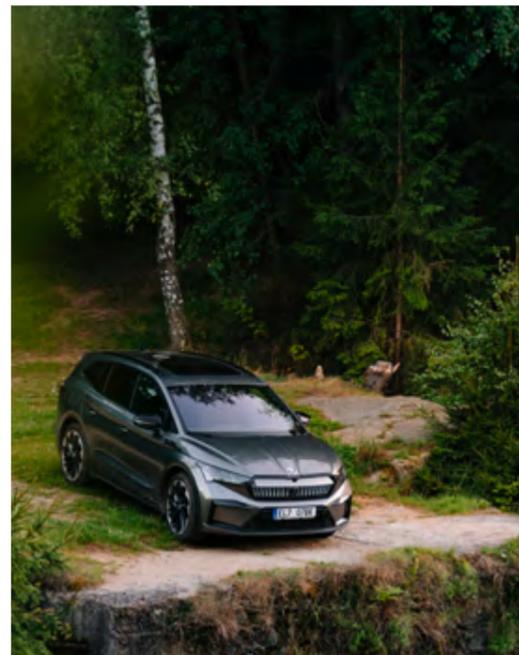
The fulfilment of strategic issues and key performance indicators (KPIs) at the Company is projected into the evaluation of members of management. As far as sustainability is concerned, KPIs reflect the issues of decarbonisation, diversity, and customer perception of sustainability. A uniform ESG factor was also introduced throughout the Group in 2023 to take into account the fulfilment of set objectives in the sphere of decarbonisation, diversity, and compliance and integrity, both at the Group-wide level and at that of individual brands.

Risks to the Reporting Process

Škoda Auto monitors risks to the reporting process and defines the internal controls of the reporting of data. The lack of double materiality analysis increases the risk that issues which could be material for the Company are not covered.

Examples of the risks identified in 2023:

- The relevant basic data are incomplete, incorrect, or unverified.
- The relevant data are delivered late or not at all, and therefore are not available in time.
- Data processing is incorrect and/or incomplete.
- Calculations or analyses are incorrect.

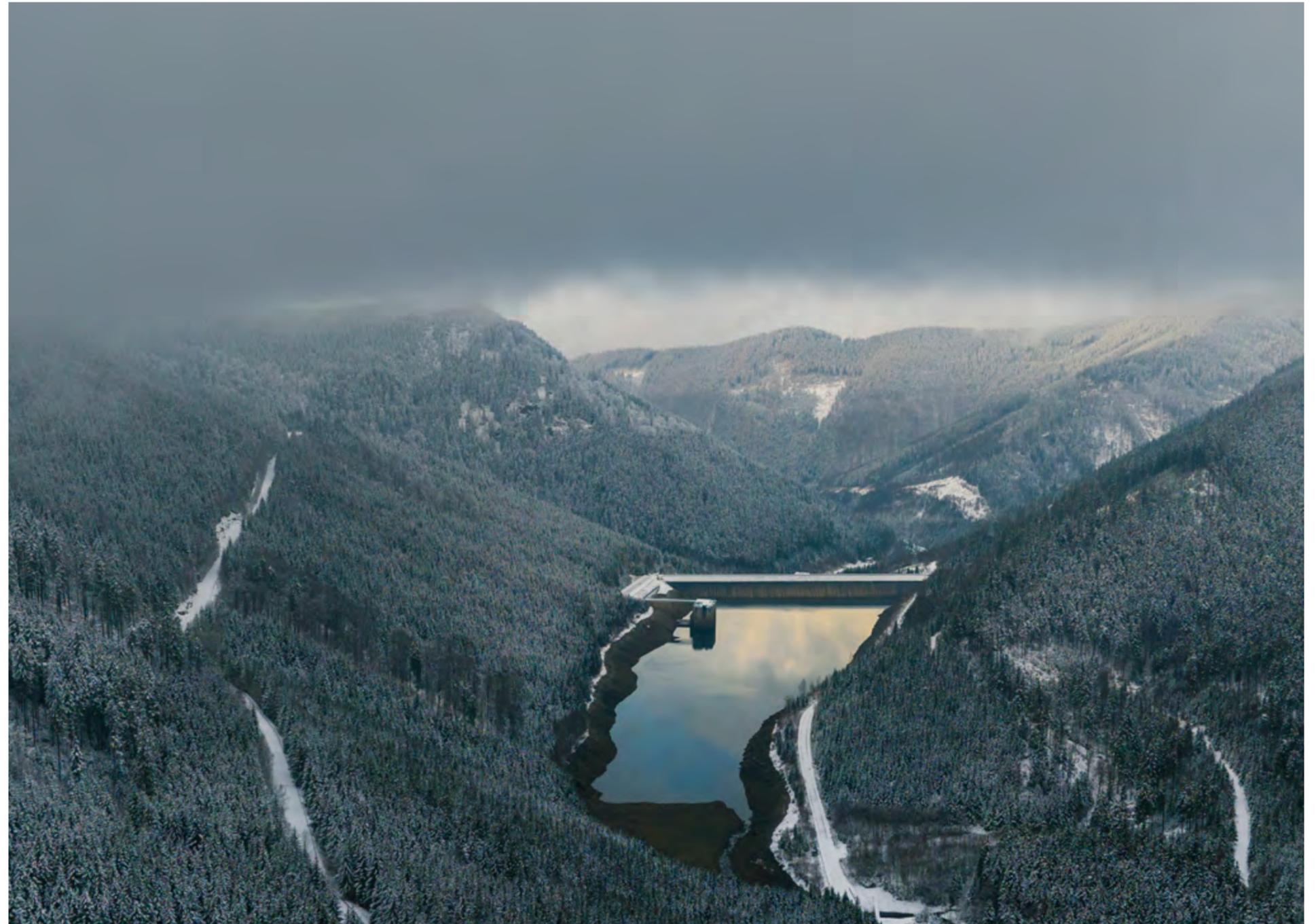


Environment

Business activity at Škoda Auto is directly tied to the environment - it significantly affects it and is simultaneously influenced by it. Aware of this reciprocal dependence, environmental sustainability and environmental protection are one of the main pillars of Škoda Auto's environmental strategy. The main issues in terms of the environment are, for example, improving energy performance, the circular economy, decarbonisation, sustainable water management, and the still-neglected biodiversity.

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

The Company strives to prevent pollution and carbon dioxide emissions and to 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 societies and the communities in which it operates.



goTOzero Environmental Mission



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

Škoda Auto wants to be a leading provider of sustainable mobility and the benchmark of environmental protection. To achieve this, the Company systematically and demonstrably reduces environmental impacts throughout the life cycle of the products and services it provides. Compliance with environmental regulations, standards, and voluntary commitments is a basic prerequisite for Company activity.

Key Actions



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 CO₂ neutral company.

Within the area in question, the following are among Škoda Auto's key environmental indicators: climate change and decarbonisation (Decarbonisation index DCI – see **Climate Change**), Reduction of the Environmental Impact of Production (UEP indicator – Umweltentlastung Produktion – see **GreenFuture Strategy/GreenFactory**), preserving the ecosystem (see **Pollution** and **Biodiversity**), and development of the Environmental Compliance Management System (ECMS).

comply with increasingly strict legal requirements on emissions, but to also increase the share of low-emission and emission-free vehicles significantly (Battery Electric Vehicles – BEV, and Plug-In Hybrid Electric Vehicle – PHEV). See **Climate Change**.

Škoda Auto holds several important certificates that demonstrate its commitment to environmental protection, both in production and at the product level; for example, ISO 14001 certification for environmental management and ISO 50001 certification for energy management.

As far as mobility is concerned, the Company considers the impacts that its activities have on the environment at all stages of the life cycle of a vehicle. It is important to not only



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 impact of business activities on biodiversity and ecosystem services and promotes projects to preserve them.

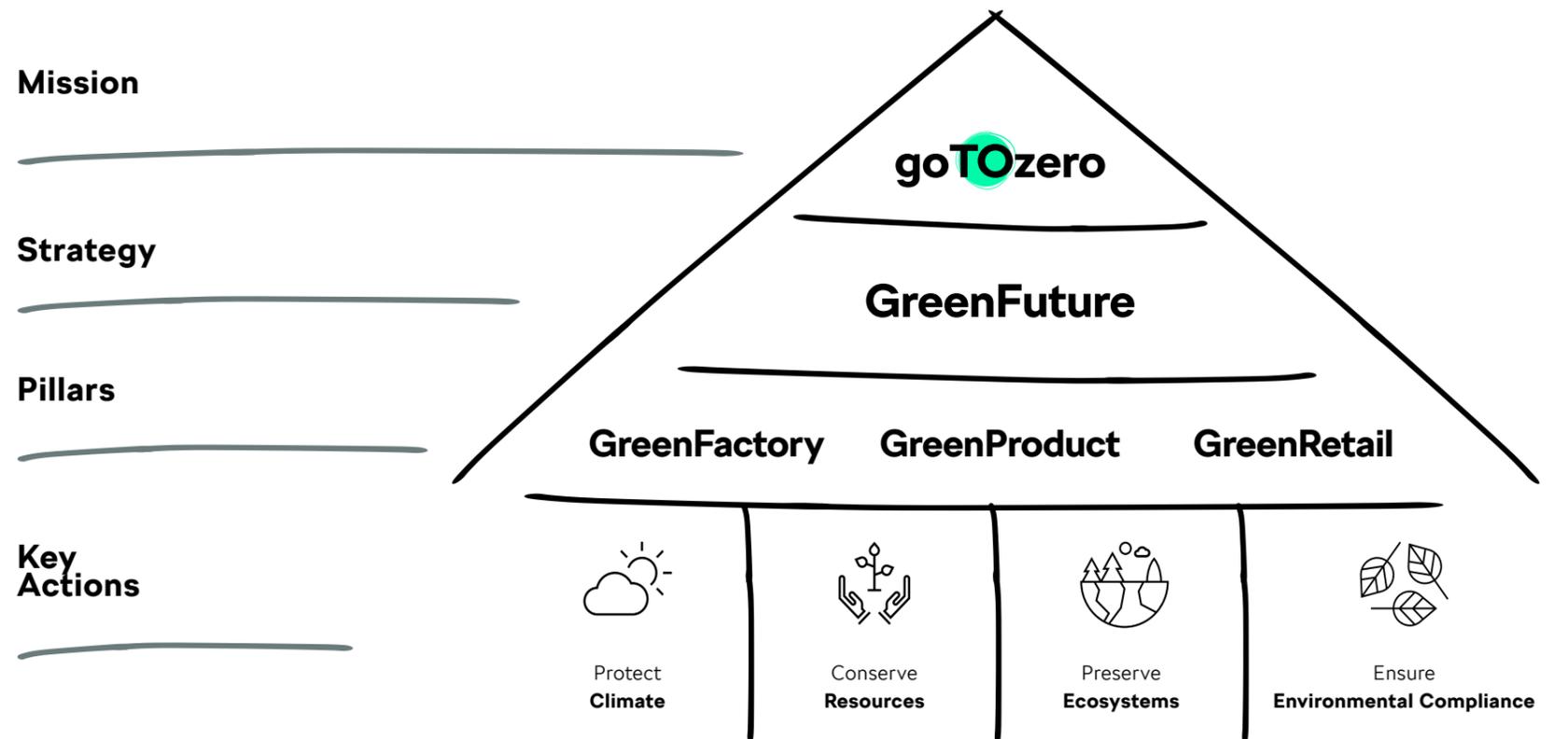


Ensure Environmental Compliance

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 mobility solutions.

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

GreenFuture strategy



The GreenFuture corporate strategy has been covering environmental issues for more than 10 years now. It ensures effective management and control of all activities relating to environmental protection, which makes it possible to set out individual measures at the **production, product, and retail** levels. GreenFuture aims to minimise the environmental impact of all mobility products and services throughout their life cycle, from the phase of extracting raw materials to the end of their lifetime. The year 2023 saw the GreenFuture strategy celebrate 10 years since its official launch in 2013. The occasion was marked by new graphics and a new GreenFuture logo. The objectives, however, remain the same – to mitigate the environmental impacts of its products throughout their life cycle.

The GreenFuture strategy is pursued in three areas:

GreenProduct **GreenFactory** **GreenRetail**

SKODA GreenProduct

The Company's priority is to develop low- and zero-emission vehicles and energy-efficient vehicles throughout the entire life cycle of the product, starting with production (both in-house at Škoda Auto and at the Company's suppliers), continuing with energy consumption 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 has committed itself to increasing the share of electric car sales in Europe to more than 70% by 2030, depending on market development. To achieve this, Škoda Auto plans to expand its portfolio with six new fully electric models in the coming years. Each new generation of Škoda cars is developed with an emphasis on the principles of continual improvement and innovation, with a view to achieving low energy consumption and minimal CO₂e emissions, optimising the weight of our vehicles, and improving their aerodynamics. The Company intends to use these steps to achieve maximum effectiveness and sustainability in the automotive industry.

As far as the circular economy and saving resources are concerned, new models are developed with an emphasis on using sustainable and above all recycled and recyclable materials. This approach supports the transition to a "closed loop of materials flows" system. The environmental responsibility of a product does not end when the car rolls off the production line. Škoda Auto aims to promote the circular economy and to actively engage in research projects with a view to creating components with zero CO₂e emissions and putting them into use. These activities are all part of a strategy that strives for a circular economy and the sustainable use of resources.

See [Circular Economy and Resources](#).

SKODA GreenFactory

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 what are known as key indicators (UEP). Škoda Auto is committed to reducing negative production-related externalities: energy consumption, CO₂ emissions, waste, water consumption, and Volatile Organic Compound (VOC) emissions.

Škoda Auto CZ * (2023 results)

	2010		2021		2022		2023	
	Base	Result	Reduction	Result	Reduction	Result	Reduction	
 Energy consumption [MWh / car]	2.26	1.89	16.0%	1.68	25.7%	1.38	38.8%	
 CO ₂ emissions [kg / car]	1,101	529	51.9%	547	50.4%	397	63.9%	
 Waste [kg / car]	28.69	0	100.0%	0	100.0%	0	100%	
 Water consumption [m ³ / car]	2.76	1.99	27.9%	1.95	29.3%	1.72	37.7%	
 VOC emissions [kg / car]	2.86	1.43	49.9%	1.49	47.8%	1.31	54.1%	
UEP**			44.1%		46.4%		56.4%	
 Production [car]	514,612	680,397		693,370		864,889		

* Škoda Auto CZ = Mladá Boleslav, Kvasiny, Vrchlabí

** UEP = Umweltentlastung Produktion = Reduction of the Environmental Impact of Production



SKODA GreenRetail

Škoda Auto promotes and supports environmentally efficient management of resources and raw materials at its authorised dealerships and in its service network. In particular, the focus is on maximising waste recovery, reducing energy consumption, and using rainwater. At the same time, the Company is also constantly looking for ways to support biodiversity and social aspects so as to improve the general environment in the places where it sells and repairs cars and in the surrounding areas in such a way that members of the sales and service network are seen in their surroundings as "good neighbours".

Škoda Auto's Environmental Commitments

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

by **52.5%**

Reduction of the Environmental Impact of Production (UEP) by 52.5% compared to 2010

2025

Production

> 70%

Share of Battery Electric Vehicles depending on the market development

2030

40 kg

Share of recycled plastics in new models produced from 2025

2025

Product

by **40%**

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

2030

**Net-Zero
CO₂**

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

2030

by **50%**

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

2030

Decarbonization

Climate Change

Climate change, brought on by the intensification of the natural greenhouse effect of the atmosphere as a result of human activity, has far-reaching negative impacts on society and the environment. Škoda Auto recognises its responsibility to mitigate the impacts of its activity on the climate. It has committed itself to meet the ambitious targets for reducing greenhouse gas emissions set by the Group, and is implementing a range of measures to achieve them. These efforts are part of the Company's commitment to contribute to sustainable development and to meet the changing needs of its customers, stakeholders, and society.



Policy and Ambitions

The Group aims to become a carbon-neutral company by 2050. Škoda Auto has aligned its business strategy and the development and support of innovation with this target. The Company's focus is therefore on low- and zero-emission passenger transport so as to address the environmental transformation of the industry, the need for which has been accelerated by climate change. The whole transformation process brings challenges and risks, which the Company is addressing through the Next Level Škoda Strategy 2030. See [Sustainability Strategy](#).

At the same time, the Company envisions turning the Czech Republic into a hub for the development of electromobility and low-emission passenger transport and supports the construction of related infrastructure, securing existing jobs and creating new ones, while simultaneously succeeding in foreign markets. Škoda Auto plans to invest a total of EUR 5.6 billion in electromobility by 2028.

The planned carbon neutrality will be achieved primarily by decarbonisation. Škoda Auto monitors the level of decarbonisation using an internal Group Decarbonisation Index (DCI). The index accounts for direct and indirect emissions from production plants and other CO₂ emissions released into the air during the life cycle of a car, from the sourcing of raw materials to the recycling phase at the end of its lifetime. Škoda Auto aims to reduce the DCI of its products by at least 40% by the year 2030 compared to the year 2018.

Transitional risks are perceived as being major strategic and business risks for both Škoda Auto and the Group. Škoda Auto is accelerating its transition to fully electric cars and will introduce six electric models in the coming years, thus increasing the share of fully electric car sales in Europe to more than 70% by 2030, depending on market development. The Company deals not only with emissions produced when using a car, but also with the emissions produced during their production. Škoda Auto is aware of the fundamental role that its suppliers play in the transition to minimal emissions, and for this reason it has modified its procurement processes within the "New procurement" programme. An increasing number of sustainability criteria have an important role to play in procuring materials. Transitional risks are managed and addressed predominantly through established processes within 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 with a view to improving their carbon footprint and energy efficiency. In doing so, the Company can reduce its suppliers' and the Company's own environmental impact and mitigate the risks associated with climate change. For more on the S-rating, see [Business Conduct](#).



2050 Group carbon neutrality commitment

Targets	2025	2030	2050
VOLKSWAGEN GROUP		<p>Group reduction of GHG emissions by 30% (absolute) compared to 2018</p> <p>Volkswagen AG reduction in Scope 3 GHG emissions from the use of sold products of light-duty vehicles by 30% per vehicle km</p>	Group CO ₂ e net-zero company
SKODA GreenProduct	At least 3 new Škoda Auto electric vehicle models by 2026	<p>Increasing the share of electric vehicles sold in Europe from 50% to 70%, depending on market development</p> <p>Decrease fleet exhaust CO₂e emissions by more than 50% compared to 2020</p> <p>Decrease fleet internal Decarbonisation Index DCI by at least 40% compared to 2018</p>	
SKODA GreenFactory	Reduction of UEP by 52.5% by 2025 compared to 2010	<p>CZ net-zero in production</p> <p>CZ contribution to Group SBTi trajectory – 1.5°C Škoda by reducing Scope 1+2 GHG emissions by 90% compared to 2018</p>	

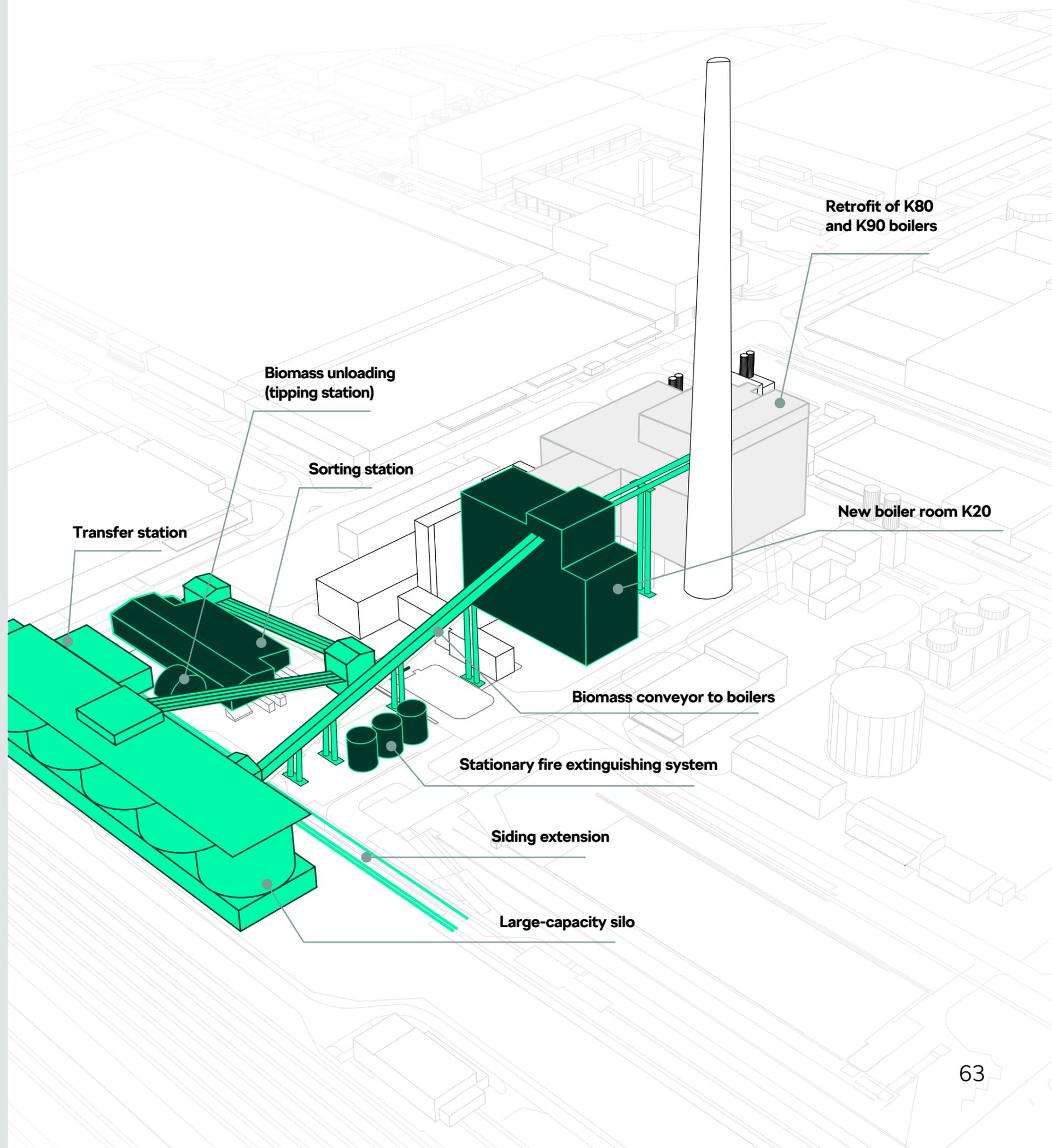


ŠKO-ENERGO transitions entirely to biomass

Subsidiary ŠKO-ENERGO, which provides comprehensive energy supplies to Škoda Auto and heat to the town of Mladá Boleslav, launched a key project in 2023 with the aim of modernising its heat-production plant. It is one of the largest projects of its kind in the Czech Republic, with costs estimated at CZK 3.6 billion. Construction work is expected to begin in the first half of 2024, with the heat-production plant fully upgraded within three years. All boilers will use biomass as their sole source of fuel: 70% wood chips and 30% plant residue pellets – what are known as phyto-pellets. The biomass used will be certified in line with the requirements of European and Czech legislation, with an emphasis on the sustainability of the entire supply chain. The annual savings of carbon dioxide are estimated at 290,000 tons a year after completing the transition to the type of fuel mentioned. Energy production will therefore become entirely carbon neutral.

"The transformation of ŠKO-ENERGO into a company that uses 100% biomass is a crucial step for Škoda Auto on the road to carbon neutrality. Not only is the planned upgrade to the heat-production plant one of the biggest projects in the Czech Republic; it is also a significant contribution toward achieving the Company's environmental objectives."

Jan Hoffman
Head of Brand Management





Transition Plan

Škoda Auto has actively adopted the Group-wide plan to become carbon-neutral by the year 2050, a target that complies with the results of the 2015 United Nations Climate Change Conference held in Paris. The Group has set a milestone on the road to achieving this – to limit the increase in temperature in comparison with the pre-industrial age to 1.5°C for Scope 1 (own production) and for Scope 2 (energy supplies).

The target was verified using the Science Based Targets Initiative (SBTi) method. As part of its effort, the Group has committed to reducing Group-wide greenhouse gas emissions from production by 50.4% in Scopes 1 and 2 by 2030 compared to the 2018 level, which translates to a reduction of over 79.8% from production at Škoda Auto in the Czech Republic and India. This year, Škoda Auto set itself an even more ambitious target of 90%. The reduction of emissions in Scope 3 is incorporated within the targets pursued by the DCI.

Strategic decisions are based on the Company's long-standing endeavours to reduce greenhouse gas emissions. The principle of using the Best Available Techniques (BAT) applies to all types of decarbonisation measures. Neither is Škoda Auto excluded from the EU Paris-aligned Benchmark in accordance with the exclusion criteria of the EU Climate Transition Benchmarks Regulation.



Product decarbonisation

The company 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, Škoda Auto can significantly reduce the DCI and thereby help achieve its carbon neutrality goals. This is part of its strategy aimed at sustainable development in the automotive industry.

As part of its commitment to sustainability and reducing its environmental impact, the Company takes a proactive approach to monitoring the carbon footprint and the share of recyclates in each new model. This is part of a broader strategy, one that encompasses production and the entire supply chain. When choosing its suppliers, the Company takes account of the environmental impacts of their products and processes. Suppliers are therefore motivated to make products having a clearly defined origin, carbon footprint, and share of recyclates.

The diagram shows the principal composition of a car's carbon footprint over its lifetime (calculated for an average distance covered of 200,000 km), from production to final environmentally friendly disposal. In conventional cars, the lion's share of CO₂ emissions comes at the usage stage, whereas in Battery Electric Vehicles it comes at the supply-chain stage.

Electric cars have zero exhaust emissions when in use, but the Company needs to consider the higher production of CO₂e during the generation of electricity for charging. Within the context of the European Energy Mix, the overall carbon footprint of a BEV is far lower than that of conventional cars, despite the larger carbon footprint of the supply chain caused, in particular, by battery production. This is why the increase in the share of BEV in the product portfolio plays a significant role in decarbonisation plans.

Other important ways of achieving decarbonisation include increasing energy efficiency in the production phase and in the use phase, and the use of renewable energy in all of these phases.

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

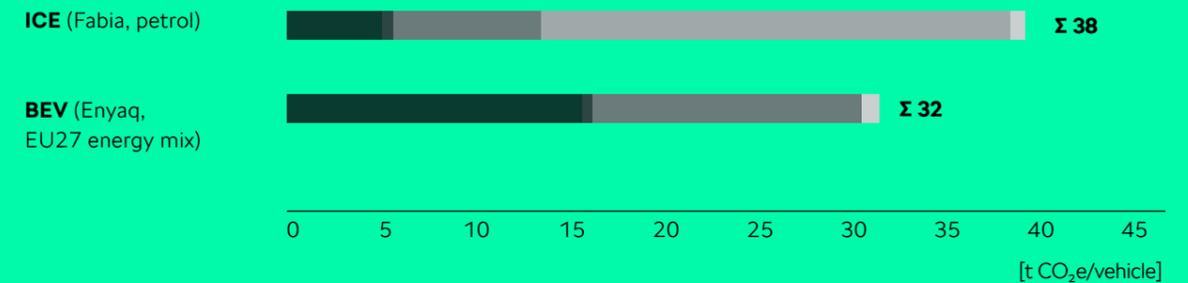
In 2023, the average DCI of the Škoda Auto model portfolio was 38.01 t CO₂e per vehicle (without production phase compensation). In the coming years, the Company expects a positive development with a significant decrease in DCI due to an increase in the share of sales of electric cars.

DCI phases and achieved values in 2023

DCI structure



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



Achieved values in the reported period (tCO₂e/vehicle)



	Supply chain	In-house production	Fuel preparation	Tailpipe emission	Recycling + others	Total
Baseline 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
2023	7.46	0.40	5.41	22.11	2.62	38.01
Goal 2030						(40%) compared with 2018



Product offsetting

Ever since it began making electric cars back in 2020, Škoda Auto has been offsetting its carbon footprint in the production phase (supply chain included), using a number of projects to do so. This in turn facilitates the neutral handover of new electric cars to its customers.

To this end, CO₂e emissions, which until now could not be avoided or restricted, are compensated by VER (Verified Emission Reductions) offset certificates, supported by TÜV certification in line with the TN-CC 020 standard.

Given that the decarbonisation programme is specifically based on measures leading to the reduction and prevention of existing CO₂e emissions, this offsetting will later be replaced by other decarbonisation measures.

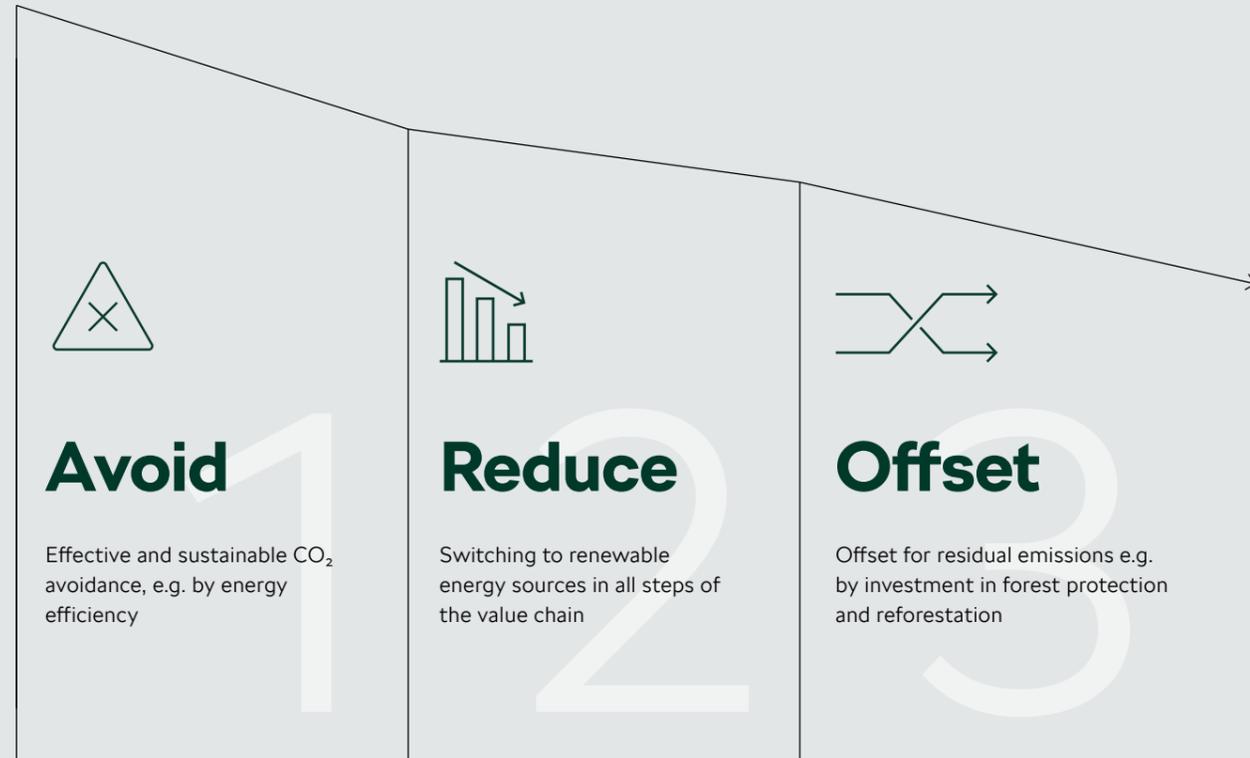
Moreover, in the use phase, the Company supports the development of new renewable energy sources in order to eliminate the carbon footprint during the operation of all its electric models. For example, Škoda Auto is involved in the construction of a new wind power plant in Finland. The carbon footprint values of specific models of Škoda vehicles are certified by TÜV Nord in line with DIN EN ISO 14040 and DIN EN ISO14044. The method of determining the DCI, including verification of the resulting values within the VW Group, is certified by Ernst and Young. Data for Škoda Auto are a component part of verification of Group-wide values.

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 compiled a decarbonisation plan, which outlines the roadmap and the resources allocated for carrying out specific measures. Škoda Auto's focus will be on savings, conversion, and offsetting measures for residual emissions. As far as savings are concerned, Škoda Auto will invest in energy efficiency and in the use of low-emission and high-efficiency technologies in its production processes. As for conversion, the Company will transform the energy sources consumed during production. In the second half of the decade, the Company plans to shift to renewable energy

sources, such as biogas, at its plants in Mladá Boleslav and Kvasiny. Moreover, Škoda Auto is modernising its main source of heat in Mladá Boleslav – ŠKO-ENERGO. This will lead to 100% use of biomass instead of coal (by reconstructing boilers and achieving 100% coverage by renewable energy sources within five years).

Prioritization of decarbonisation measures



● **CO₂ Scope 1 + 2 2018***: 100%

● **Switch to renewable energy sources:** 76%

● **Energy efficiency:** 16%

● **Company cars:** 4%

● **To offset:** 4%

* In 2018, the baseline for the decarbonization roadmap was preset.

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 by purchasing carbon credits from high-quality projects overseen by Volkswagen Kraftwerk GmbH subsidiary. Emissions whose production is unavoidable (Scope 1 and Scope 2) can be offset by complying with the following preliminary 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 the costs of reducing emissions);

C

The supply of energy from renewable sources or high-efficiency (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.

At the Vrchlabí plant, only unavoidable emissions were offset in 2022, by purchasing 170 credits. The number of credits for 2023 was not available at the time of the report and will be published in the 2024 Sustainability Report.

Activities

Climate change mitigation measures

In 2023, Škoda Auto actively worked on reducing or preventing the production of GHG emissions, thus mitigating climate change.



SKODA
GreenProduct

Reducing carbon footprint and car emission performance

Carbon footprint reduction

Every Enyaq car handed over to customers in the countries of the EU27, as well as in Great Britain, Norway, and Iceland, was provided with a VER carbon footprint offsetting certificate.

Green energy in the use phase

Škoda Auto endeavours to mitigate climate change by taking a variety of measures within its decarbonisation programme. Indirect measures aimed at reducing emissions include minimising the carbon footprint produced when charging electric vehicles. For the quantity of charging energy required in the use phase (200,000 km) that is not yet "green" according to the European energy grid mix (around 40%), there is support for the corresponding expansion of further renewable-source capacities for the European energy grid. This measure is supported by jointly financing newly deployed renewable energy projects. Projects such as generating electricity from solar or wind sources increase the share of green energy on the market. For customers who want to have absolute certainty that their home charging comes from guaranteed green energy sources, Škoda is offering to install their own wall boxes.

Low-emission vehicles

Škoda Auto's measures to produce low- and zero-emission cars have a positive impact on mitigating climate change and significantly improve air quality. All Škoda Auto models comply with all the legislative criteria regarding tailpipe-emission purity.

Škoda Auto is accelerating decarbonisation and responding to stricter emission targets for newly manufactured cars. In doing so, the Company achieved an average CO₂e emissions value of 114.63 g per km in 2023, which is around -4.18 g per km below the EU limit.

Product electrification

Škoda Auto gradually increased the share of fully electric and plug-in hybrid vehicles sold, achieving a worldwide share of electric cars of 9.7% in 2023. The Company plans to increase the share of fully electric cars in Europe to more than 70% by 2030, depending on market development.

Share of Battery Electric Vehicles (BEV) and Plug-In Hybrid Electric Vehicles (PHEV) worldwide / EU27 + Great Britain + Norway + Iceland

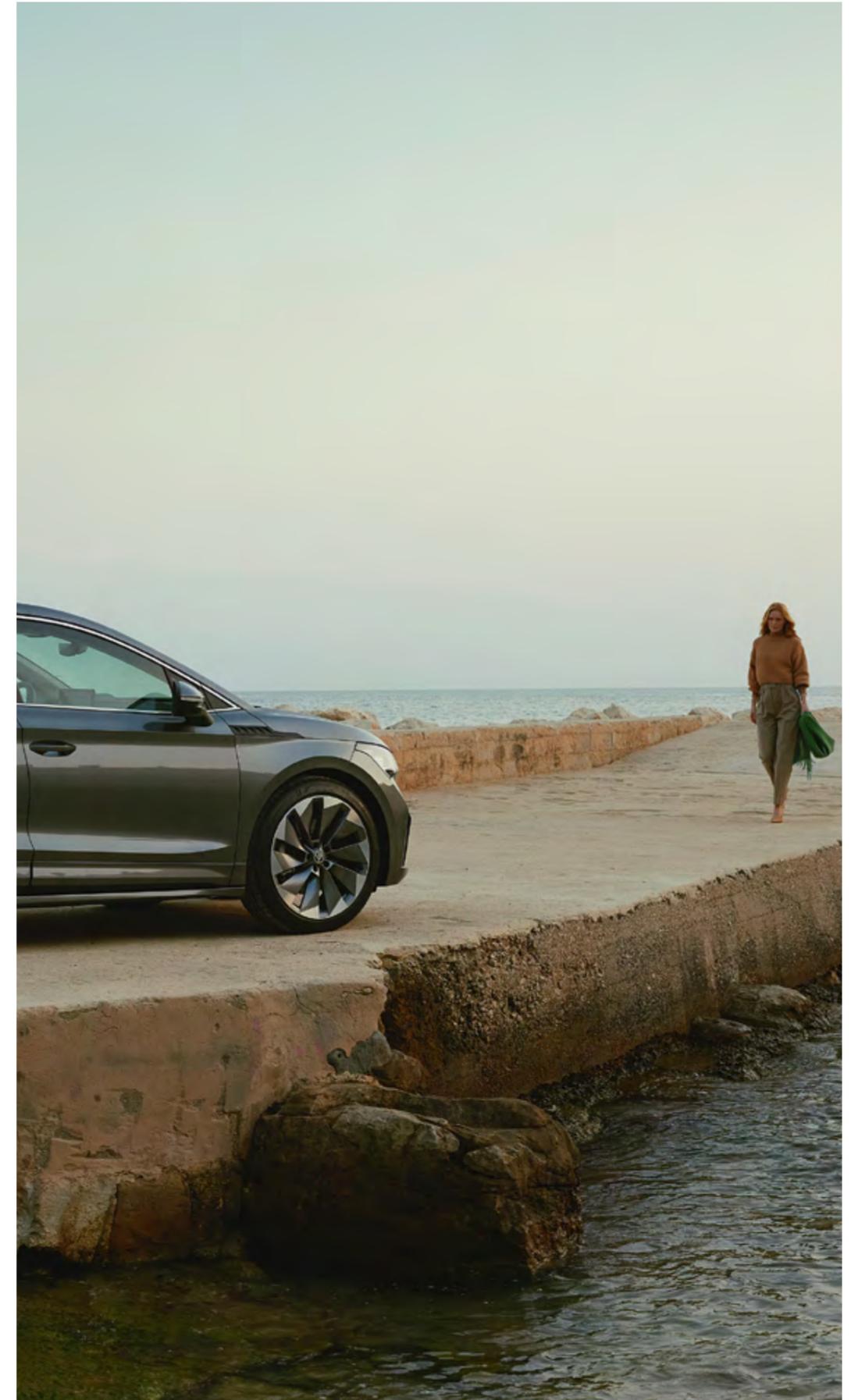
	2021	2022	2023
BEV	6.0% / 8.1%	7.7% / 9.3%	9.7% / 11.1%
PHEV (excluding China)	3.9% / 5.5%	2.4% / 3.0%	2.2% / 2.8%

Batteries for the MEB platform (Modular Electric Drive Matrix)

The Company launched the production of batteries for the MEB platform vehicles in Mladá Boleslav in May 2022, reaching a production capacity of 1,020 systems per day in 2023. Škoda Auto plans to expand this capacity to 1,500 in 2024. This modular construction-kit system makes it possible to construct cars of various sizes and categories on the same chassis, with the same or similar electric-battery construction.

Powerpass card for easy charging

Škoda Auto wants to make it easier for its customers to charge their electric cars, and to this end has been providing the Powerpass services since 2021. With a Powerpass card, there are over 500,000 charging points available for use all across Europe. This allows Škoda Auto customers to charge their cars using one card at most major charging providers, in one of the strongest charging networks in the EU. For fleet customers in the Czech Republic, Škoda Auto offers an external charging solution called Chargee.



SKODA GreenFactory

The Company's fundamental aim is to maximise the effective and considerate use of resources. This aim also applies to energy management, which is projected in the GreenFuture strategy, see **GreenFuture** and the Group-wide **goTOzero Environmental Mission**. One of the five indicators that make up the Reduction of the Environmental Impact of Production (UEP) is specific energy consumption per manufactured car.



Reduction in energy consumption (MWh per vehicle)

2022
1.68
MWh per vehicle



2023
1.38
MWh per vehicle

The Company set itself the target of reducing the value of the overall Reduction of the Environmental Impact of Production Indicator by 52.5% (UEP) by 2025 compared to the year 2010. The plan to reduce specific energy consumption per manufactured car by 32% compared to 2010 was accomplished in 2023.

All five environmental indicators that make up the Reduction of the Environmental Impact of Production (UEP) are monitored on a monthly basis in the "Management Cockpit", where actual energy consumption (for past months) and expected energy consumption (for future months) are continuously compared with the annual energy consumption plan (target consumption). Consumption is also monitored in this way in the Management Cockpit for individual plants.

Škoda Auto achieved considerable improvement in this area as a result of programmes to increase energy efficiency and energy savings, and by planning production shutdowns in the best way possible.



Activities in Czech production plants - Energy in Production	Savings MWh	Savings t CO ₂ /year
2023		
Electric Current		
Replacement of LED lighting in hall M15 in Mladá Boleslav	887	514
Heating		
Regulation of skylights and entrances at the M2 hall in Mladá Boleslav	675	205
Natural Gas		
Adjustment of painting parameters in the paint shop in Kvasiny	887	159
Modification of ventilation technology in the paint shop in Kvasiny	847	152

Activities in Czech production plants - Energy in Production	Savings MWh	Savings t CO ₂ /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 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
Natural 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	5,189
Replacement of the process boiler on the KTL line in the paint shop	3,590	645
Supplementation of frequency converters and adjustment of HVAC flow	763 electricity 312 heat	464

UŽIVÁM SOLÁRNÍ ENERGII

ŠKODA Green logistics



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ŠKODA Green logistics



GreenLogistics

Logistics at Škoda Auto is committed to boosting sustainability and reducing the environmental footprint. It concentrates on five key areas that effectively modernise logistics and reduce the environmental impact of transportation.

Alternative fuels

The Company runs three electric trucks within its complex for in-house transport and is actively testing electric vehicles designed for transportation over medium distances. Alternative types of fuel were either unavailable this year, ineffective, or astonishingly expensive. Škoda Auto began the process of electrifying handling technology in 2023. Over time, all 40 diesel industrial trucks (of 1,200 in total) will be decommissioned.

Intermodal transport

Škoda Auto reduces greenhouse gas emissions by using a suitable combination of different types of transport. For

example, containers are transported to European ports using intermodal transport. In 2023, logistics at Škoda Auto also began compiling a feasibility study into the rail transport of semi-trailers. Completion of the study is expected at the beginning of 2024.

Oversized means of transport

Special oversized vehicles effectively reduce the number of journeys, with Škoda Auto now testing them in collaboration with freight-forwarding companies. The special finished-car transporter has a capacity that is 25% higher. The Gigaliner carries a quantity of material up to 71% higher than a standard truck.

The Company is also actively involved in groups that systematically test and promote the option of using oversized means of transport within the Czech Republic and, above all, for international transport.

Transport by rail

Beginning in 2023, battery modules from Germany for batch production were 100% transported by rail, as were finished batteries to customers.

Škoda Auto maximises the use of rail transport for freight transport and is working on expanding the number of destinations to which finished vehicles are transported in this way. It is currently analysing the results of trials involving the transportation of cars to Turkey, and is looking for a partner with which to transport to Poland.

Despite the ongoing rail crisis, the Company was able to keep the ratio of transporting finished cars by rail-to-truck transport at around 45% to 55%.

New technologies and projects

Škoda Auto actively looks for and addresses private companies, start-ups, and schools with an innovative approach to logistics. The following are examples of such projects:

- Route planner (Map & Guide, RIO)
- Cargo planning and distribution (NJDC, Easy Cargo 3D)

The Company also promotes the application of innovations in areas in which their use is not the norm. Škoda Auto is working on a feasibility study into using an autonomous vehicle transporter that runs on electricity and is therefore locally emission-free.

Employee education in logistics

It is important for sustainability in logistics that employees know what the issues in question actually mean and why to deal with sustainability, and must know examples from practice. Basic training for Logistics staff explains the situation regarding the climate crisis, describes EU and Group targets, and introduces specific measures, with examples of good use. Škoda Auto employees can also learn in more depth about CO₂ emissions in e-learning courses.

Future Logistics staff are trained in collaboration with universities. In 2023, Škoda Auto arranged talks on Green Logistics for two universities in the Czech Republic and one for international students as part of the Erasmus programme.

SKODA GreenRetail



Sustainability in sales and service networks

Environmental sustainability and effective energy management in the authorised sales and service networks have been inseparable elements of the GreenFuture strategy since the very outset in 2012. The cornerstones mainly include educational activities in the form of e-learning or webinars. Other important aspects are those of direct individual consultancy services (e.g., in the field of sustainable architectural elements, technologies, and settings for internal processes) and practical tools to help identify areas where there is the potential to reduce the overall carbon footprint. For example, a system for the online monitoring of energy and water consumption that should contribute toward the greater efficiency of resource management is currently being tested at certain sales and service partners.

Since 2021, the Company has been collaborating on the decarbonisation of the sales and service network with other Group brands, all as part of the "goTOzero Retail" project, in which (among other things) a common road to decarbonisation was decided. By 2030, Škoda Auto plans to have reduced the overall carbon footprint of its authorised sales and service networks by at least 30%, according to the baseline scenario of 2020. These targets are to be achieved solely by adopting appropriate measures to reduce emissions, and only in the absence of any other economically and technically feasible measures would the Company offset unavoidable CO₂ emissions.

A system of "goTOzero Retail" certification, which is based on established systems such as ISO 14001 and ISO 50001 standards and other evaluation systems, was also developed and is gradually being put into practice. It was piloted on eleven markets in 2023, with others to follow in 2024 and onwards.

2nd life of batteries

A large number of test and prototype vehicles are not sold as used cars, but instead scrapped after testing. The batteries from these vehicles would normally be expensive to recycle. Instead, they are given a second life, which means they can still be used for something else for years to come (see [Circular Economy and Resources](#)).

Climate change adaptation actions

These are activities to prepare for and adjust to both the current effects of climate change and the predicted impacts of climate change in the future, which Škoda Auto carried out in 2023.

Energy savings programme

Since 2013, Škoda Auto has had in place an energy savings programme, one that is an integral part of the GreenFuture strategy. Alongside a range of measures taken, this has brought an invaluable exchange of experience between individual plants. The savings resulting from the program have a fundamental effect on the costs expended on consumed energy. Škoda Auto also monitors these with regard to legislative requirements during audits of its energy management system (EnMS in line with ISO 50 001). Throughout the existence of the program, the Company has been able to come up with and implement measures at pressing shops, welding shops, and paint shops, in assembly, component production, and in servicing. The program brought positive results in 2023, at the paint shop in Kvasiny, where responsible workers identified 20 measures. The most important of these was the investment-free modification of technical parameters during painting, which will save 6,000 MWh of natural gas per year. In total, the energy savings program, combined with other measures, achieved savings of natural gas of 10% during the reference period (January – May) in 2023 compared to the year 2019. Heat consumption also fell considerably.

The programme also involves obtaining a useful display instrument to monitor the results of energy management. Thanks to this instrument, measured consumption is continually compared with a mathematical model calculated on the basis of production volume, weather, etc.

Employees themselves actively supported sustainability and energy savings as part of the ZEBRA Improvement Program. See [Own Workforce](#).

Biomass power plant

In the Company's efforts to achieve carbon neutrality, the following steps were taken. The first was the launch of a project to modernise the heat-production plant that supplies the automotive company and the town of Mladá Boleslav with energy and heat. The plant will now only use biomass in order to reduce its carbon footprint. More information about the project can be found [here](#).

Photovoltaics

The road to carbon neutrality will also be smoothed by three new rooftop photovoltaic systems at the plant in Mladá Boleslav and at the Škoda Parts Center logistics centre, which the automotive company has opened. More information about the project can be found [here](#).

Reducing energy consumption

Škoda Auto has also progressively introduced a number of measures aimed at reducing the consumption of electricity, natural gas, heat, and compressed air. In 2023, Škoda Auto mainly concentrated on replacing old lighting technology (lighting in production halls and technological lighting) with LED, all as part of its efforts to reduce electricity consumption. As far as heat savings are concerned, it lowered the heating temperature by around 2°C in all areas where the technology allowed. The heating temperature was also lowered in the office space. One integral part of making energy savings is the recovery of the heat produced in technological processes, both for the additional heating of

space and for the heating of other technologies. Another major plus in terms of energy savings came with the revaluation of the setting of all parameters in technological processes. Škoda Auto made significant savings in this area, particularly in the consumption of natural gas. The Company also continues to motivate employees to find other ways to make savings, for example by providing training in energy management and general awareness-raising on the issues of energy and water.

Nature-based climate change mitigation and adaptation

To help mitigate climate change and adapt to its impacts, the Company plants new and maintains existing greenery (trees, shrubs, and grassland). This greenery offers several essential ecosystem benefits, such as carbon emissions capture and storage (climate change mitigation), soil erosion mitigation, water and organic matter retention, shading, and air cooling (climate change adaptation).

One other environmental activity is a project known as "Krkonošovy zahrádky", intended for non-profit organisations in the target regions. See [Biodiversity](#).

Risks and impacts assessment

Decarbonisation was ranked among the top three most important topics in the stakeholder dialogue. See [Sustainability Strategy](#). 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 means being ready to transform the product towards electrification by taking steps to consume energy from renewable sources and emphasising energy efficiency. To this end, the Company has been monitoring climate-relevant risks as part of its risk management system, namely risks associated with adhering to fleet CO₂ emissions and non-vehicle CO₂ emissions. See [Risk Management System](#).

More information on the operation of Škoda Auto's risk management system can be found in the [Annual Report](#).



Similarly, Škoda Auto must be prepared for physical risks related to climate change; for instance, risks relating to water, a crucial resource for the Company's production activity. Škoda Auto plans and implements measures to reduce its consumption of water and closely monitors water availability and quality, which may be impacted by the effects of climate change. One significant risk the Company faces is a potential lack of water during extended periods of drought. Škoda Auto is therefore developing sustainable solutions to reduce water consumption by providing its plants with industrial water. Another climate-related risk that the Company is addressing is the risk of flooding that comes with heavy rain. To mitigate this risk, Škoda Auto has constructed large retention tanks, and they hold and release excess water in a controlled way. See [Water](#).



Data and Specific Disclosures

Energy consumption and the energy mix

Reducing the amount of energy consumed and switching energy sources from fossil fuels to renewables is a priority at Škoda Auto. The Company has implemented many measures to reduce the consumption of electricity, natural gas, heat, and compressed air. Such measures aim to reduce natural gas consumption in production processes, save thermal energy, accelerate the transition to LED technology, use alternative sources, and generally target energy waste in production and administrative areas.

Further energy savings are made in selected processes with the recovery of thermal energy or electricity, and where appropriate, the recovery of waste heat energy from technology (e.g., air-treatment equipment, technology in smelting plants and paint shops, the Engine Centre, etc.).

In 2023, the share of renewable sources in total energy consumption increased to a total of 41%.

	2021	2022	2023
Total energy consumption CZ (MWh)	1,288,753	1,162,666	1,193,208
Total non-renewable energy consumption (MWh)	814,600	754,362	702,992
Fuel consumption from coal and coal products	584,881	543,750	483,769
Fuel consumption from crude oil and petroleum products	-	-	-
Fuel consumption from natural gas	229,719	210,612	219,223
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%	59%
Total energy consumption from renewable sources (MWh)	474,154	408,304	490,216
Renewable fuel consumption (including biomass, biogas, non-fossil fuel waste, renewable hydrogen, etc.)	201,134	136,327	203,889
Consumption of purchased or generated electricity, heat, steam, and cooling from renewable sources	273,020	271,977	286,307
Consumption of self-generated non-fuel renewable energy	-	-	-
<i>Share of renewable sources in total energy consumption (%)</i>	37%	35%	41%

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. Moreover, the carbon footprint per average vehicle is divided into five phases of life. The connection of these two monitored areas is shown in the figure [here](#).

Scopes 1 and 2

The Scope 1 and Scope 2 carbon footprint at Škoda Auto is calculated according to the VW98000 standard, which is in line with the GHG Protocol. Certification concerning the carbon footprint and the environment is generally awarded by a certification authority (e.g., TÜV NORD). Calculations begin with the data collected in the Group's environmental data management system. In this sustainability report, emissions from the Company's Czech plants (Mladá Boleslav, Kvasiny, and Vrchlabí) are included in Scope 1 and 2, together with the production of Seat vehicles and components for other Group brands.

A zero-carbon footprint is reported in Scope 2, because all energy that Škoda Auto purchases is taken from sources with a guarantee of origin – 100% carbon-neutral energy sources only. Škoda Auto ensures that all energy is purchased with a guarantee of origin. The carbon footprint is evaluated in tons of CO₂ equivalent (CO₂e). This means that there are other greenhouse gases emissions, such as CH₄, NO₂, HFCs, PFCs, or SF₆ counted in the presented values.

Scope 3

Scope 3 refers to other indirect GHG emissions caused by the activities of Škoda Auto. The calculation and regular reports are prepared jointly for all Group companies in accordance with the Scope 3 standards published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). The Group and its brands reporting CO₂ emissions for 14 of a total of 15 Scope 3 categories, whereby two of them are included in other positions. According to these calculations, around 20% of all Scope 3 emissions are part of the "Purchased goods and services" emissions category, while approximately 73% are part of the "use phase" emissions category ("well-to-wheel"). Average values for the fleet are used without the inclusion of any legal relief when calculating the carbon footprint in the use phase for the DCI and for Scope 3 emissions according to the GHG protocol. The calculation of CO₂ emissions in the use phase when determining Scope 3 is based on the average consumption of Škoda models in the relevant regions (EU27, UK, Norway, and Iceland) according to homologation documentation, and on the quantities of cars sold. The relevant quantity corresponds to the same car registration data which are used to calculate the carbon footprint for the entire fleet according to Regulation EU 2019/631. For the Company to provide a picture that is as complete as possible, the category of use phase is extended to include emissions produced during the production and transportation of fuels ("well-to-tank").





For this report to align with ESRS standards, Škoda Auto reports the overall carbon footprint per annum for the individual production plants.

As mentioned, the carbon footprint is usually reported as the value per average vehicle (DCI). The overview below shows both values.

CO₂ footprint in the reported period for Czech plants and Ø vehicle (t CO₂e/%)

	2021		2022		2023	
Σ per annum in Czech plants						
Scope 1	384,212	1.7%	400,360	1.9%	364,974	1.43%
Scope 2	0		0		0	
Scope 3	21,646,051	98.3%	20,220,323	98.1%	25,228,518	98.57%
Total	22,030,263	100.0%	20,617,546	100.0%	25,593,491	100.00%
values per Ø Škoda vehicle						
Scope 1	0.56	1.5%	0.53	1.4%	0.40	1.06%
Scope 2	0		0		0	
Scope 3	37.78	98.5%	38.39	98.6%	37.61	98.94%
Total	38.34	100.0%	38.92	100.0%	38.01	100.00%

Remarks:

Scope 1 per vehicle: all vehicles and components produced at Škoda Auto's Czech plants (including Seat vehicles and components for other brands; 2023: 864,889 cars).

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

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

Scope 3 per annum: values per vehicle are multiplied by the number of Škoda vehicles registered by customers in the relevant period in the specified regions (EU27, UK, Norway, and Iceland) (2023: 670,882 cars)

Scope 3 per vehicle: average value per vehicle according to customer registration on markets (EU27, UK, Norway, and Iceland).

In 2023, the average DCI of the Škoda Auto model portfolio was 38.01 tCO₂e per vehicle (without offsetting the production phase). In future years, the Company expects positive development, with a significant DCI reduction as a result of an increase in the share of electric car sales. A detailed overview of the carbon footprint per vehicle (DCI) for the year 2023 can be found in the graphic on the next page.

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

Scope	Categories of scopes		2021			2022			2023			Phases of product lifespan		
			Category	2021	2022	2023	2021	2022	2023	2021	2022	2023		
Scope 1	1	Company facilities	0.56	0.53	0.40	In-house production	0.56	1.5%	0.53	1.4%	0.40	1.1%		
	2	Company vehicles												
Scope 2	1	Purchased electricity, steam, heating & cooling for own use	0.00	0.00	0.00									
Scope 3	10	Processing of sold products	0.00	0%	0.00	0%	0.00	0%	0.00	0%				
	1	Purchased goods and services	6.97	18%	7.32	19%	7.46	19%	6.97	18.2%	7.32	18.8%	7.46	19.6%
	11	Use phase	27.90	74%	28.06	73%	27.52	72%	5.41	14.1%	5.47	14.1%	5.41	14.2%
									22.49	58.7%	22.59	58.0%	22.11	58.2%
	2	Capital goods	0.69	2%	0.79	2%	0.64	2%						
	3	Fuel-and energy-related emissions (not included in Scope 1 or 2)	0.06	0%	0.04	0%	0.03	0%						
	4	Upstream transportation and distribution	0.28	1%	0.43	1%	0.41	1%						
	5	Waste	0.06	0%	0.06	0%	0.06	0%						
	6	Business travel	0.09	0%	0.01	0%	0.03	0%						
	7	Employee commuting	0.14	0%	0.13	0%	0.12	0%						
	8	Upstream leased assets	0.04	0%	0.05	0%	0.03	0%						
	9	Downstream transportation and distribution	0.00	0%	0.00	0%	0.00	0%						
	12	End-of-life treatment	0.05	0%	0.05	0%	0.06	0%						
	13	Downstream leased assets	1.32	3%	1.09	3%	0.96	2%						
14	Franchises	0.19	1%	0.36	1%	0.29	1%							
Scope 3 subtotal			37.78	100%	38.39	100%	37.61	100%						
Total per vehicle			38.34		38.92		38.01		38.34	100.0%	38.92	100.0%	38.01	100.0%
Registrations in EU27, UK, Norway, Iceland			572,950		526,708		670,882							
ΣScope 3 p.a.			21,646,051		20,220,323		25,228,518							

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 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 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.

New rooftop photovoltaic systems contribute to carbon-neutral production

This year, Škoda Auto, in collaboration with ČEZ ESCO and ŠKO-ENERGO, put three rooftop photovoltaic systems into operation on the roofs of its main production plant and logistics centre in Mladá Boleslav. The solar power plants cover a total area of around 10,000 sqm, corresponding to approximately 15 tennis courts. In the future, the more than 5,400 photovoltaic modules installed on the roofs should generate more than 2 GWh of emission-free electricity a year. By taking this step, Škoda Auto is trying to support its own aim of achieving carbon neutrality at its Czech plants by the end of 2030. The new photovoltaic systems mark a significant milestone in the Company's environmental efforts and have the potential to fully charge around 25,000 Enyaq 85 cars.

"The installation of 5,468 solar modules on the rooftops of three halls genuinely was a major challenge. It's great carrying out another project with Škoda Auto and ČEZ after having successfully installed rooftop solar panels on the Servicing Centre in Kosmonosy in 2019."

Tomáš Kubín
Managing Director of ŠKO-ENERGO





Pollution

Škoda Auto's goal is to preclude the possible risks associated with environmental damage, environmental pollution, and health risks. One way to achieve this is to reduce the quantity and hazardous nature of the chemicals used at the Company.

Policy and Ambitions

Škoda Auto places a fundamental emphasis on safely handling substances that could endanger soil or groundwater if allowed to leak. Whenever technologically possible, substances are chosen that have a lesser impact on the environment and on health.

The Company regularly evaluates its effects on the environment as part of the environmental management system in place, certified in line with ISO 14001. Chemicals are primarily assessed in terms of preventing serious accidents using an occupational health and safety management system in line with ISO 45 001.

Škoda Auto is committed to lowering the value of the Reduction of the Environmental Impact of Production (UEP) Indicator. This indicator includes specific water and energy consumption, specific production of volatile organic compounds (VOC), CO₂ emissions (kg per car), and production waste intended for landfilling. The aim is to reduce the UEP by 52.5% by the year 2025 compared to the year 2010. See [GreenFuture](#).



Activities

A change in its integrated permit has allowed the Company to increase the maximum production capacity in modern paint shop B in Mladá Boleslav by 84,000 bodies per year. The integrated permit incorporates limits and conditions for environmental components (air, water, waste, noise, etc.). The Best Available Techniques (BAT) from the environmental perspective are required to be able to minimise the impact that the functioning of these facilities has on the environment.

As a result of employing the Best Available Techniques, this paint shop has a significantly lower environmental impact than paint shop A. In the future, increasing the permitted capacity will make it possible to produce bodywork in a more environmentally friendly way to a far greater extent. For example, the specific production emission of volatile organic compounds (VOC) at paint shop B is more than 10 times lower than at paint shop A. Emissions of particulate pollutants from the spraying process are also an order of magnitude lower.

Alongside the production paint shops, which are the decisive source of VOC, the Company also pays attention to lesser

sources. And so it was that two paint booths, used to repair paintwork, were replaced in Hall M3 in Mladá Boleslav in 2023. Two paint booths were replaced at Technical Development at the Model Centre, while a paint booth for the needs of Central Technical Servicing in Hall V17 was also replaced. The gas burners in the new booths are integrated within the booth, resulting in energy savings and a reduction in natural gas consumption. This results in a reduction of NO_x and CO₂ emissions.

Paint shops undoubtedly use the most chemicals during the car production process as a whole. Technological measures were implemented in 2022 that made it possible to apply thinner layers of filler when painting, in turn saving up to 720 tons of material per year. Cooperation between the Company and its suppliers in 2023 made it possible to optimise the formula for filler or base layers, which are used to even out microscopic unevenness. The original fillers were detrimental to water organisms and to employee health, posing a higher risk in the event of leaking or in an accident. The only danger of the new fillers is that they might irritate the eyes. This, then, is yet another innovative measure in the painting process.

Risks and impacts assessment

Regular monitoring and evaluation of pollution is an integral part of the work of Škoda Auto. The environmental impact of pollution is regularly assessed at least once per year within ECMS, and is subject to audits in line with ISO 14 001 standard. Based on this assessment, each organisational unit at the Company has an overview of its environmental impact, and takes appropriate measures to mitigate the impacts of its activity.

Moreover, Škoda Auto also has a system for managing extraordinary incidents. The Company manages the risk of contamination of surface water, soil, and groundwater by the harmful substances used on Company premises or caused by an accident. During a fire, for example, there is a risk of extraordinary emissions leaking into the air, while groundwater or surface water could be contaminated by firefighting water with combustion products. Emergency plans, rules of operation, and internal organisational standards have been put in place to minimise the impact of such emergencies.

When handling harmful substances, the Company consistently applies the principles of multi-barrier protection. Places in which there is a higher occurrence of harmful substances are taken into consideration in emergency plans, which are subject to regular review.

The risk of the possible leakage of harmful substances through the sewage system is eliminated by a device that captures and detects such substances in outlets from production plants. The permanent presence of the Company's fire rescue service, equipped to take action if harmful substances should leak, also helps to minimise risks at all production plants. Furthermore, the Company has a system in place for evaluating and approving the chemicals used. Regular equipment maintenance and leakage checks play an important role in preventing emergencies.



There were no leakages of hazardous substances in 2023.

Data and Specific Disclosures

Overview of emissions

(2023 data based on 11 months actual + 1 month estimate)

	SO ₂			NO _x			VOC*			NH ₃			HM**		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Škoda Auto Mladá Boleslav	0.003	0.003	0.003	77.343	86.291	92.626	636.506	668.516	743.237	0	0	0	0.021	0.022	0.021
Škoda Auto Kvasiny	0	0	0	14.452	12.635	13.631	326.944	351.566	372.740	0	0	0	0	0	0
Škoda Auto Vrchlabí	0	0	0	0	0	0	11.983	15.14	21.259	0	0	0	0.021	0.022	0.021
Total Škoda Auto	0.003	0.003	0.003	91.795	98.926	106.257	975.433	1,035.222	1,137.236	0	0	0	0.021	0.022	0.021

* 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.

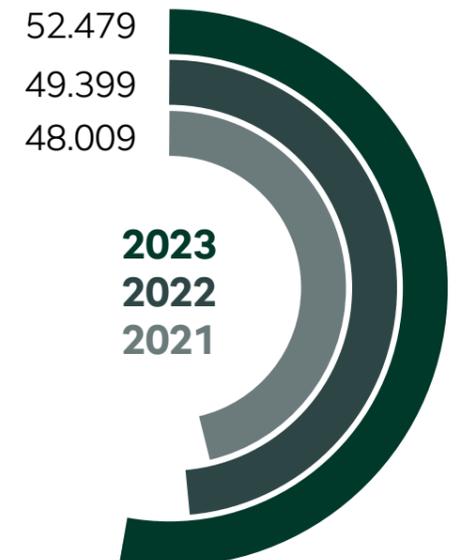
Release of controlled substances and fluorinated greenhouse gases from refrigeration equipment for technology needs in 2021–2023

(2023 data based on 11 months actual + 1 month estimate)

Type of refrigerant	Amount (t/year)			CO ₂ (t/year)		
	2021	2022	2023	2021	2022	2023
Regulated refrigerant (CFC/HCFC):	0	0	0	0	0	0
Fluorinated greenhouse gases (HFC)	0.7125	0.4856	0.5910	1,645.5106	979.1573	993.81

Solid particles suspended in air – PM (t/year)

(2023 data based on 11 months actual + 1 month estimate)



Year-on-year increase due to increase in car production in 2023.



Water

Car and automotive component production would be unthinkable without a sufficient amount of quality water. Škoda Auto regularly monitors its water consumption, striving to minimise this. It has taken a number of positive measures since 2010, in doing so reducing the water consumption per manufactured car by 37.7%. Its specific water consumption per manufactured car is therefore among the lowest in the VW Group.

Policy and Ambitions

In 2023, a 31% reduction in specific water consumption per manufactured car was achieved.

The Company's fundamental aim is to maximise the effective and considerate use of resources. This aim also applies to water management, which is projected in the **GreenFuture** strategy and the Group-wide **goTOzero Environmental Mission**. One of the five indicators that make up the Reduction of the Environmental Impact of Production (UEP) is specific water consumption per manufactured car. The Company set itself the target of reducing UEP by 52.5% by the year 2025 compared to the year 2010. The plan to reduce specific water consumption per manufactured car by 31% compared to 2010 was accomplished in 2023. This indicator should remain until 2025.

All five environmental indicators that make up UEP are monitored on a monthly basis in the "Management Cockpit", a reporting tool in which actual water consumption (for past months) and expected water consumption (for future months) are continuously compared with the annual water

consumption plan (target consumption). Consumption is also monitored in this way in the Management Cockpit for individual plants.

As far as GreenFactory is concerned, this is mainly a matter of applying modern technology in production, as a result of which water is used again and again, in turn reducing demands on natural water sources.

In light of the geographical location of its plants and the fact that waste waters no longer have a negative impact on the quality of watercourses and reservoirs, the Company did not adopt any specific principles or procedures concerning the sustainability of oceans and seas. Given the nature of its activities, Škoda Auto does not deem the issue to be of any relevance at this time.

Activities

Amount of recycled water
in paint shops in 2023.

586,539 m³

Paint shops are the biggest consumers of water at Škoda Auto plants. For this reason, advanced technologies are used there to ensure multiple water use (recycling). Among them, for example, is membrane technology and cascade backwashing between the individual stages of painting. The quantity of recycled water in paint shops in 2023 stood at 586,539 m³, marking an increase of 25% on the figure of 467,759 m³ in 2022.

At paint shop B in Mladá Boleslav, an advanced method of dry separation is used, in which paint particles that do not stick to the bodywork are trapped in fine limestone dust. This process replaces the traditional use of water and significantly reduces the amount of waste sludge generated when trapping overspray.

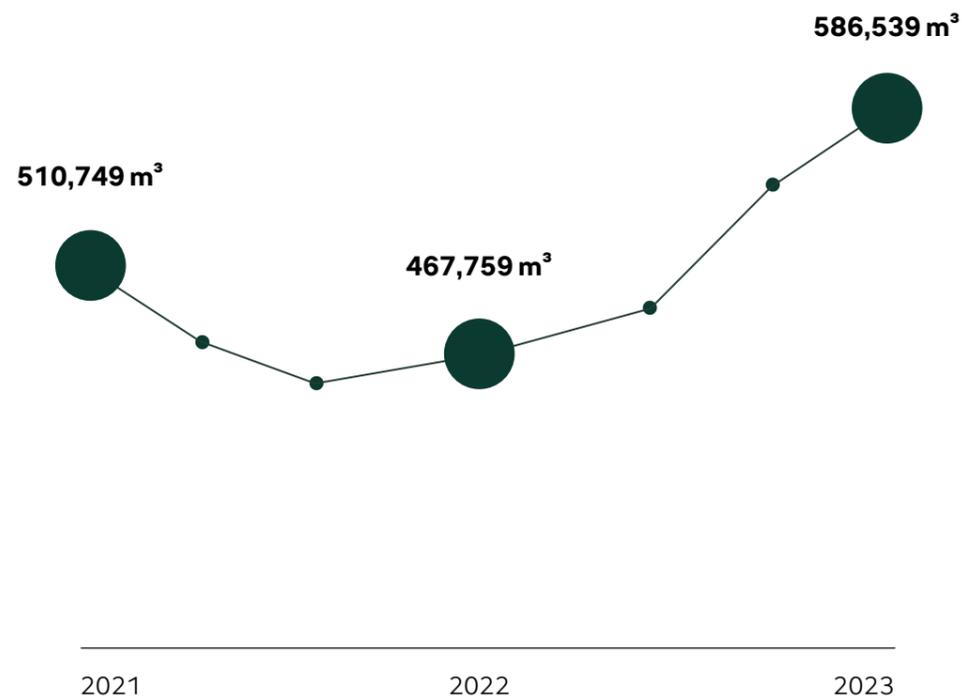
Large retention tanks that hold rainwater and subsequently release that water in a regulated way help manage water efficiently. Some of the water captured in Mladá Boleslav is used to water plants. Around 3,700 m³ of liquid per year. Approximately 1,200 m³ of rainwater is used per year to clear roads and pathways. The water captured in retention tanks fully covered this consumption in 2023. The rainwater captured is also available for use in watering greenery in the town.

The Company was also able to optimise the cleaning of cooling water filters in Hall M6 in 2023, with expected savings of 525 m³ of that liquid a year.



Risks and impacts assessment

Quantity of recycled water in paint shops
(2023 data based on 11 months actual + 1 month estimate)



Having enough quality water is a crucial aspect of vehicle production, and one to which the Company pays considerable attention. Dialogue with stakeholders revealed that the issue of water is deemed important.

The main source of water for production is surface water from the Jizera, Bělá, and Labe Rivers. To find ways of saving water, Škoda Auto continually monitors water consumption, wastewater production and quality, and the quantity of reused (recycled) water. Risks and appropriate measures are then determined based on these data.

Škoda Auto monitors and assesses the current water availability situation in all regions in which it carries out its

production. It primarily looks for suitable measures to reduce water consumption and endeavours to find alternative sources.

At the Kvasiny plant, the risk of a potential lack of water from the river was deemed to be the greatest among all of the Company's production plants. For this reason, Škoda Auto had a hydrogeological survey conducted and long-term well testing carried out. Based on the results of these activities, the water authority granted an increase in the taking of groundwater to supply the plant to 250,000 m³ per year in the event that it is not possible to take water from the river. Taking this quantity is safe and under no circumstances jeopardises stocks of groundwater in the area.

Data and Specific Disclosures

Water consumption (m³)

(2023 data based on 11 months actual + 1 month estimate)

	Unit	2021	2022	2023
Water taken	m³/year	1,352,296	1,350,084	1,485,184
Wastewater *	m³/year	1,018,207	1,083,963	1,148,008
Recycled water **	m³/year	659,390	595,043	744,911

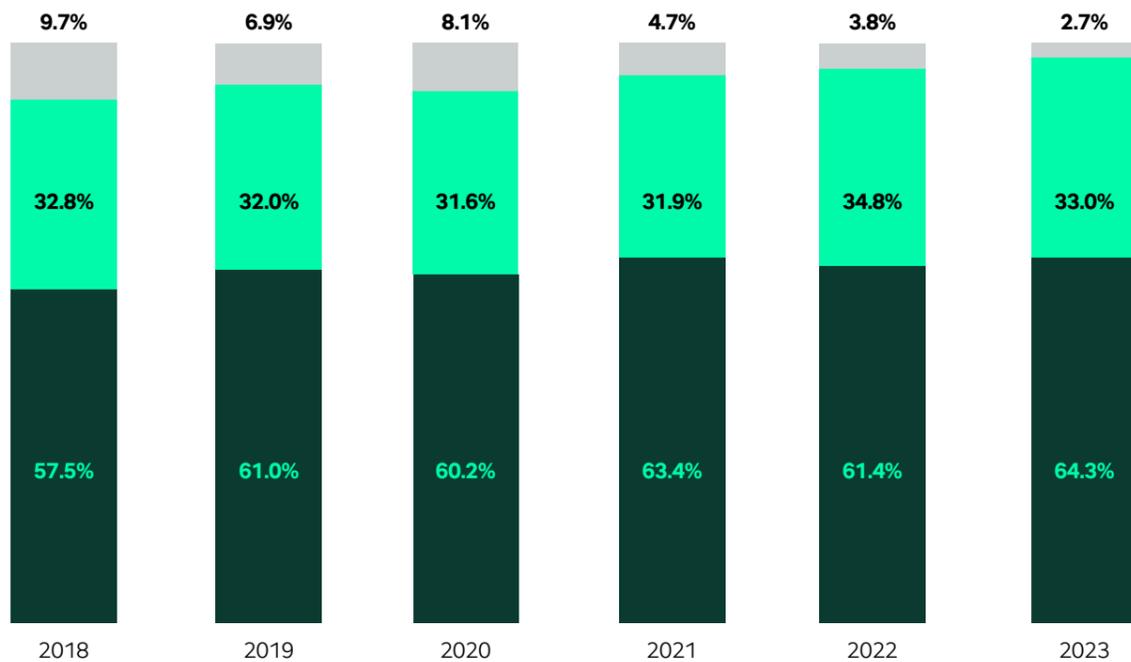
* Wastewater – wastewater after physical and chemical pre-treatment discharged to the municipal wastewater treatment plant (Mladá Boleslav, Vrchlabí) or the wastewater treatment plant in the factory Kvasiny.

** 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.

Water consumption - water taken (%)

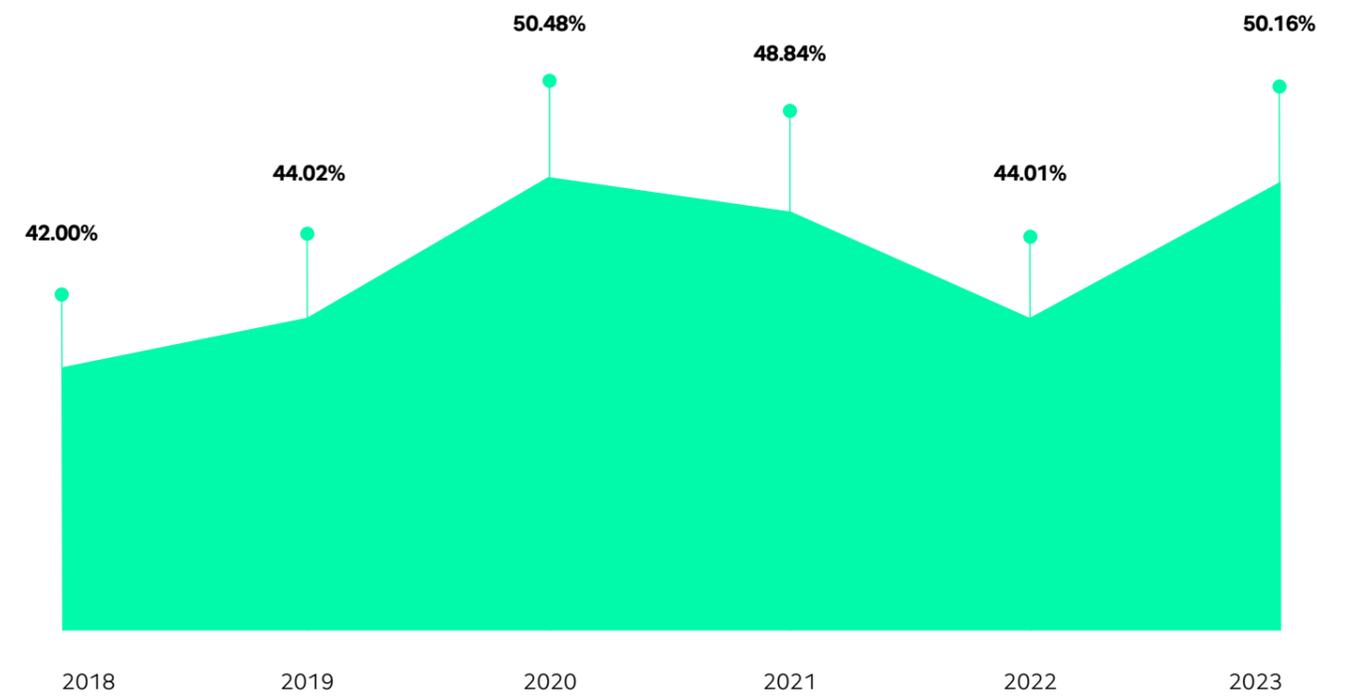
(2023 data based on 11 months actual + 1 month estimate)

■ Drinking ■ Surface ■ Underground



Water consumption - recycled water (%)

(2023 data based on 11 months actual + 1 month estimate)



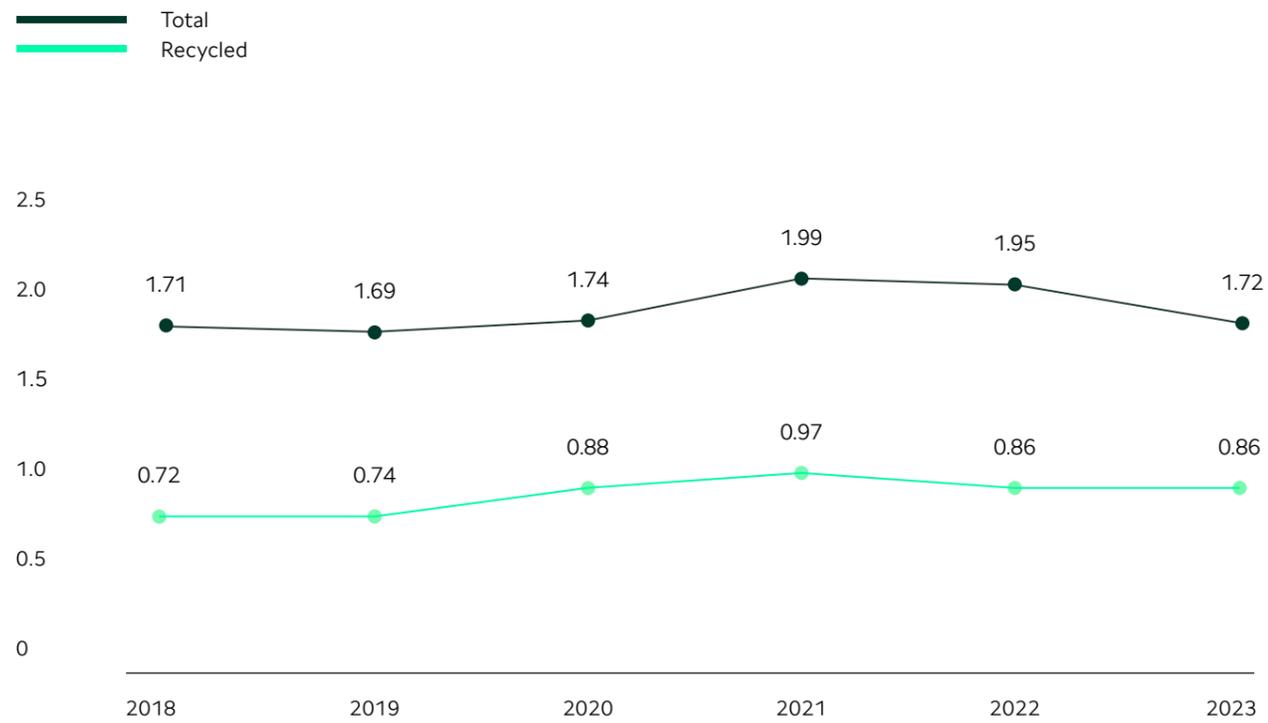
Wastewater - indirect discharge (nitrogen, phosphorus)

(2023 data based on 11 months actual + 1 month estimate)

	Unit	2021	2022	2023
Total nitrogen – indirect discharge	kg/year	53,042	40,778	43,619
Total phosphorus – indirect discharge	kg/year	5,950	4,761	4,750

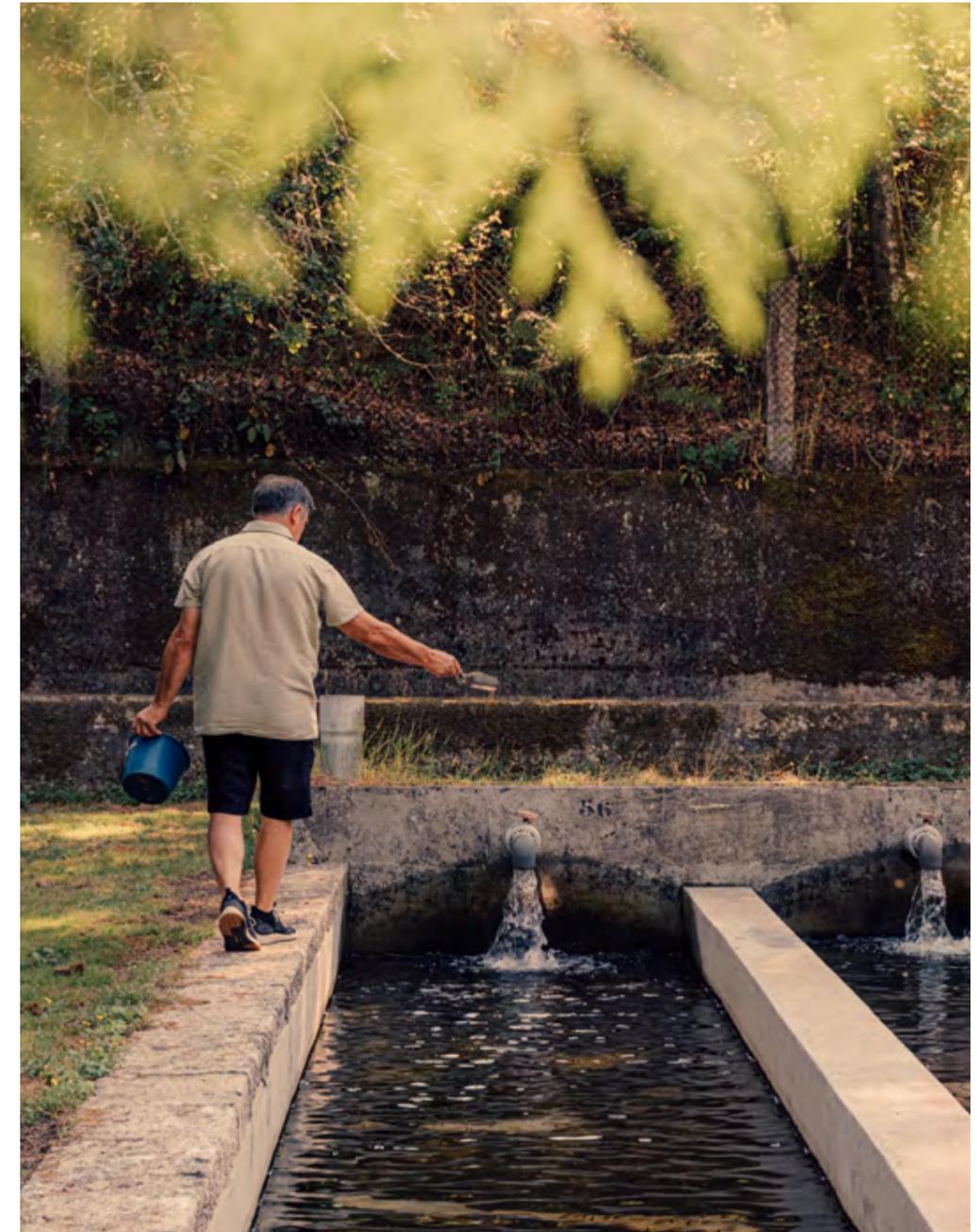
Water consumption per vehicle (m³)

(2023 data based on 11 months actual + 1 month estimate)



The specific water consumption per car produced in 2023 was reduced due to the stabilization of the production program.

At the same time, there was an increase in the share of recycled water in total consumption resulting from the stabilisation of the production programme and a higher proportion of bodywork produced in the new paint shop B at the Mladá Boleslav plant.



The total water consumption per manufactured car was reduced in 2023.

Biodiversity

In light of the development of global policy, the EU's accession to the Convention on Biological Diversity (COP15), the EU's own Biodiversity Strategy 2030, and related market initiatives, Škoda Auto recognises biodiversity as a key sustainability issue. Biodiversity and ecosystems are taken into consideration in legislatively binding environmental impact assessments. Škoda Auto develops its own initiatives to protect and support biodiversity and ecosystems.



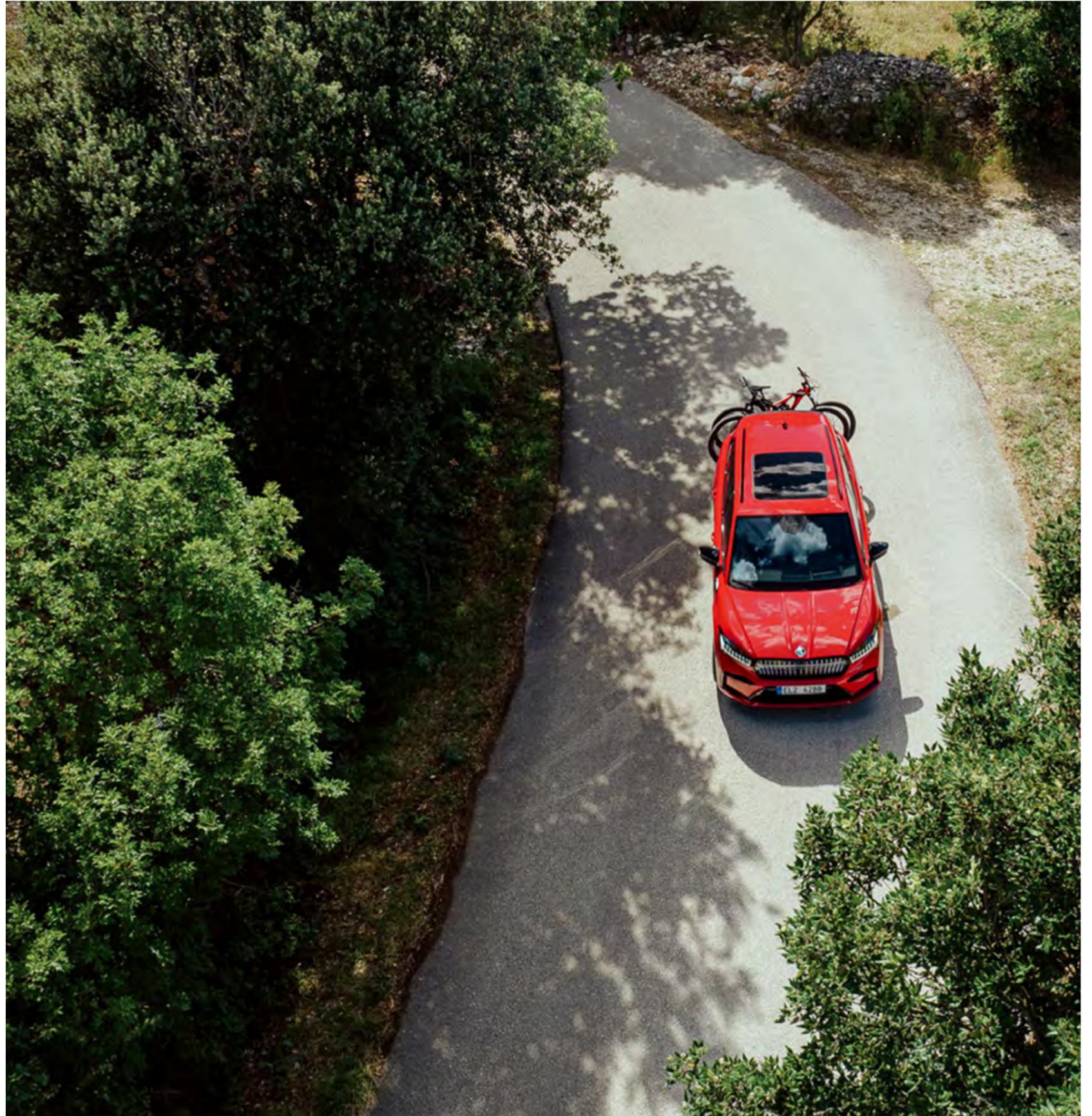
Policy and Ambitions

The protection and preservation of biodiversity and ecosystems are an integral part of Škoda Auto's goTOzero Environmental Mission and have long been key elements of the Company's environmental management. The aim here is to reduce negative impacts on biodiversity and ecosystems and promote projects that help preserve them. Škoda Auto implemented its new GreenFuture strategy in the year 2023. The issue of biodiversity and ecosystems on land and in water underwent comprehensive evaluation, both inside and outside the Company's production plants. Similarly, in its Environmental Policy 2025, Škoda Auto committed itself to exerting maximum effort to mitigate any negative ecological impact, and to plant and care for greenery. As far as its value chains are concerned, Škoda Auto plans to integrate considerations of the use of resources into the Code of Conduct it requires of its business partners.

To be able to monitor success, the Company develops dedicated indicators and targets so as to achieve near-natural development and reduce the use of land and resources. It accomplishes this by carrying out projects with partners and engaging with employees. Moreover, Škoda Auto is committed to reaching specific targets in other areas that directly influence the state of biodiversity and ecosystems, such as reducing emissions, minimising waste and pollution, and recycling materials.

In line with Group-wide objectives, Škoda Auto aims to be more active in integrating biodiversity and ecosystems into its strategy and in identifying and assessing relevant impacts, risks, and opportunities within its value chain.

To this end, the Company keeps a watchful eye on the development of policies, standards, and tools at the global and European level.



Activities

Škoda Auto comes up with educational projects, prepares special communication, and finances outside projects so as to fulfil its commitment to protect and support biodiversity and ecosystems.

The Company maintains and plants biologically diverse greenery, such as trees, shrubs, and grassland. It manages 208.5 hectares of biologically diverse forest on a test track site, employing the services of an outside specialist. As part of this care, the monocultural forest cover has been gradually enriched with a diverse variety of new trees, including species that are better able to withstand changing climatic conditions and protect forest land from erosion. Beyond climate change mitigation and adaptation, these initiatives also enable Škoda Auto to protect individual species of greenery, and in turn support the biodiversity and ecosystems dependent on this greenery, including vulnerable pollinators. So far, no quantitative evidence about the success of such initiatives has been collected.

Škoda Auto Endowment Fund grant programmes provided the relevant projects with support. A grant programme entitled "Krkonošovy Zahrádky" is also in place to target biodiversity and ecosystems.

In 2023, Škoda Auto provided its support to the publication of "Český ráj" (Bohemian Paradise), a book compiled by RNDr. Zdeněk Mrkáček under the auspices of the Czech Union for Nature Conservation (ČSOP) in Klenice. In a unique style, the book maps out the transformations of fauna and

flora over the years in the Protected Landscape Area (CHKO) of Bohemian Paradise, not far from the Company's main plant.

The immediate surroundings of Škoda Auto's three Czech production plants provide the environment for a number of plants and animals. Around 356,000 flowers, 1,128 trees, and some 470 bushes have grown there over a total area of approximately 23,000 sqm. In 2023, the Company installed insect houses on its grounds and took care of the listed trees in its surroundings.

The Company also enriched the Czech landscape with new trees, doing so for the seventeenth year in a row. As has become the tradition, it planted one tree for every car sold in the Czech Republic as part of the Škoda Trees grant programme. Through this project, it had by the end of 2023 planted a total of 1,244,080 trees, matching an area of 395 football pitches, in more than 240 places throughout the Czech Republic. As part of its support for biodiversity, the Company joined forces with the Škoda Auto Endowment Fund to open up the Krkonošovy zahrádky grant programme, which aims to increase biological diversity in the Mladá Boleslav, Kvasiny, and Vrchlabí regions. Towns, local governments, and other organisations are able to obtain a grant of up to CZK 250,000 with which to finance their projects. Sixteen projects received support in 2023.

In addition to these activities, the Company also supports the active involvement of its employees in specific projects. Škoda Auto and its employees were therefore involved in

208.5 ha

of biologically diverse forest
on a test track site

cleaning up the surroundings of the Company's plants in Mladá Boleslav, Kvasiny, and Vrchlabí for the ninth time, as part of the Uklidme Česko (Let's Clean Up Czechia) project. In 2023, employees ventured into areas of great natural value in the Orlické Mountains and the Krkonoše Mountains and into the former military zone of Ralsko to help alleviate the environmental burden. A total of 250 employees signed up for the clean-ups, collecting 8.5 tons of waste. A number of similar activities went ahead at different organisational units throughout the year 2023.

Škoda Auto again signed up for the Volkswagen Group's #Project1Hour initiative to mark Earth Day. This Company-wide challenge is a reminder of the importance of personal engagement in climate preservation, calling on employees to think about their own contribution to reducing the environmental footprint.

As part of GreenWeek, an event organised by the Company for the third time in a row, employees were given the opportunity to discuss issues with experts from different areas of the Company and guest experts from outside. Discussing current projects helped the Company uncover as yet untapped opportunities in the sphere of sustainability and raise awareness of sustainability within the Company, and what sustainability means in everyday life.



Risks and impacts assessment

The Group evaluates the state of biodiversity and how this is influenced by the activities of individual production plants with the help of its Biodiversity Site Assessment Tool. Identifying and assessing a potential negative impact on biodiversity are governed by the mandatory process of Environmental Impact Assessment (EIA). This is carried out before any significant development project, such as constructing new buildings, increasing production capacity, or making fundamental changes in technology. The results of EIAs have repeatedly confirmed that the Company's development projects have no or minimal impact on biodiversity. Two new projects were assessed in this way in 2023: "Expanding the finished-vehicle warehouse, the

empty-packaging warehouse, and waste management" at the Kvasiny plant, and the "Paint4Future – New paint shop A" project in Mladá Boleslav. In the event that any negative impacts on biodiversity and ecosystems are identified, they would be assessed, and the appropriate mitigation measures taken.

In order to monitor risks and impacts, Škoda Auto maintains a list of protected areas and areas less than 10 km from its production plants. This list holds crucial data about the level of their protection (see [the table in this chapter below](#)).



Endangered species

One integral part of an environmental impact assessment is the potential impact on endangered species of plants, fungi, and animals. All projects assessed to date have been evaluated as having no or no significant negative impact on endangered species.

Deforestation

When choosing sites for its development projects, Škoda Auto avoids forest land and prefers to invest in its existing premises or use brownfield sites. Reusable packaging is favoured in packaging management planning, minimising the production of wood waste. Wood and paper waste from production are sent for material recycling.

Soil

Soil use is crucial for Škoda Auto production plants, which is why the Company endeavours to handle it responsibly.

As far as new development projects are concerned, the Company prefers to locate them on existing premises or use brownfield sites. The potential impact on soil is also assessed as part of the EIA. All projects assessed to date have been evaluated as having no or no significant negative impact on soil.

The Company is involved in the remediation of old environmental burdens from the time before its privatisation at the plant in Mladá Boleslav and the Kosmonosy servicing centre. The level of pollution is regularly monitored, and groundwater regularly undergoes remediation. Contaminated building structures and soil also undergo remediation during reconstruction and conversion work. Old environmental burdens are gradually removed in this way, and this has a positive impact on the quality of groundwater and the ground.

The Company has not adopted any principles or procedures when it comes to sustainable agriculture; in light of its activities, this area is not relevant. The Company makes efforts to use ingredients from local farmers in its canteens, through an external service supplier.

Mladá Boleslav plant

Category	Name	Distance (km)	Direction	Area (hectares)	Object of protection and remarks
Protected Landscape Area	Český ráj (Bohemian Paradise)	10.0	NE	18,170.49	The protection and restoration of the natural environment, in particular the ecosystems of wild animal and plant species, and the 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 (Baba Hill at Kosmonosy)	2.1	S	249.61	Complex forest and non-forest natural ecosystems (forest ecotones and grassland) with a 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.
European area of conservation National natural landmark	Radouč	1.8	W	31.01	Protection of significant calcicole and thermophilic communities of argillaceous rocks with the unique occurrence of needle sunrose (<i>Fumana procumbens</i>).
European area of conservation National natural landmark	Bezděčín	2.9	SW	81.19	Protection of critically endangered species, such as the European ground squirrel (<i>Spermophilus citellus</i>), whose population lives in the grasslands of this natural landmark.
Natural landmark	Podhradská tůň (Podhradí Pool)	3.4	N	3.08	Landscape with significant natural and aesthetic value, particularly 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 angling take place in the area, with an emphasis on maintaining the equilibrium necessary to achieve full restoration of this ecosystem.
Natural landmark	Lom u Chrástu (Quarry at Chrást)	4.3	SW	1.47	Significant palaeontological deposits of Cretaceous fauna of the middle Turonian Stage, which is one of the baseline supporting profiles for the stratigraphy of the Bohemian Cretaceous Basin.
European area of conservation Natural landmark	Chlum u Nepřevázky	2.4	S	223.36	Mainly oak and hornbeam forests, in places with acidophilic oak woods or herb-rich beech forests. The herbaceous layer contains rare or protected species of plants, such as the 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 the 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. Birdlife: the European robin (<i>Erithacus rubecula</i>), great spotted woodpecker (<i>Dendrocopos major</i>), Eurasian nuthatch (<i>Sitta europaea</i>), Eurasian collared dove (<i>Streptopelia decaocto</i>), Eurasian jay (<i>Garrulus glandarius</i>), common buzzard (<i>Buteo buteo</i>), willow warbler (<i>Phylloscopus trochilus</i>), European green woodpecker (<i>Picus viridis</i>). Other animals include amphibians, such as the common water frog, European water frog (<i>Pelophylax esculentu</i>), European tree frog (<i>Hyla arborea</i>), and the common toad (<i>Bufo bufo</i>).
Nature park	Jabkenicko	9.0	SE	556.00	Continuous forest area, the absence of larger settlements, and a system of forest ponds supplied with water from forest complexes, and thus uncontaminated by washes from fields and waste from municipalities. A system of ponds on Jabkenický Stream, the largest of which is Vidlák, a system on the Svatojiřský (Hladoměřský) Stream, and a number 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, particularly spruce. More varied vegetation is found in the valley indentations, with preserved fragments of hornbeam-oak woodlands, wet alder forests in the floodplain, and wet floodplain meadows.
Nature park	Čížovky	9.0	SE	386.00	A 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. The 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 (km)	Direction	Area (hectares)	Object of protection and remarks
Protected Landscape Area	Orlické hory (Eagle Mountains)	5.5	NE	23,322.92	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 area, urban structure of settlements, local vernacular architecture, and construction works of a monumental or dominant character.
Nature reserve	Skalecký háj	8.0	N	3.11	Forest vegetation with a 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> .
European area of conservation	Uhřínov – Benátky	5.0	NE	5.77	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.
Natural landmark					
Nature park	Les Včelný (Včelný Wood)	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 have been 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 (km)	Direction	Area (hectares)	Object of protection and remarks
National park	Krkonoše Mountains National Park	1.1	N	36,352.13	Protection and restoration of the self-control functions of natural systems, strict protection of wild fauna and flora, and preservation of the typical appearance of the landscape.

The “Krkonošovy zahrádky” grant call

The Škoda Auto Endowment Fund, working together with the Department of Environmental and Work Protection at Škoda Auto launched a grant call in 2023 to finance projects entitled Krkonošovy zahrádky. It is named after a spot in the upper part of Úpská jáma in Krkonoše Mountains, an area characterised by the rich biodiversity of many rare species of fauna and flora. The grant is a follow-up to the Škoda Stromky company's seventeen-year-old program. The Krkonoše National Park Administration is the expert guarantor of the Krkonoš Garden grant call, the partners are the Kokořínsko Protected Area, the Orlické Hory Protected Area and Volkswagen Financial Services. The programme is devoted to protecting nature and supporting biodiversity – from the perspective of the species in the specific environment, for example, and the ecosystems in a specific location. Local governments and organisations from the Mladá Boleslav, Rychnov, Vrchlabí, and Jilemnice areas can sign up for the programme. In 2023, projects were carried out that aimed to return critically endangered species to the landscape – for example, creating new pools in the areas of the natural landmarks of Dymokurské louky and the village of Vlčí Pole in the Mladá Boleslav area. In these places, conservationists registered some rare amphibians: the European tree frog, the European fire-bellied toad, the common toad, the common newt, the agile frog, and the common frog.

“The key objective of Krkonošovy zahrádky is to increase interest among the population in the environment in which they live, and to get them actively involved in caring for it. It's all about supporting elements such as flowerbeds, apiaries, insect houses, beetle hotels, and lizard hotels, as well as collecting rainwater, planting native species, and creating biotope ponds, wetlands, meanders, and pools.”

Ladislav Kučera
Director of the Škoda Auto Endowment Fund (NFŠA)



Circular Economy and Resources

Materials and waste management are among the key material sustainability issues at Škoda Auto, whilst also contributing to the fulfilment of climate commitments. The Company's long-term aim is to transition to a circular economy by applying circular principles throughout the value chain. The principles of the circular economy in question are defined by the EU Circular Economy Action Plan.

The Company achieved a significant success in waste management, when it achieved zero landfilled waste from production in the Czech Republic. This was first accomplished in 2020, and the established trend was again met in 2023. Škoda Auto sees the application of circular approaches as a way to reduce environmental impacts, handle resources responsibly, and ensure raw material security.

Zero landfill waste from production even in 2023

Policy and Ambitions

A sustainable approach to using resources and materials is anchored in Company Policy and Environmental Objectives 2025, as approved by the Board of Management at the Company. Among the environmental objectives for 2025 is the ambition to reduce the quantity of materials used and reduce waste products. A sustainable approach is also seen in the GreenFuture strategy and its three pillars: **GreenFactory** for the production area, **GreenProduct** for the product area, and **GreenRetail** for the servicing and dealership network area.

Share of recycled plastics in new models from 2025 up to 40 kg net weight material.

As defined in its Policies and Targets, Škoda Auto systematically endeavours to maximise effective resource use and innovates its approaches in line with the principles of the circular economy.

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 the labelling of plastic 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 approach reduces the overall environmental impact of the product and increases the share of recycled materials that can be used as a substitute for primary raw materials.

To fulfil the set goals of minimising the environmental impact, Škoda Auto uses recycled and environmentally friendly materials, such as bio-based materials that have the same qualities as the primary materials. The Company prioritises the use of local raw materials with a lower carbon footprint (when compared to the primary material).

Example of sustainable materials used in current Škoda models

Surface/upper fabric layer of the ceiling of the Superb 2023, with 100% PET recycle.



Inset mat in the Superb 2023, with 34% recycle content.



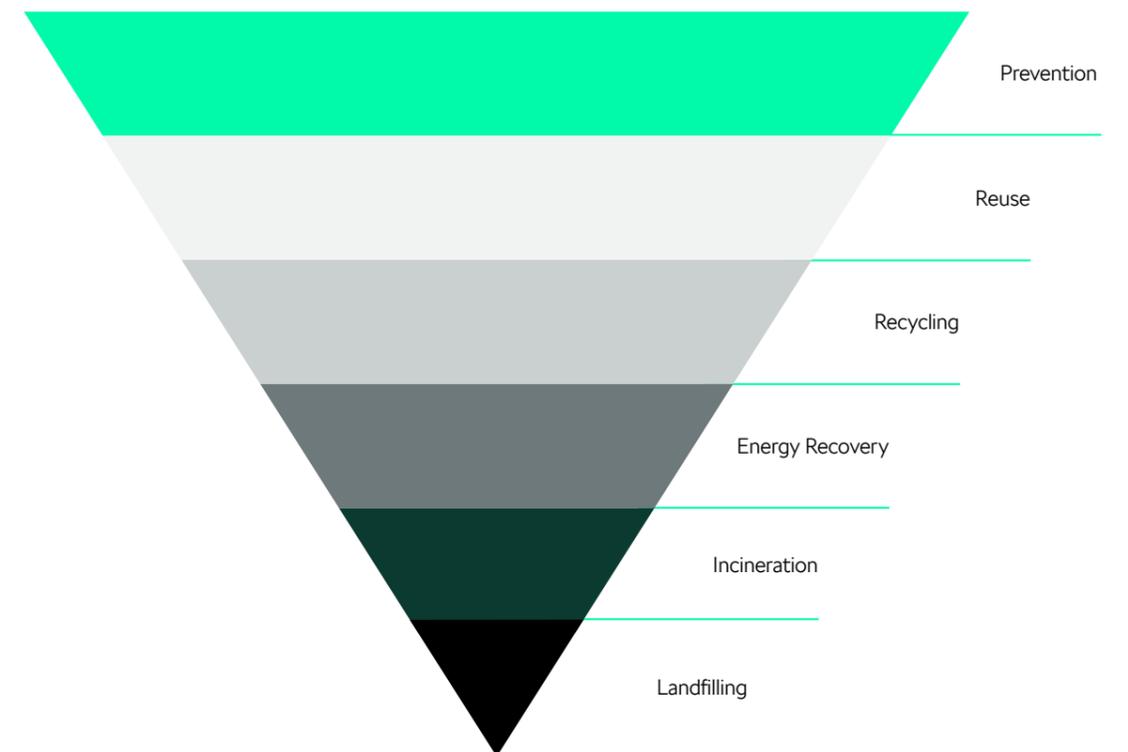
In future models, the share of recycled materials will continue to rise. In the first phase, starting in 2025, the content of recycled plastics in new models, compared to current products, will double to approximately 40 kg net material weight.

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

Škoda Auto endeavours to prevent the creation of waste in production and to use sources of raw materials in a considerate way. When waste is created during the production process, a hierarchy of waste management is consistently applied. Material and energy use are preferred over landfilling.

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Waste management hierarchy



When it comes to waste management, the Company invariably applies the following principles:

- All waste products, without exception, are passed on to waste management facility operators or traders in accordance with the Waste Act.
- All waste which the Company produces is weighed and put on record in line with legislation.
- When selecting waste collectors, Škoda Auto favours solutions which ensure a higher level of waste management according to the waste management hierarchy.

The GreenFuture strategy has set goals for the circular economy and resources, such as the reduction of waste generated per manufactured car. These targets are incorporated in an aim to reduce UEP by 52.2% by 2025. For more see [GreenFuture Strategy](#).

The GreenRetail strategy considers waste management and handling end-of-life products. The priority objective is to ensure the transformation of waste into a resource that can be used in the manufacture of new cars and their components. When, in light of qualitative requirements, it is not possible to use recycled waste material in the automotive industry itself, the Company favours partners that are able to make products with the maximum added value.

The priority goal is to ensure the transformation of waste into resources.

Activities

GreenProduct

The Company's emphasis on ecology in the new Superb and Kodiaq models is underscored by fabric covers made entirely of recycled materials. And in the characteristic Simply Clever elements – an umbrella and an ice scraper, now made of recycled plastic. This solution will, over time, be used across the portfolio of models.

GreenFactory

Škoda Auto checks the management of waste created during car production so as to ensure that as much of it as possible is used in line with the waste management hierarchy. In 2023, for example, it launched the material use of waste anti-freeze and brake fluids, which were previously passed on for energy use. Now these fluids undergo distillation, which makes it possible to use them again in accordance with the principles of the circular economy.

Another example is a project that reuses selected IBCs (intermediate bulk containers), which had also been passed on for energy use. The Company now delivers them to the operator of a facility that cleans them and readies them for reuse. Once manufactured, IBCs can therefore serve their original purpose repeatedly. This change leads to savings on resources and energy. As part of its attempts to seek out new possibilities in waste management, Škoda Auto became a member of the Czech Circular Hotspot, a platform that puts the principles of the circular economy into practice, and where information in this area may be exchanged.

GreenRetail

Second life of batteries

Škoda Auto uses robust and long-lasting batteries in its electric cars. For fully electric, battery-powered vehicles, Škoda Auto provides an 8-year or 160,000-km warranty (whichever comes first) and guarantees that the battery will have at least 70% capacity. For plug-in hybrid electric vehicles, the Company provides the same warranty, but without the guarantee of at least 70% capacity.

As with internal combustion vehicles, many test and prototype vehicles are not sold as used cars, but are scrapped after testing. The batteries from these vehicles would be expensive to recycle. Instead, they are given a second life, meaning they can still be used in a different way for years to come. Given that the batteries used in typical stationary energy storage consume only a fraction of the power demands of a vehicle, even older and used batteries have enough power for a second life. Stationary energy accumulation systems are used as boosters for DC fast-charging stations and backup power sources (replacing diesel generators) and accumulate green energy from photovoltaics. Second life batteries can therefore contribute to reducing CO₂ in the energy sector after their sustainable life in transportation. Between 2021 and 2023, Škoda Auto obtained the following quantities of batteries and battery modules for a second life, 99.9% of which came from internal sources. In total, more than 250 tons of batteries were collected in the years 2021 and 2023.

Overview of the second life of batteries project

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

	2021	2022	2023
Amount	1,040	1,726	2,674
Weight [kg]	61,088	40,092	149,764
Capacity [kWh]	8,702	8,686	26,507

The increase in the number of batteries in 2023 is due to the expansion of the 2nd life program to include more types of battery modules, namely batteries and modules from the new Superb PHEV and Kodiaq PHEV.

Take-back system – tyres, batteries, and end-of-life vehicles

There are more than 800 places in the Czech Republic where tyres and lead-acid batteries can be handed in for free as part of the take-back scheme. A total of 2,214 tons of tyres were collected and recycled there in 2023. 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. Old vehicles and end-of-life vehicles can be returned in the Czech Republic without charge (if still whole) at more than 20 partners. This guarantees that the vehicle will be processed and the resulting material will be used to the greatest possible extent.

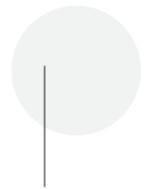
A total of 2,214 tons of tyres were collected and recycled there in 2023.

Risks and impacts assessment

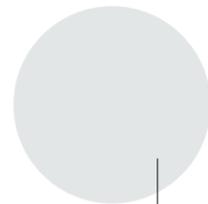
Dialogue among stakeholders revealed that the use of resources and the circular economy are considered important and marked out as being one of the top priorities of Škoda Auto and stakeholders alike. See [Sustainability Strategy](#).

Data and Specific Disclosures

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

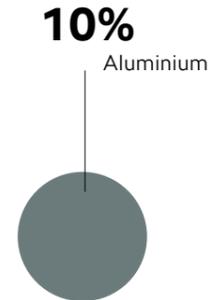
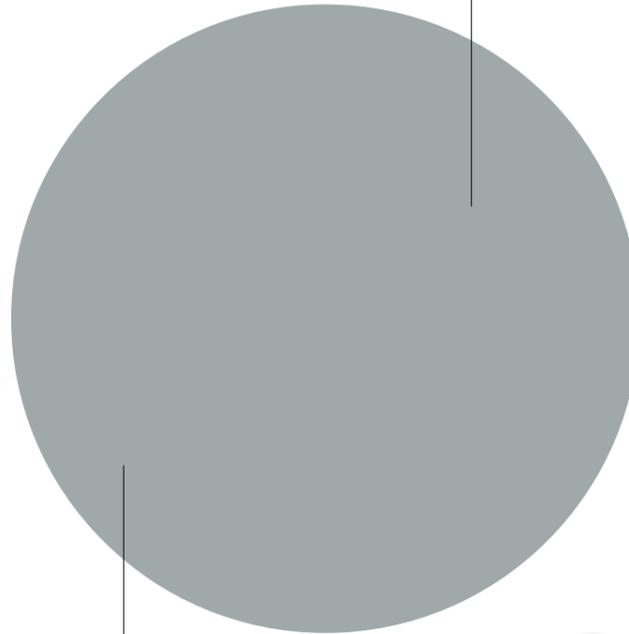


7%
Other materials



15%
Plastics

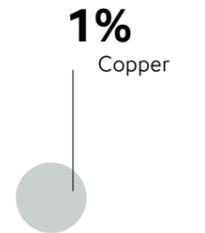
59%
Steel



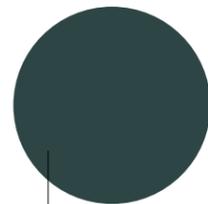
10%
Aluminium



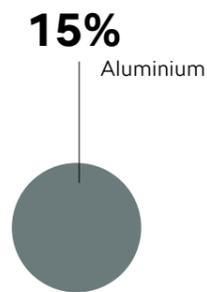
20%
Plastics



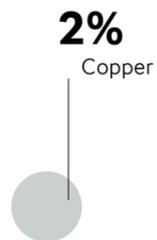
1%
Copper



15%
Anode, Cathode,
Separator



15%
Aluminium



2%
Copper

46%
Steel



10%
Other materials

0%
Anode, Cathode,
Separator

Material composition of selected cars

The material composition of models that run on a combustion engine and BEV models stems from the varying structures and components used. The volume of aluminium and materials contained in the battery increased in BEV models. As a result of the new material composition of the vehicle, which is often more demanding on energy from the production perspective, the Company is looking for ways to further reduce the Decarbonisation Index (DCI) value. One option is to find suppliers that use energy from renewable sources, use recyclates, and work in much the same way as Škoda Auto on reducing their carbon footprint.

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

Total waste by type (thousand tons)
(2023 data based on 11 months actual + 1 month estimate)

Non-hazardous waste
Hazardous waste

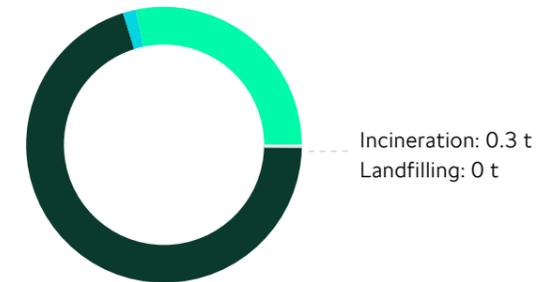


In 2023, there was an increase in waste, which is related to the increase in production activity.

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

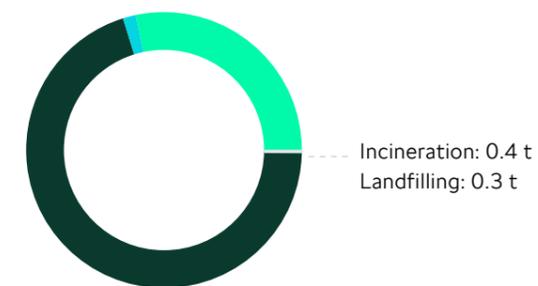
Hazardous waste (2023)
(2023 data based on 11 months actual + 1 month estimate)

Recycling: 13,392.6 t
Energy use: 5,387.8 t
Preparation for reuse: 291.0 t
Other: 0.3 t



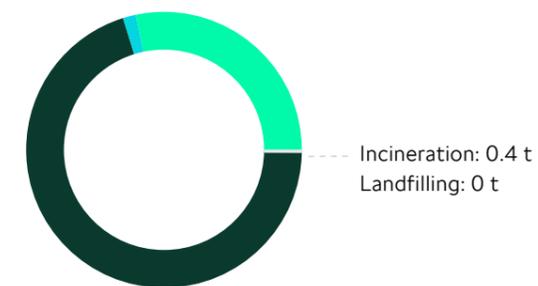
Hazardous waste (2022)

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



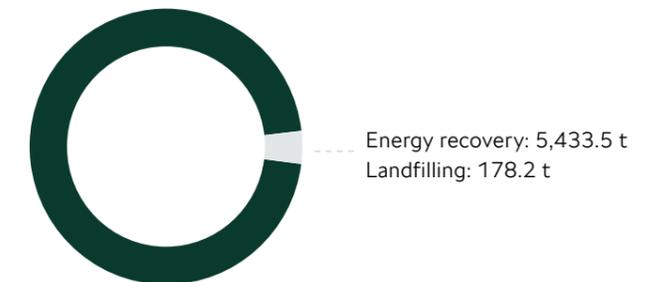
Hazardous waste (2021)

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



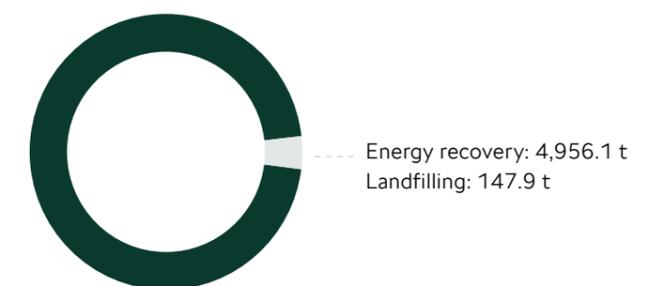
Non-hazardous waste (2023)
(2023 data based on 11 months actual + 1 month estimate)

Recycling: 170,935.8 t
Other: 5,611.8 t



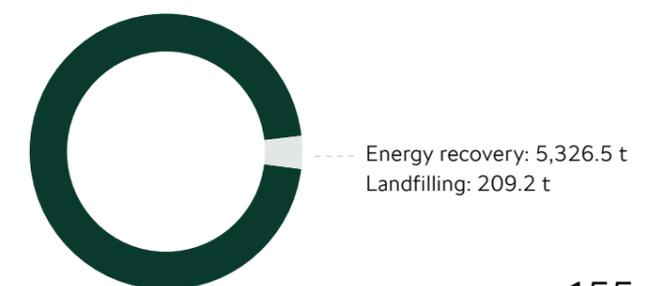
Non-hazardous waste (2022)

Recycling: 137,380.4 t
Other: 5,104.0 t



Non-hazardous waste (2021)

Recycling: 141,650.0 t
Other: 5,535.7 t



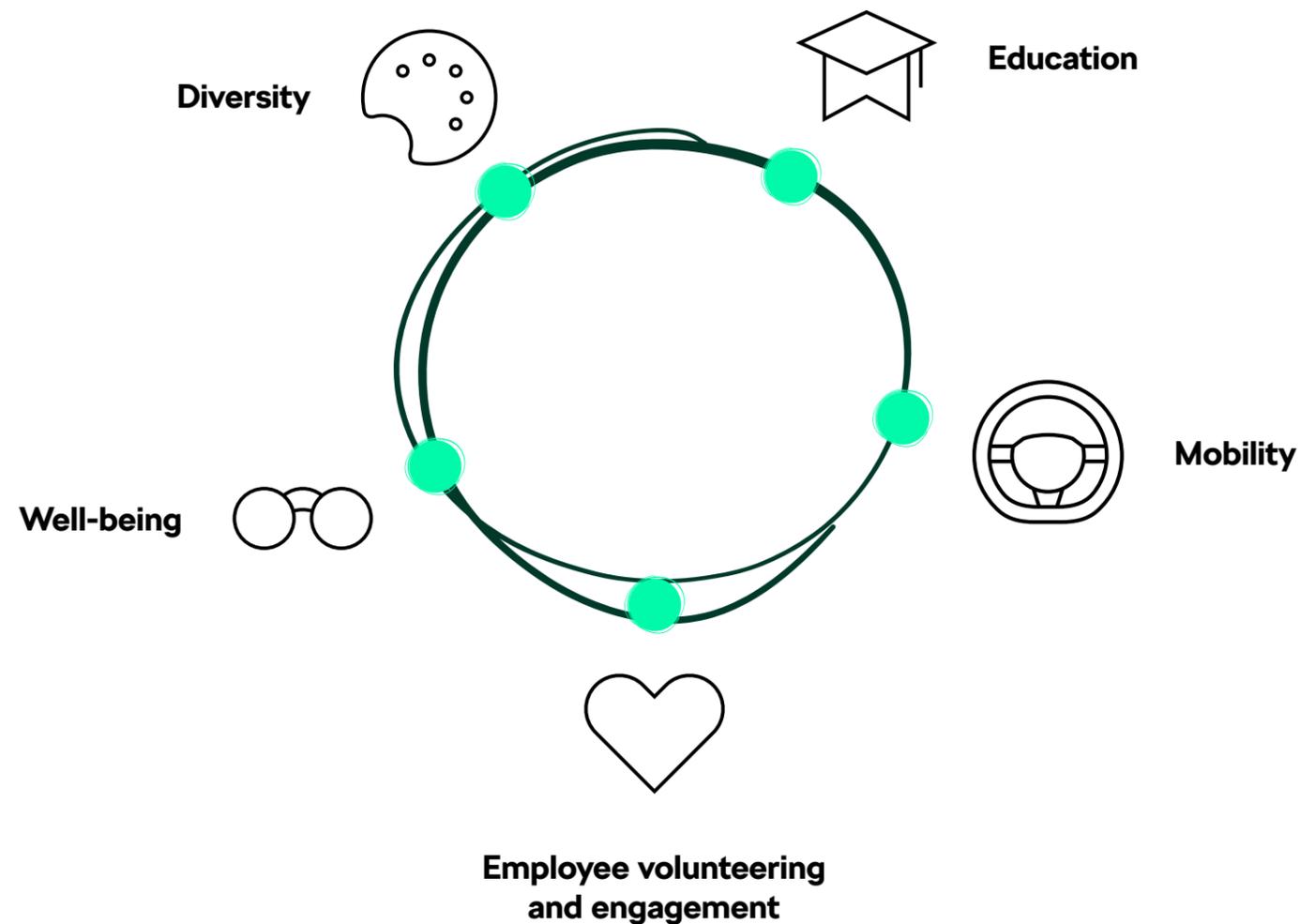
Social

Social Sustainability Strategy

Social sustainability is one of the cornerstones of Škoda Auto's sustainability strategy. The guiding principle of the strategy is respect for human rights and freedoms, see **Human Rights**. The Company regularly evaluates its activities in relation to the strategy and discusses them with its social partner, the KOVO Unions. Specific steps designed to achieve the set objectives are derived from the principle of Creating Shared Values – CSV. This principle enables the Company to create added value for its own benefit and for the benefit of its employees and all other stakeholders.



The “Best in Class in ESG” strategy, which pertains to social issues, emphasizes two main categories – people and communities and diversity. Within these, Škoda Auto focuses on the following strategic areas in which the Company can best help its own employees and people around it:



Each strategic area comes with an internal and external dimension, and together these determine the actual steps the Company takes to achieve the set objectives. The established dimensions complement each other and overlap. The internal dimension concentrates primarily on Company employees, and the external dimension focuses on sharing the know-how of the Company and its employees with external partners.

All five areas are concentrated mainly in the regions in which Škoda Auto has its production plants – the Mladá Boleslav, Rychnov, and Vrchlabí areas. They are not, however, restricted solely to these areas. Škoda Auto carries out a range of activities throughout the Czech Republic, and some at the international level. For example, providing aid in humanitarian crises, together with a whole range of other programmes.

As far as the individual regions around its plants are concerned, Škoda Auto places considerable emphasis on increasing the attractiveness of those areas and on their

sustainable development. For this reason, the Company established the Škoda Auto Endowment Fund in 2018, contributing the initial capital. This is an auxiliary tool of regional development, one which constantly focuses on the systematic development of the regions in areas not connected to Company know-how, but instead reflecting challenges in sustainable development, see **Community Engagement and Development of Škoda Auto Regions**.

To independently monitor its activities in the field of social sustainability, the Company takes part in the regular IPSOS CSR and Reputation Research study and evaluates different scorecards of satisfaction and quality of life (Cities in Data, where appropriate Behavior – a survey of satisfaction). In 2023, the Company broadened the areas it checks to include what is known as an Activity Success Index, which reflects how the Czech population sees projects from the perspective of credibility, value, uniqueness, whether they “fit the brand”, and further potential they have, see **Sustainability Strategy**.

Public Sector Partnerships

In 2023, Škoda Auto continued to expand partnerships, that give it the opportunity to express its views on key issues in the public sector. One such partnership is the support of Aspen Institute Central Europe. As part of this partnership, Company representatives actively attended key conferences and important networking events in 2023. Such an example is the Young Leader programme, which offers young leaders the opportunity to broaden their personal and professional skills and reflect on fundamental values in the course of their careers.

Škoda Auto is also a general partner to the Arnošt Lustig Award, which is presented each year to people who have helped maintain and develop societal values in line with the motto "courage and bravery, humanity and justice". The award was established in 2011 by the Czech-Israeli Joint Chamber of Commerce.



Škoda Auto is a member of several platforms and associations that focus on sustainability values, within which it is able to share its expertise and knowledge with other partners and at the same time gain valuable input for its work on sustainability issues in the future. In 2023, for example, the Company became a partner to and became actively involved in the Broumov Debates, which are strongly intergenerational in nature and which provide space for in-depth debate in which the emphasis is on principles of democratic discussion. It also continued its active engagement in and development of sustainability issues within the Association of Corporate Responsibility (A-CSR) and the Business Leaders Forum.

Company representatives discuss each of the main pillars of social sustainability with expert partners in their particular field:

As far as education is concerned, organisations that bring innovation to formal and informal education, develop pedagogical leadership or provide unique data about key problems in the Czech Republic, and cooperate on systemic reforms in education and social policy. Such partners include Aisis, the Duke of Edinburgh International Award Czech Republic Foundation, Society for All, and PAQ Research.

In terms of mobility there are namely the Czech Association of Driving Schools, whose aim is to raise the standard of instruction in Czechia together, and the Czech Paraplegic Association – CZEPA.

Well-being: important partners include organisations that deal with prevention in mental care and that bring practical and verified information with a view to engaging in quality discussions of mental health. Amongst those partners belong for example Nevypust duši (Don't Let Go of Your Soul).

In the area of volunteering, the Company collaborates with Nadace Partnerství (Partnership Environmental Foundation), which supports communities in environmental activities throughout the Czech Republic; Nadace Terezy Maxové (Tereza Maxová Foundation), which helps abandoned and disadvantaged children; Czech unions for nature conservation; and Správa Krkonošského národního parku (Krkonoše Mountains National Park Administration).

The issue of diversity is addressed, amongst others, in cooperation with a platform for responsible business in the Czech Republic – Byznys pro společnost (Business for Society) – as part of which the Company signed a “Diversity Charter” back in 2019.

Education

Education at Škoda Auto is one of the main pillars of the sustainability strategy and the support for social responsibility. The Company sees education and development as being fundamentally important, and it considers lifelong education and enhancing qualifications among its employees to be a major priority. In addition to providing employees with support, Škoda Auto is a partner in the development of knowledge, providing educational activities that are open to all. The main strategic themes include support for corporate culture and leadership, which is an essential component in transformation throughout the automotive industry. The Company concentrates primarily on technical education, digital technologies, personal and cultural development, language skills, and support for the physical and mental health of its employees.

Škoda Auto invests in education over the long term. In 2023, in collaboration with the KOVO Unions, it signed the Memorandum of Cooperation and Support for Škoda Academy. In doing so, it committed itself to investing considerable sums in the education and development of its employees to be able to successfully cope with transformations relating to digitisation and the move toward electromobility.





Škoda Auto has a long tradition of education

The Škoda Auto vocational school opened its doors to the first 58 apprentices in Mladá Boleslav back in 1927. Since then, more than 25,000 people have graduated from the school. Some 762 novice automotive specialists, including 113 girls, are studying 16 specialisations at the specialised vocational school in the 2023–2024 academic year.

Since 2000, those interested have been able to take bachelor's and follow-up master's study programmes and specialisations that combine economic and technical education at Škoda Auto University. More than 1,200 students are currently studying in Mladá Boleslav and Prague.

Employee and apprentice education came together in 2013 in Škoda Academy, which was established as part of the

education strategy at the Volkswagen Group and which has built up an exceptional education community, through which it is now able to respond to specific needs quickly and in a targeted way.

For ten years now, Škoda Academy has been a partner that is actively devoted to transformation issues and training sessions, that deals with conceptual and methodical activities, and that provides comprehensive education to all employees and to apprentices of the Škoda Auto vocational school in Mladá Boleslav.

Examples of education and programmes at Škoda Auto

Škoda Academy carried out a whole range of significant projects and activities in the year 2023.

Celebration of 10 years of Škoda Academy

Employees of Škoda Auto and its partners in education celebrated 10 years of Škoda Academy with several innovative workshops, expositions of interactive games, etc., and Company representatives signed an important Memorandum on Education at Škoda Academy that will ensure support for education at Škoda Auto into the future.

Individual coaching and mentoring programmes

Mentoring Mach Box: the new mentoring concept at Škoda Auto aims to increase cooperation throughout the Company, to harmonise the methodology and objectives of mentoring, to support mentors in their work, and to help mentees find suitable mentors.

Communities

Support was provided in 2023 to the running of Communities, in which employees with particular positions in the employee structure come together. Communities is a platform for sharing and transferring information, gathering across different areas, and dealing with burning issues fast. Communities of foremen, the Leadership Community, the community of experts, etc., are all very popular, dealing with issues associated with the work of a leader, personal development, HR projects, issues among experts, and so on.

Expert Forum 2023

Events such as the Expert Forum aim to thank experts for their work, shine a light on their role and benefit to the Company, and together celebrate the completion of the launch of an expert concept at the Company. Almost 150 experts and other employees took part in the event this year.

Corporate culture and cooperation

The year 2023 brought new impulses to Corporate Culture Workshops for management, with the key point of the workshops being a target culture at Škoda that follows on from the Company strategy and the Group context. Linking to the day-to-day work of each and every manager is of fundamental benefit, as is the situation in which managers exchange experiences with those in different areas and at different levels.

Another activity of Škoda Academy is, for example, the **Development and Assessment Centres for candidates and support of personal development.**



Examples of leadership activities

New leadership model

This style of leadership, in conjunction with the Social sustainability strategy, is a key pillar of success at Škoda Auto. The new leadership model at Škoda Auto brings leaders to the fore and is based on three roles: Supporting Partner, Enthusiastic Innovator, and Implementer with Vision.

Leader of Change

Since 2022, Škoda Academy has been offering all managers a comprehensive programme entitled Leader of Change, which develops the essential management skills of strategic and change management. More than 100 managers have undertaken the programme.

Leader Coach

In 2023, the Company launched a new course – Leader Coach – to broaden the portfolio of management styles and coaching skills. The programme will be expanded in 2024 to include self-study on the Degreed platform.





Examples in technical education

Electromobility

Providing employees with continual training is absolutely essential for Škoda Auto in order to maintain competitiveness and secure jobs into the future. For this reason, it has improved the qualifications of more than 24,500 employees since 2018. In the year 2023, another course was added for all employees – New Energy and Energy Management – which responds to the fast-changing situation in the energy market.

Škoda Academy has further expanded on issues such as robotics (for example, VKR 5), automation, electrical engineering, and control systems for automated lines to cope with the arrival of new technologies and ongoing transformation in the automotive industry.

Škoda Roadiaq Student Car

Secondary school pupils from Mladá Boleslav again designed and built their own dream car in 2023. Since 2014, these cars have offered a demonstration of the high standard of teaching at the Škoda Auto Secondary Vocational School of Engineering. The ninth pupils' car was named the Škoda Roadiaq, which underlines the adventurous spirit of contemporary explorers in line with the brand's current concept, Let's Explore. A total of 29 apprentices decided to transform the fully electric Škoda Enyaq SUV into a multi-purpose mobile home and mobile office, using sustainable materials in the interior.

Reskilling/upskilling – requalification and improving qualifications

Škoda Auto pursues projects and processes that support employees in gaining further education and qualifications. It works in cooperation with partner secondary schools (its own vocational school included) and universities, where employees have the opportunity to improve and enhance their qualifications, broaden their level of education, study a variety of MBA programmes, etc.

Digital Upskilling and AI – Artificial Intelligence

In light of the rapid changes in technology and trends, education has focused on getting to know the fundamentals of Artificial Intelligence (AI), understanding it, and taking

inspiration from it. Workshops look at the history of AI, its development and use, and specific examples of AI application in the world around us. One important aspect is becoming acquainted with the technique of prompting. Almost 300 employees attended these workshops. Another development activity focused on artificial intelligence is, for example, an interactive game: Save artificial intelligence! - Alice in Algorithmland. More than 600 participants picked up plenty of new information over the space of five weeks, completing different tasks and answering questions linked to the topic.

The Digital Upskilling programme is an important step towards digitisation at Škoda Auto, a starting point for digital transformation. It combines an approach that is based on data and self-assessment and aims to map out the current level of digital skills among employees, subsequently allowing them to improve on those skills.



New DEGREED education platform

Degreed is a digital self-learning platform that provides knowledge that is tailored to all employees and at the same time provides the Company with valuable information about their skills at present and their potential. It is the base on which to build strategic requalification and upskilling for employees, with a view to developing skills for the future. Degreed provides fast and easy access to the content of a whole range of other digital learning platforms. The combination of publicly available knowledge from those platforms (for example, LinkedIn Learning or Digiskills) and in-house knowledge introduced by Škoda experts creates a safe virtual environment for experts and students alike. The Degreed platform means that employees are able to learn independently and in a targeted manner whenever they need it for their work. After correctly setting their profile, they receive regular recommendations from the system on the topics that interest them and that are important for the development of their skills.

Cooperation in education

Not only does Škoda Auto support education among its own employees, but it also participates in the development of education in the Czech Republic. The Company has the oldest vocational school in the country, and its own university. Using this experience, it works with all levels of schools, public institutions, public benefit purpose organisations, and a whole host of other partners in this area, passing its know-how on to them and raising the standard of technical education in people entering the labour market. It is actively involved in improving the quality of the education system and makes efforts to promote (in particular) technical and IT specialisations by supporting relevant organisations and building new partnerships.

In addition to its support for primary schools and kindergartens, as of 2023, Škoda Auto has also built long term cooperation with secondary schools and universities. It prepares a range of unique projects with them that develop specialised, social, and other skills for both the pedagogical leadership and the students themselves.

Number of schools with which the Company cooperates:

Kindergartens	15
Elementary Schools	49
High schools	44
Universities	19

EDU.Lab mobile education laboratory

The Škoda EDU.Lab mobile laboratory began its journey back in 2021, with the aim of introducing pupils and students to modern technology and inspiring them to study technical specialisations in future. The laboratory attracted more than 10,000 pupils and students from primary and secondary schools in 2023. It also appeared at events focused on popularising technology, such as the SingularityU Czech Summit 2023, EDUCA, and the Maker Faire festival in Brno. The EDU.Lab also spent a week with pupils in Slovakia. The mobile laboratory aims to visit all regions in the Czech Republic by the end of 2025 and plans to keep up with the latest trends in its offered program.

EDU WEEK – Week for Teachers

At the end of August 2023, the Company organised the third year of EDU Week, a series of workshops and webinars for teachers and staff at different types of schools and educational institutes, doing so in cooperation with Škoda Auto University and the Škoda Auto Endowment Fund. Education workshops have traditionally been held during the event in Škoda Auto's home regions. The online webinars were open to all those interested in the Czech Republic. The programme took place under the auspices of the Ministry of Education, Youth, and Sport of the Czech Republic for the first time in 2023, with a record 568 participants from more than 200 schools and institutions throughout the country taking part.

Technological Literacy and Technology Olympics

Škoda Auto was again actively involved in projects focused on technological literacy in 2023. The project aims to provide education in the field of modern technologies and connect the academic world to practice. The project allows students to take a look into the world of the modern technologies used at Škoda Auto, and simultaneously it shows them possibilities for their own future. Škoda Auto provided experts in technical development, who helped prepare talks for schools, and provided financial support to the execution of the whole project throughout the Czech Republic. The project proved very popular among primary and secondary schools in 2023, with a total of 12,000 pupils and students attending the talks. This project went hand-in-hand with the Technology Olympics, which were held in April 2023 with the participation of around 1,700 secondary school students.

Echt Praxe

The Škoda Auto Secondary Vocational School of Engineering signed up, for a third time, for Echt Praxe, an Open Doors Week at German companies working in the Czech Republic. Echt Praxe, which Škoda Academy organised as an Open Doors Day, is an opportunity for the Company to show what it has to offer and simultaneously a unique way of connecting young enthusiasts with the dynamic automotive industry.

Girls Day 2023

The Secondary Vocational School of Engineering is passionately committed to supporting gender equality in technical education. One of the most important steps taken in this area is the regular Girls Day, which brings together the world of technical education and enthusiastic girls. The event aims to introduce the opportunity to study technical specialisations at Škoda Auto.

Girls Day is more than a one-day event, though; it reflects the Company's determination to provide high-quality specialised education to all and devotes attention to developing professional skills and connecting theory to practice, all leading to outstanding workers in technical specialisations.

Days of Technology in Kvasiny

Days of Technology have become an inspirational event for pupils studying in the ninth year of primary school in and around Kvasiny. The Company aims to motivate young people to study technical specialisations and to introduce them to the fascinating world of technology. Škoda Academy collaborated with ten schools in 2023, with 188 pupils, girls and boys, signing up for the programme.



42Prague

In 2021, Škoda Auto founded the 42 Prague non-profit education institute in support of lifelong learning and improving social skills. The innovative concept of teaching, a milestone for the IT education sector in the Czech Republic as a whole, consists of reciprocal teaching and learning without teachers, and a campus that is open 24/7. The style of teaching is far removed from common customs in three regards – the progress of each student is measured in levels; students learn together, individually, and cooperatively on projects; and they also correct each other, which promotes a constructive exchange of views on project results. They earn a certificate in software engineering, a profession of extreme importance to the automotive industry, after two to four years. One hundred students signed up to study in 2023. The Company aims to train up to 450 future programmers over the next five years. The institute continued building new partnerships in 2023.

Mobility

Škoda Auto actively works to ensure barrier-free and safe mobility. To this end, it mainly concentrates on providing accessible mobility to people with handicaps or other restrictions and on supporting road safety. Education in traffic safety and prevention are key matters to which the Company has long paid attention. In doing so, it endeavours to create an environment on the road that is safer for drivers, pedestrians, and cyclists alike.

Traffic safety

The Company focuses on prevention projects in traffic safety. One of the main ways of doing this is to educate those most at risk. One significant initiative in this area is the Start Driving project, carried out by the Czech Association of Driving Schools, which educates driving instructors and new drivers on the issue of safety and provides them with the skills to safely handle a car in demanding situations. A total of 2,500 new drivers signed up for the project in 2023, at eight different test tracks.

In addition to this, the Company initiated Start Driving for Women. There was record interest in these courses, with 46 women drivers from Škoda Auto taking part in the first two. The Škoda Auto Endowment Fund continued its support of traffic safety in production regions with grant calls. These grants are targeted at prevention using a data-based approach, in particular through education and awareness-raising activities. Just as important is the support of infrastructure measures to increase traffic safety. In 2023, a total of 9 projects from all Škoda regions received support for infrastructure measures. Among the interesting projects was, for example, an activity focused on the overall calming of traffic in the village of Jabkenice in Mladoboleslavsko, through a well-thought-out action combining several measures.

Barrier-free mobility

Škoda Auto has long incorporated support for barrier-free mobility in its strategy. The Company actively helps disabled people live a full and active life without restrictions. The main objective of the Company's activities in this area is to motivate, inform, and educate disabled people about barrier-free mobility so that they can fully enjoy life and achieve independence.

The Škoda Handy Programme is a big help to the disabled people involved, providing as it does special financing, insurance, and vehicle modification. Cooperation with organisations such as the Czech Paraplegic Association, Centrum Paraple, and Cesta za snem (Journey to a Dream) further boosts this support. A series of four talks for disabled drivers at rehabilitation centres and institutions was again organised in the year 2023 in collaboration with Journey to a Dream.

Škoda Auto also initiated and, in cooperation with Konto Bariéry (Barrier Account), carried out the Škoda Without Barriers grant programme. The programme, in its second year, helps disabled people access better mobility. It provides individual assistance in getting a driving licence and financial support in buying special bicycles for disabled athletes. The grant programme consists of two parts: Shame Not to Drive (Škoda Neřídít) grants, through which 8 contributions towards getting a driving licence were paid out in 2023, and Cycling Without Barriers (Cyklistika bez bariér) grants, through which disabled athletes were able to apply for financial support to buy a handbike. In 2023, 18 disabled cyclists obtained this support.





Increasing the mobility of public benefit purpose organisations and other partners

Škoda Auto provided a total of 11 electric Škoda Enyaq iV and Enyaq Coupé RS cars to partners throughout the country for long-term use in 2023, with the aim of improving mobility for the staff at public organisations. This help aims to promote sustainable mobility at those organisations, improve the quality of the services provided, and at the same time provide users with personal experience of fully electric cars.

Then, at the end of 2023, Škoda Auto handed 16 cars over to key providers of social and medical care in the regions in which it is active. The partners to the campaign were primarily retirement homes, care services, and home hospices. This cooperation aims to raise the quality of social care in certain areas and improve its availability to clients who live in remote or hard-to-reach places.

Start Driving: a prevention project in traffic safety

In addition to safe cars, of key interest to Škoda Auto in terms of traffic safety is the driver. And it is our responsibility to do the utmost for their safety. In this regard, one critical group is that of young novice drivers. For this reason, Škoda Auto financially supports the Start Driving Project, in cooperation with the Czech Association of Driving Schools, which educates driving instructors and new drivers in safe movement on roads. The Company initiated Start Driving for Women courses in 2023, with record interest.

"We are delighted by the interest and the positive responses in the very first year. I myself took the course, and I must say that, as a mother of three who does the utmost for the safety of my family, it was very important. The instructors, male and female, who enhanced our knowledge and responsibility in the theoretical part with the help of psychological seminars and workshops, helped us greatly improve our skills behind the wheel in the practical part, mainly in crisis situations."

Veronika Teplá
from the Škoda Auto External Affairs Department



Employee volunteering and engagement

Employee volunteering and engagement is a solid part of the Company's culture, and has been for many years. There are several organised groups of employees at Škoda Auto, sharing experiences and offering their knowledge and skills to voluntary activities. Such platforms include Škoda Proud, the Woman to Woman mentoring programmes, and ŠKODA Explorers.

Employees are also regularly involved in organised volunteer events. They help public organisations and other regional partners all year round, as individuals and entire departments, by cleaning up, planting greenery, restoring native species, maintaining the facilities, and providing material security, for example. The Škoda Volunteers employee group was created to share information and connect employees with organisations. More than 500 employees used this platform during the year, spending their free time helping those in need.





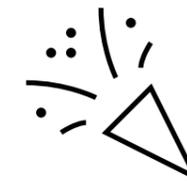
TERIBEAR moves Mladá Boleslav

For the ninth time now, the Company has provided its support to TERIBEAR, a charity that aims to collect money through healthy exercise in order to help disadvantaged children from children's homes with their education and with contact with their biological families. All those interested took to the track together in Štěpánka Park in Mladá Boleslav. The Company supported the get-together with a sum of CZK 400,000 and by having more than 300 employees and their nearest and dearest at the starting line, and with others helping with the organisational side of things.



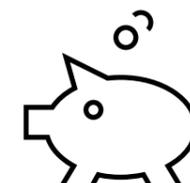
2,600

Participants



300+

Škoda Auto Employees



426,000

Total raised

Tree Day

November was the month of Tree Day with Škoda Auto. In cooperation with regional partner the Czech Association for the Preservation of Nature Klenice (Český svaz ochránců přírody Klenice), Company employees planted a new avenue of trees from Boseň to Lhotice in the Mladá Boleslav area. Sixty employees took part in planting the trees, joining forces with other volunteers to plant a total of 90 native varieties of fruit trees.

Other trees were planted in the autumn. In the Krkonoše Mountains, for example, the first 50 fruit trees native to the range were planted (apple trees, pear trees, plum trees, cherry trees). These have an important part to play in the lives of certain species of animals and plants and in putting the finishing touches to the character of the landscape. The new trees, planted under the expert guidance of employees at the Krkonoše Mountains National Park Administration by volunteers from Škoda Auto and the Beautification Society in Vrchlabí, will also have the function of being a backup population of the gene pool of old fruit varieties. A total of 100 fruit trees are to be planted as part of the project, at a total cost of CZK 520,000, and these will be provided with the necessary care for the next three years.

Since 2021, Škoda Auto has also been supportive of European Tree Day, which has been emphasising the importance of trees and bringing together communities and environmental issues all over Europe for 13 years now.

Earth Day

Škoda Auto again signed up for Let's clean up Czechia (Uklidme Česko) in 2023, with employees from all three plants venturing into the surrounding countryside to help rid it of waste. Almost 250 participants turned up for the three weekend get-togethers. The clean-ups were done in cooperation with local environmental conservation societies. In total, volunteers cleared their surroundings of 8.5 tons of waste.

Škoda Trees

The Škoda Trees grant programme, carried out in collaboration with Nadace partnerství (Partnership Foundation), worked even more intensively in 2023 on the impact of the trees planted, on restoring the environmental balance of the landscape, and on boosting its resilience in the face of climate change. The programme aims to plant trees all over the Czech Republic. It also promotes the involvement of employees and of the general public in planting trees, so as to increase interest among the population in the areas in which they live. All trees were planted in a way that would make sure they take root and are provided with subsequent care.

Since 2007, the Company has planted a total of 1,244,080 trees in more than 240 places in the Czech Republic as part of this project. Some 71,152 trees were planted in 2023 alone, at a cost of more than CZK 3 million. Information is available on the Škoda Trees grant programme in the Internet application www.hlaslesa.cz/#les, where you will also find a map of plantings that volunteers can sign up for.

Employee collections

Since 2014, employees at Škoda Auto have been providing support to selected organisations of social benefit through what are known as Employee Collections. In 2023, 1,587 employees were involved in the collections, their donations totalling CZK 4.6 million. The Company then increased these donations, up to a total of CZK 9,360,934. At the end of 2023, employees decided in a company-wide vote which non-profit organizations they would continue to support in the fourth round of fundraising in 2024-2028. The vote was also designed to choose the organisations with the biggest support among employees and the biggest bond to the regions in which the Company works. One other aim was for the in-house social sustainability strategy to play a more significant role.

For the third round of Employee Collections (2020–2023), employees chose and supported ten organisations working on a variety of issues and all-around Czechia or in regions around Škoda Auto. Škoda Auto always doubled the amount collected. The public benefit purpose organisations involved in the scheme were provided with 80% of the sum contributed by employees, with the remaining 20% being used in support of social responsibility in Pune and Aurangabad in India, where Škoda Auto has production plants.

The concept of Škoda Auto employee collections came first in the Donor Forum (Fórum dárců) despite the competition provided by other employee collections. The panel of judges was most impressed with the longevity of the programme and the opportunity to use the funds gathered in the running of a particular organisation, allowing the organisations benefiting from the support to actually develop and become more professional.

Škoda Social Week

One example of the activities within the priorities of the Social Sustainability Strategy that connected Company employees to their surroundings and that became a key initiative in raising awareness of social issues in 2023 was Škoda Social Week. This took place in October 2023 and brought with it the unique opportunity to combine care for employees at Škoda Auto with the services provided by social and healthcare providers. The aim was to allow employees and the lay public to learn crucial information about selected social and life events through video interviews, profiles, and accompanying events organised in the regions. What is more, the event raised awareness of the importance of social sustainability and of what social service providers have to offer.

The issues dealt with during Škoda Social Week included donating, employee engagement and volunteering, breaking down barriers, integration, physical and mental health, new forms of work, and support for carers. Twelve social and healthcare providers, five expert organisations, and representatives of specialised divisions at Škoda Auto were all involved in the event. The project involved key organisations that provide social services in the regions, partner organizations of social departments of individual towns, and organisations that hold the Reliability Mark of the Czech Association of Public Benefit Purpose Organisations. Discussions were viewed more than 400 times, while the profiles of the organisations were viewed individually more than 1,000 times. Articles and videos were very popular on the Škoda Space employee portal during the first week of October.

Well-being

Another key area of the Social Sustainability Strategy is well-being, where Škoda Auto primarily stresses life satisfaction and physical and mental health. Internally, Škoda Auto supports the holistic health of its employees – care for physical health and development of mental health. Externally, the Company advocates for the support of disadvantaged children.





Employee health and care

The health of and care for employees are integral and essential aspects of the strategic area of well-being. For example, Škoda Auto offers programmes that focus on supporting comprehensive healthcare, with considerable emphasis on prevention.

Dental care for employees in Kvasiny and support for dental surgery in Solnice

The Company sees ensuring high-quality healthcare for employees and the residents of the regions around Škoda Auto plants as being a priority. The lack of dental facilities in the Kvasiny region prompted the Company to reconstruct dental surgery and fit it with state-of-the-art equipment, such as machines involved in 3D x-rays and computed tomography. This provided Company employees and the residents of surrounding towns and villages with top dental care in a first-class healthcare facility, in the Kvasiny plant itself. Another surgery underwent reconstruction at the end of 2023, further raising the capacity. Cooperation with the town of Solnice on improving the quality of healthcare in the region is also worth noting.

Škoda Auto also offered its support to Klaudián Hospital in Mladá Boleslav by providing it with a passenger car. This unique joint project will greatly help train movement in patients in the orthopaedic, surgical, and neurological departments. It will help them regain their independence quicker, and in turn get back to work.

Online Doctor 24/7 service

Another unique way of caring for the health of each and every employee at Škoda Auto, and one family member, is the new Online Doctor 24/7 service, which was launched in May 2023. Thanks to having the largest outpatient network in the Czech Republic, the provider makes it possible to consult a doctor in real-time, 24 hours a day, 7 days a week. The service also deals with making an appointment with a specialist, if required. Combining the digital world and remote healthcare connects the client to a doctor anywhere in the country.

Similarly, the Company guarantees psychological consultation in person or online within a maximum of 14 days, and immediately in a critical condition. Not only will Škoda Auto employees have access to long-term care, currently lacking, but they will also be able to receive specialised psychotherapeutic or psychiatric help and follow-up care.

Neither should we forget the most common lifestyle-related ailment – cardiovascular disorders. The Health Services and Ergonomics Department, working with Klaudián Hospital, a specialised department at Na Homolce Hospital, and the ŠKODA Employee Health Insurance Company, came up with a new programme for Company employees that aims to detect cardiovascular disorders in time, and above all make sure that professional care is provided right away.

The new public Škoda Stresu website

Škoda Auto has been working intensively for many years on supporting the mental health of its employees. Over time, it has gathered a great deal of experience, many contacts, and much valuable information, above all thanks to its cooperation with leading experts on mental health and well-being in the Czech Republic.

The whole world is going through turbulent changes, meaning that mental health is an increasingly common topic among the population. It was for this reason that the Company decided to launch an entirely new website: skodastresu.cz. The site, which translates as "Shame on Stress", offers a holistic view of the various forms of daily stress we come up against. Visitors to the website can better understand stress and learn how to cope with it effectively. The site offers fast and practical advice, questionnaires, articles, videos, and podcasts. Above all, though, it is a crossroads for help that directs visitors to professional establishments, organisations, therapists, applications, or events in line with the individual needs of each and every user, all from one place.

In 2023, Škoda Auto launched the Health Matters campaign.

Well-being with the use of modern technology

Modern times bring modern technology. Škoda Auto thinks about such advancement, and about using such smart digital tools for healthcare. That's why it combined virtual reality with mental and physical healthcare in collaboration with Inno Team. The aim was to try out meditation and exercises in the virtual environment, with employees from throughout the Company getting involved. The project was very interesting and successful, and so in the years to come, Škoda Auto will be looking for ways to support prevention and well-being using this technology. Škoda Auto also tells the general public about the opportunity to use modern technology in these areas at regional events such as Gaming Day and events for the family, in collaboration with the Škoda Health Insurance Company.



The Health Matters campaign

Preventive care for one's health is something that pays off many times over. And promoting prevention is a strategic pillar at the Department of Health Services and Ergonomics. Škoda Auto launched the Health Matters (Na zdraví záleží) campaign in the autumn of 2023. This will continue in the years to come and bring countless events that focus on preventing lifestyle-related diseases and the most common illnesses. One example is Health Week for Men (Týden zdraví pro muže) as part of "Movember", which the Company organised at the Na Karmeli Education Centre in November. The campaign supports employees and the whole community in caring for physical and mental health and motivates them to get regular medical check-ups and communicate openly about health and well-being. In the regions, Škoda Auto got involved in other public events that present healthcare and social services in those areas or that support general health and well-being.

Škoda Stresu and mental healthcare

Škoda Auto views promoting physical and mental health as a priority. Among its own employees and beyond the gates of its production plants.

"We regularly organise a whole range of comprehensive preventive programmes and campaigns in collaboration with expert partners. In doing so, we try to boost active care for health and promote a safe environment for open communication. So I personally am delighted that we launched the new website, skodastresu.cz, this year, where users can find all-encompassing information about how to better understand stress and learn how to cope with it effectively. Because quite honestly – does anyone live a truly stress-free life?"

Eva Macková
from the Department of Ergonomics and Work Physiology



Diversity

Maintaining the strategic course

The main topic in 2023 was the gradual implementation of the Company's strategy of diversity: Next Level Škoda Diversity Strategy 2030, introduced in 2022. The Company took steps aimed at achieving the set targets and commitments, particularly in the area of equal opportunities and gender balance, and raising general awareness of Škoda Auto as a responsible employer and partner, both internally and among the public.



Gender balance



Family-friendly policy



LGBT+



Generation cooperation



Internationalization



Employee Resource Groups



Individual capabilities



Diverse mindset



You

Vision

Škoda Auto—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

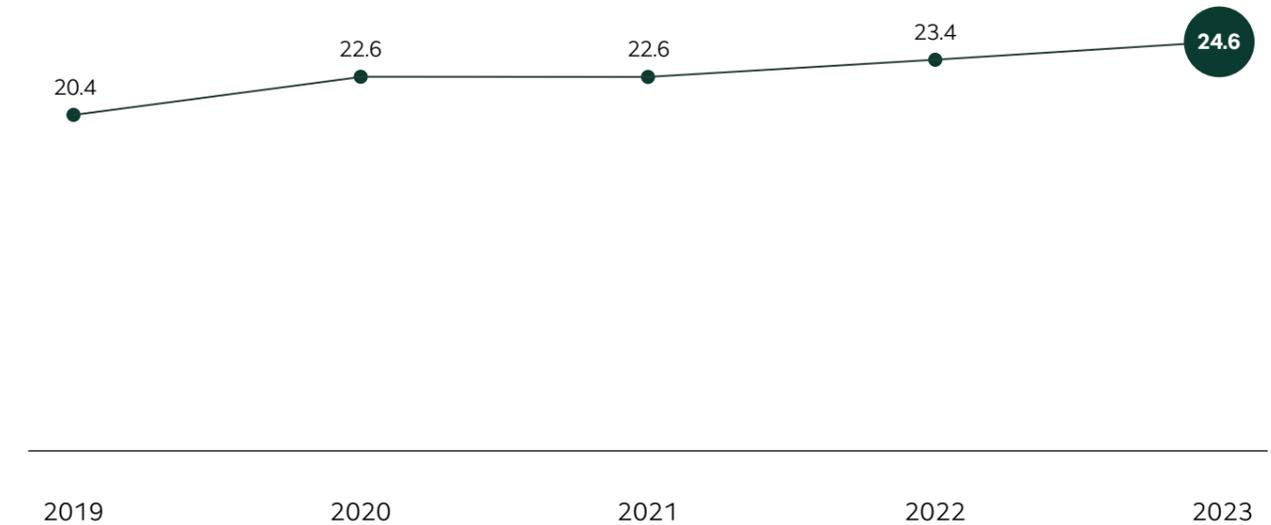
Active all year round

Support of diversity, equal opportunities, and inclusion is the foundation on which the Škoda Auto strategy is built. Škoda Auto's approach to equal opportunities is defined in its Code of Conduct. Back in 2019, the Company signed the European Diversity Charter, actively supporting acceptance, equal opportunities, and cultural diversity, and it has also signed up for the Pride Business Forum. Then, in September, it joined almost 70 companies in sending the Prime Minister of the Czech Republic, Petr Fiala, an open letter calling for support for the adoption of a law on marriage equality.

Škoda Auto also focused its attention on other diversity issues, such as the equal representation of women and men, a family-friendly policy, cross-generational cooperation, alternative forms of work, and employee engagement. With the support of its social partner the KOVO Unions, Škoda Auto aims to make sure that the percentage of the lesser-represented gender in management is at least 25% by the year 2030. To support the goal the Company introduced several tools and measures. In addition to recruitment campaigns, setting and managing targets in all areas, and optimising talent for management, the Company also runs the Woman to Woman mentoring programme, in which, for example, experienced female managers mentor younger female talents, and it also runs several programmes at individual areas of the Company in support of and motivating women on their career paths.

Škoda Auto achieved the planned values of 24.6 in terms of the main target of the "Diversity Index", internationalisation in management at the end of 2023 stood at 31% and the percentage of women in management reached 18.3%.

Diversity Index



Women in Management - Goals

	2024	2025	2030
Share of women in management in the total number of managers	18.2%	20%	25%



As part of its family-friendly Policy, the Company provides active support to parents before going on maternity or parental leave, and when returning from it, and it keeps in touch with them throughout. For example, it organises events for parents and makes it possible for them to attend training sessions or pick up fresh information from a special section on the employee intranet, the idea being to make their return to work as smooth as possible.

Škoda Enyaq Coupé Respectline

In June, the Company introduced the Škoda Enyaq Coupé Respectline, a car characterised by its unique exterior and interior design elements, the aim being to point to the importance of protecting human rights and promote respect for all people and the environment. The car was born of the collective work of male and female employees from different departments at Škoda Auto and was presented in public for the first time at an Open-Air concert by the Czech Philharmonic.

Partner to the Prague Pride festival

In August, for the second time, Škoda Auto was an official partner to the Prague Pride festival, celebrating diversity and focusing on the issues and needs of the LGBT+ people through a wide range of events and an extensive cultural programme. The festival was first staged in 2011, and this year's event focused on traditions and their impact on the lives of queer people. The festival was also attended by the Škoda Proud employee resource group and by many Škoda Auto employees.

European Diversity Month

In May, the Company was involved in European Diversity Month, an event aiming to raise awareness of the importance of diversity and inclusion through a variety of activities. It offered its employees a whole range of in-house activities under the motto of "You Matter, We Matter, Diversity Matters" (Na tobě záleží, Na nás záleží, Na rozmanitosti záleží). The programme included presentations, workshops, online activities, and off-site events for employees. Among them, for example, was an interactive panel discussion entitled Don't Be Afraid to Share (Nebojte se sdílet), organised to mark International Day Against Homophobia, Biphobia, and Transphobia. Škoda Auto was also a partner of the Fun & Run 2023, a run against homophobia.



Celebrating that all of us are unique: the Škoda Enyaq Coupé Respectline

In 2023, Škoda Auto introduced the Škoda Enyaq Coupé Respectline, the collective work of employees from different departments at Škoda Auto. The car is characterised by its unique exterior and interior design elements, a reference to the importance of protecting human rights and of promoting respect for all people and for the environment. The base is an all-electric production Škoda Enyaq Coupé, which has been enhanced with a striking colour scheme and distinctive interior design details. The original white colour, symbolising the unity of all life on earth, has been overlaid with coloured elements to create a colour transition in countless shades – just as colourful and boundless as life itself. The idea of the car is to express support for an equal and fair approach to all, irrespective of origin, nationality, age, sex, belief, sexual orientation, gender identity, or any other difference.

“The topics of equity, diversity and inclusion are increasingly in the spotlight, which is important news for individuals and society as a whole. Having respect for one another and for each person’s uniqueness is the prerequisite for mutual understanding. And this leads to many other positive values, be they in interpersonal relationships, corporate culture, or even in improving the performance of individual teams or entire companies. It’s great that we have managed to incorporate these values into the Škoda Enyaq Coupé Respectline in collaboration with colleagues from other departments, and I hope that its message will reach as many people as possible.”

Martina Zimmermann
Expert Diversity Coordinator at Škoda Auto



Community Engagement and Development of Škoda Auto Regions

Boosting regional partnerships and developing communities

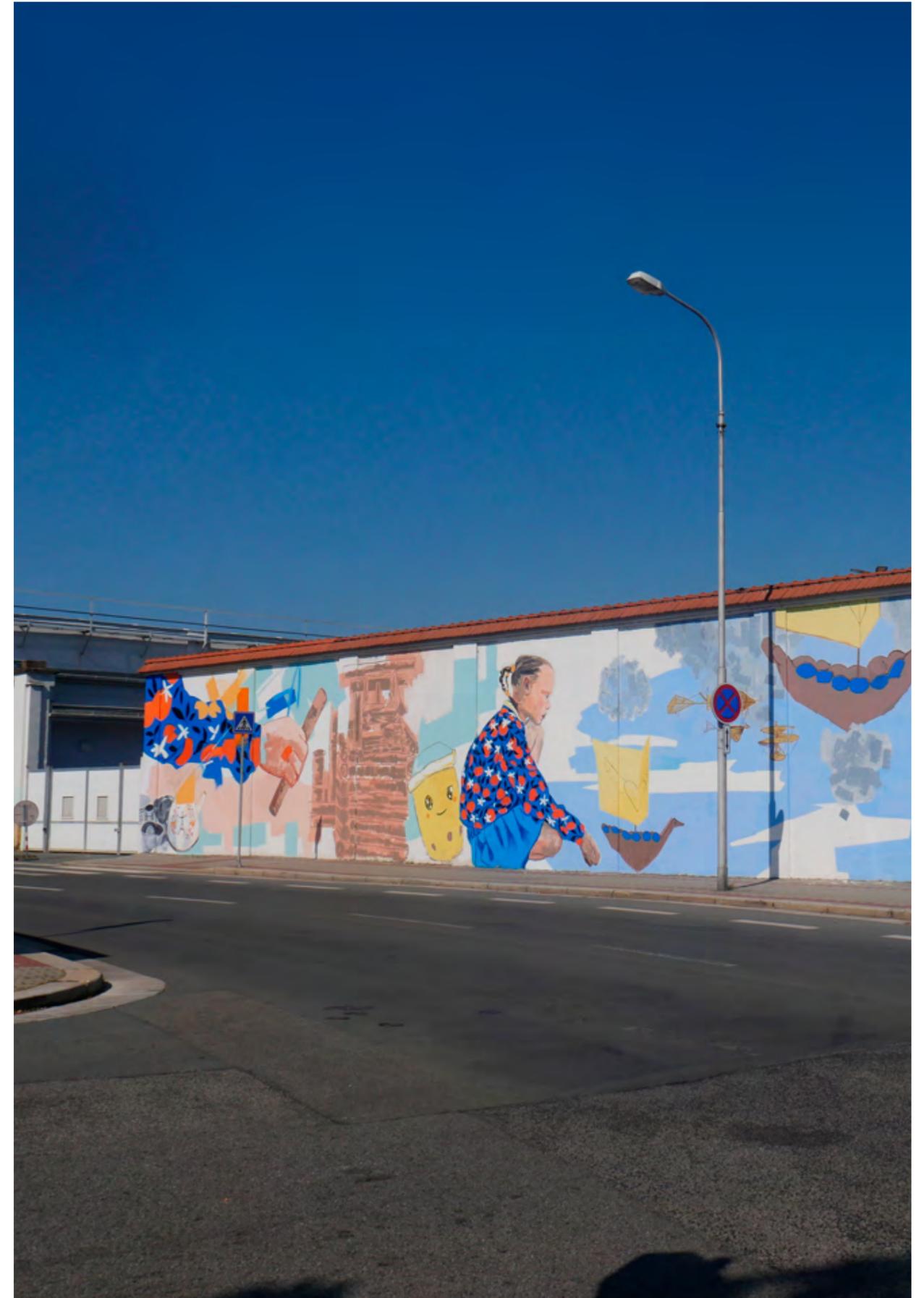
Škoda Auto is fully aware of its social responsibility, and it actively focuses on supporting sustainable development in the Mladá Boleslav, Kvasiny, and Vrchlabí regions, in which it operates. It was with the aim of supporting the development of those areas that three regional development studies were commissioned to analyse the current and future needs of the areas and identify the potential for onward growth in line with Company priorities. The studies are accompanied by public opinion surveys and other relevant data that help support the development of regions and improve the quality of the lives of their residents in an effective and targeted way.

Škoda Auto furthered its cooperation with the town of Mladá Boleslav in 2023 by signing a Memorandum of Cooperation with the KOVO Unions and the Statutory Town of Mladá Boleslav. The main aim of this Memorandum is to strengthen relations and take common steps towards improving the quality of life of the residents of the town and its surroundings. Key areas include support for safety, kindergartens and children's groups, accessibility to leisure time facilities, and initiatives for senior citizens, socially disadvantaged residents, and alternative cultures. The nine main areas of cooperation also promote the integration of

foreign nationals and minorities, sports for residents, environmental protection measures, the development of biodiversity, and support for sustainable mobility.

The town of Mladá Boleslav set up a Committee For Cooperation with Škoda Auto and a District Chamber of Commerce. Škoda Auto, the KOVO Unions, and other members are represented there during the 2022–2026 term. The Company and the unions contribute a sum of CZK 4 million per year to the fund.

Cooperation with regional partners is also ongoing in the Rychnov and Vrchlabí areas, where Škoda Auto invested a sum of CZK 6 million in social responsibility projects in 2023. The key areas of support here included mobility for the providers of social care and healthcare, cultural projects, education, traffic safety, support for biological diversity, and emission-free mobility. After renewing its Memorandum with the key towns of Rychnov nad Kněžnou, Solnice, and Kvasiny, a Memorandum of Cooperation was also signed in 2023 with Kostelec nad Orlicí, Dobruška, and Opočno to ensure full cooperation within all regional towns with enhanced powers (ORP).



Škoda Auto Endowment Fund

The Škoda Auto Endowment Fund was established by the Company at the end of 2018 as an additional tool for regional development. In the same year, the Company donated CZK 780 million with the aim of supporting the strategic development of the regions where Škoda Auto has its production plants. The company implements managerial control in the Endowment Fund through its employees, who serve on the Fund's management and supervisory boards. In 2018–2022, the Fund received an additional CZK 3.8 million for its activities from Škoda Auto and another CZK 5.1 million from external donors through fundraising. The Company is systematically preparing for a transformation of automotive industry, and therefore decided to utilise its solid economic results in 2023 and financially contribute to the long-term sustainability of Škoda Auto Endowment Fund with the sum of CZK 103.8 million. Because of this decision, it will be possible to significantly develop projects and activities in the Škoda Auto regions in the following period.

To begin with, the Endowment Fund concentrated on systematic support for the development of the Mladá Boleslav area, where it continued the philanthropic activities of the founders of the Company, Václav Klement and Václav Laurin. In 2021, it expanded its scope of activity into the other regions in which Škoda Auto has its production plants – the Rychnov, Vrchlábí, and Jilemnice areas. The Endowment Fund is a member of the Donors Forum (Fórum dárců), from which it received a Mark of Quality: Company Endowment Fund award.

In 2023 alone, the Endowment Fund financed projects that supported the development of the regions with a total of CZK 101.9 million. Another CZK 7.9 million tied to specific projects was donated by Škoda Auto and another almost CZK 1.6 million by external donors. In total, the Endowment Fund received additional CZK 9.4 million.

Regional development

The support provided stems from the needs and specifics of each of the regions identified in regional development studies,

surveys of public opinion, and other publicly available data. The long-term benefits and impacts of supported projects are evaluated based on regular public opinion surveys. There is also regular discussion with residents and local active organisations, the aim being to get feedback and new suggestions. Important partners to the Fund include the representatives of local municipalities, with which the Endowment Fund engages in dialogue about accomplishing long-term development projects and which it encourages in the implementation of transformation strategies.

The Endowment Fund makes great efforts to ensure the active involvement of experts in different areas. Regarding boosting the professionalisation of non-profit organizations, we should mention the Association of Public Benefit Organizations Czech Republic (AVPO ČR), the Civil Society Development Foundation, and the Association of Social Care Providers. The Fund works with the Vision 0 Platform in the sphere of traffic safety and with the Bohemian Heritage Fund in that of culture. The Krkonoše Mountains National Park Administration acts as the guarantor in issues of biodiversity, while the Endowment Fund works with the znesnáze21 organisation to help move the public to donate for charitable causes. The KOVO Unions, meanwhile, provide an important insight into the needs of employees in the regions in which the Fund is active.

The Endowment Fund is also the initiator and main partner to the New Boleslav, New Rychnov, and New Vrchlábí communication platforms, which give space to all interesting initiatives, small-scale organisations, and residents to get involved in happenings in the regions. An online magazine, New Regions, was first published in the middle of 2023 in an effort to involve local residents and strengthen their solidarity with the place in which they live, and build a sense of regional pride.

Online magazine: www.noveregiony.cz



In 2023, the Škoda Auto Endowment Fund financed projects supporting the development of regions for a total of CZK 101.9 million.

nové
boleslavsko

nové
rychnovsko

nové
vrchlabsko



Strategic projects

Together with private- and public-sector partners, the Endowment Fund works on strategic projects that support the long-term sustainable development of towns, acting positively on the quality of life of the residents of the regions, and achieving the main objectives of the regional development strategy. Among the most significant of those carried out during the reporting period are:

Gateway to Bohemian Paradise – the completion of a bridge that restores the historic route from Hradiště to Horka Hill, which was severed by the construction of the D10 motorway. The Endowment Fund initiated and provided financial support for the study. It also helped finance the execution of the project under the auspices of the town of Mnichovo Hradiště, together with the studio of renowned architect Josef Pleskot.

Bridge across the Jizera River – a project that the Endowment Fund initiated based on suggestions by residents from surveys of public opinion. The new footbridge for cyclists and pedestrians across the Jizera River near Česana, measuring 196 metres, connects to the strategic long-distance Greenway Jizera cycle path. It is part of the planned conceptual rehabilitation of a wider area alongside the river up to the confluence with the Klenice River. Jizera Bank Park is a new zone in which to rest and spend free time. It also supports the maintenance of local biodiversity and acts as a safety zone to protect surrounding buildings from floods.

The “U Kofoly” bridge – the Endowment Fund supported construction of a footbridge for pedestrians and cyclists in the place where a bridge stood in the past, to reconnect Mnichovo Hradiště and Klášter Hradiště nad Jizerou.

Bike-sharing – the initiation and long-term support of a bike-sharing project in all the regions in which the Company operates. The aim here is to raise traffic safety, reduce the level of car usage, and above all support sustainable transport in the regions.

Attic conversion in Solnice Primary School – extensive reconstruction work that helped the school address its insufficient capacity and provided modern facilities. New classrooms were built in the attic in which to teach specialised subjects – IT, music, and art.

Pluhárna – the Endowment Fund initiated the restoration of a historic brownfield site in the heart of Mladá Boleslav as a community centre back in 2019. Renovation of the walls and floors in the new hall was completed in 2023 and extensive reconstruction work was carried out on the roofs of the old hall. The summer and autumn programmes went full steam ahead, with local active organisations and individuals having the chance to get directly involved thanks to an open call.

Impact Hub Mladá Boleslav – the Endowment Fund is the initiator and one of the founders of an emerging co-working and innovation centre that broadens community activity in the historic Klementinka building. The ambition of the project is to create an open space where generations can come together to create ideas with a positive and sustainable impact on society.

Grant calls

The Endowment Fund announced eight grant calls during the reporting period. These focused primarily on the development of community activities and public space, traffic safety, support of culture, social services, and cultural/study residences for secondary school students abroad.

The Fund built on the Company's long-term Škoda Trees project and launched a new grant programme, Krakonošovy zahrádky, in support of biological and species diversity. The Krkonoše Mountains National Park Administration took the role of guarantor of the call. Thirty eight projects were registered in the first year, with an expert evaluation committee choosing 16. Support was provided, for example, to projects aimed at returning critically endangered species to the wild and at creating a pool, with volunteers helping to dig it out.

In 2023, the Endowment Fund supported a total of 144 projects in grant calls, providing CZK 26.5 million in funding.

Philanthropy

Philanthropic projects with a long-term impact include promoting citizen engagement, public collections, and systemic changes in education, as well as the professionalisation of public benefit purpose organisations.

Public collections – the Endowment Fund is a partner to the znesnáze21 platform, which supports individuals in difficult life situations in the regions in which the Company operates. One essential part of cooperation involves engaging the Company-employee sporting community. The Endowment Fund converts the kilometres travelled as part of the ŠKOFIT sports project into money, which is then directed to regional collections. Anyone can get involved – by walking, running, or donating money. Together with employees of the Company and active individuals and communities from the regions, the Endowment Fund supported 17 collections with funds totalling CZK 513,000 in 2023.

The development and professionalisation of public benefit purpose organisations – the Endowment Fund has long supported the development of skills among those trying to change their surroundings in some positive way. It regularly organises workshops entitled How to Prepare a Good Project and launched the Academy for Non-profit Organisations and Social Enterprises, the aim of which is to offer a full education, mentoring, and consulting service and become a platform for the reciprocal sharing of experience.

The Endowment Fund is also a partner to the Non-Profit Organisation of the Year competition, organised by the Civil Society Development Foundation. These activities aim to support the professionalisation of non-profit organisations, educate them, and raise awareness of their importance and of their specific activities among the general public.

Formal and informal education – the Endowment Fund makes efforts to help create quality conditions in which to teach children. The programmes target schools at all levels of education, as well as the bodies that run schools in individual regions, and providers of leisure activities and school communities. In September 2023, the Endowment Fund became a partner to the Giving Children Extra-Curricular Activities (Darujeme kroužky dětem) project, which helps families in financial difficulty provide their children with after-school activities.

Events

The Endowment Fund regularly organises interesting events intended for the general public. In 2023 it organised, for a second time, Yoga Fest, an event full of informative talks and workshops focusing on holistic health and various yoga classes for all – those experienced in yoga, parents and children, and senior citizens. The event, overlapping into charity, was attended by more than 250 people, with all proceeds – more than CZK 42,000 – being used to make improvements at the Neonatology Department at Klaudián Hospital in Boleslav.

Future Playground (previously Gaming Day) again went ahead, focusing on gaming and awareness-raising in modern technologies. The Endowment Fund also took the City = Gallery Street Art Festival to the streets, for a second time, during which seven murals were created and a work of art was created on the wall of a Škoda Auto plant for the very first time, by Czech illustrator Toy Box. As part of the accompanying programme, primary school children and senior citizens were given the chance to try out art in public places. It was also for the first time during the reporting period that the Maker Faire festival of DIY enthusiasts and inventors was held in all Company regions.

All up-to-date information about the Škoda Auto Endowment Fund can be found at <https://www.nfsa.cz/en/>, and its annual report can be found at <https://www.nfsa-vyrocka.cz/?lang=en>.



Humanitarian Aid

The Company regularly offers help in the event of unexpected humanitarian crises under the banner of **#ŠkodaAutoHelps**. In past years, for example, the Company provided considerable support in the battle against the Covid-19 pandemic, provided humanitarian aid following a destructive tornado in South Moravia, and actively provided help during the refugee crisis stemming from the war in Ukraine. These initiatives underscore the strong emphasis that Škoda Auto places on social responsibility and fulfilment of Company values.

Aid for Turkey

In February 2023, southern and central Turkey were struck by their biggest earthquake since 1950. Immediately after the disaster, the Volkswagen Group, Škoda Auto, and other Group brands contributed a sum of EUR 1 million toward immediate humanitarian aid. Shortly after this, in collaboration with regional partners, they extended their involvement to include material aid, for example buying 75 mobile homes at a total cost of EUR 307,500 for affected Turkish families. The project was carried out with the full support of the KOVO Unions and with the contribution of the Škoda Auto Endowment Fund, which coordinated cooperation among the different organisations involved.



**5,4 mil.
CZK**

Support of key activities and implementation of integration projects.

Aid for Ukraine

Škoda Auto became actively involved in the first days of the war and migration crisis, and continued its support in 2023. It deals with the needs of refugees from Ukraine and helps in their integration into regional communities. In this regard, it concentrates primarily on children and young people, particularly in the regions in which it works. That means at Mladá Boleslav, Vrchlabí, and Rychnov.

For example, the Company took part in arranging a Ukrainian school, Koliba, which served as the first contact centre in the Mladá Boleslav area for refugees and their children from the very beginning of the war, and provided language courses. This project was successfully transformed into the Ukrainian Primary School in Mladá Boleslav, which Škoda Auto financially supports. This help contributed to the successful functioning of the school, with 10 classrooms and 250 children of Ukrainian refugees.

The Company also joined forces with the Endowment Fund for Ukraine in 2023, providing a Škoda car to a re-socialisation centre for disabled people in Lviv. The car is there to help victims of the war who have lost their mobility, improve the quality of their day-to-day functioning, and return them to normal life.

Škoda Auto complemented these initiatives with its grant programmes, with the financial support of the KOVO Unions and Volkswagen Belegschaftsstiftung. To support key activities and the implementation of integration projects in the period 2022-2023, the funding amounted to CZK 5.4 million and included around 25 projects for approximately 1,250 refugees.

Own Workforce

It is with an unwavering belief in the importance of its workforce that Škoda Auto consistently strives to improve the work environment and enhance overall comfort at work for its employees. Employee engagement is crucial not only for the Company's financial performance, but also for effective communication, setting feedback mechanisms within the Company, and innovation across all areas. As a result, Škoda Auto is involved in multiple projects in different domains to raise employee interest and a sense of belonging.

Škoda Auto recognises that acquiring and developing talent are key factors in ensuring its successful growth. The Company wants to retain employees over the long term, and it is therefore essential that Škoda Auto addresses the evolving needs of its employees, both domestically and internationally.

The Company endeavours to attract prospective employees from domestic and foreign sources, people who are interested in helping the Company's positive development.

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

Policy and Ambitions

Policy and ambitions to concern the Company's own workforce are aligned with the social sustainability strategy. For more details see [Social Sustainability Strategy](#).

Promoting employee flexibility

Promoting flexibility within its own workforce was again one of the main priorities at the Company in 2023. Promoting modern forms of work is an inherent part of the Company's Next Level Škoda Strategy 2030, which emphasises increasing the number of shared positions and increasing the number of part-time positions. Part-time positions mainly support parents and employees who are carers and need a better work-life balance. Škoda Auto listened to more than 200 employees in 2023 and satisfied their requests to work part-time. At the same time, it identified around 30 positions which were shared by two employees working part-time.

In 2023, around 9,500 employees whose work allowed it took advantage of mobile work – another important way of supporting flexibility.

Activities

Activities linked to occupational safety and health play an important role in efforts to improve the general quality of life among Škoda Auto employees. What is more, employee initiatives are designed to enhance the positive social impact of Škoda Auto and foster a sense of solidarity among employees.

The ZEBRA initiative specifically strives to engage employees in activities aimed at innovation and improvement, which, for example, help continually improve their working environment, safety, and ergonomics, see [ZEBRA](#).

Healthy employees in a safe working environment.

Health and safety

Health and care are integral aspects of the issue of well-being at Škoda Auto. The Company introduced programmes that support comprehensive healthcare for employees. Above all, considerable emphasis is placed on prevention

The Company's approach to Occupational Safety and Health (OSH) is set out in the [Škoda Auto Company Policy](#).

Škoda Auto established an Occupational Safety and Health Management System in 2019, expanding on the framework of statutory requirements in the sphere of OSH. It gained three new [Certificates](#) in this area in 2022.

In 2023, the Company successfully passed the 1st inspection audit as part of a certification process in line with ISO 45001:2018 Occupational Safety and Health Management Systems. This system encompasses internal employees, agency workers, and employees of outside organisations.

The OSH strategy at Škoda Auto is still 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 occupational health and safety inspections, delineates the responsibilities of Company management, and defines procedures for recording, reporting, and investigating accidents at the workplace.

Motivational programmes in the sphere of OSH include the traditional Best Accident Rate Results Competition, in which the winner receives, among other things, the main prize for the year – the Occupational Safety Trophy.

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 area is anchored in organisational standards.

The requirements for contractors working on Škoda Auto premises from the perspective of OSH are found in "Binding conditions and instructions for business partners providing a service on Škoda Auto premises from the perspective of occupational safety and health", a document which is available on the website for business partners: vwgroupsupply.com.

Data on accidents at work and incapacity to work

	2021	2022	2023
Deaths of internal employees due to occupational accidents or illnesses	0	0	0
Incapacitating work injuries	46	35	70
The number of incapacitating work injuries per 1 million hours worked	0.9	0.7	1.4
Recorded cases of occupational illnesses	5	3	0
Days missed due to accidents at work	1,688	978	2,205
Days missed due to occupational illness	102	79	0

ZEBRA

ZEBRA is a motivational programme that encourages innovative thinking among employees and that facilitates the implementation of ideas for making savings and improvements within the Company. Employees who successfully join the program are rewarded financially and materially.

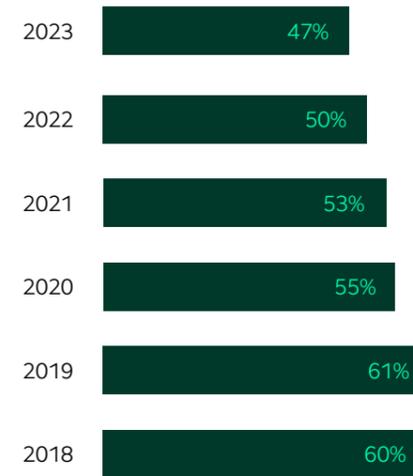
It is the oldest innovation programme at Škoda Auto and is run by the Idea Management Department, which works closely with our social partner, the KOVO Unions. Ideas for improvement can actively influence all processes and activities at the Company. The programme regularly helps save millions of Czech crowns per year and also implement thousands of improvement ideas, big and small, that cannot be financially quantified. Their benefits are savings on materials, costs, and labour, improved efficiency of production processes, greater employee safety, improved environment and ergonomics, higher product quality, etc. These improvements help the Company respond to opportunities

and risks relating to changes on the market and directly support the Company's efficiency, profitability, competitiveness, and sustainability.

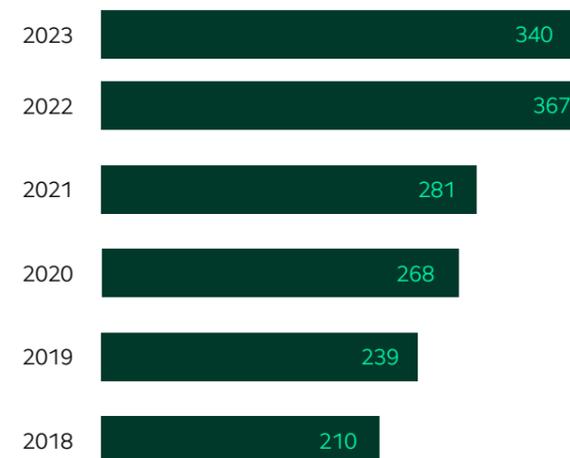
Whereas in 2022 the Idea Management Programme moved from quantity to quality, the aim in 2023 was to work through old ideas in the system, and in turn free it up and prepare it for more employee ideas. On top of that, the department worked on further optimising its process, boosting communication, and providing more effective consulting. The Idea Management Programme will maintain the current tendency towards quality and effectiveness, and it plans to further boost communication and ties to other Company activities and objectives.

The year 2023 also marked an unbelievable 30 years since the first Idea Management Raffle, as part of which employees regularly have the chance to win a car for a successful ZEBRA idea.

The success of ideas in the ZEBRA program



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





Risks and impacts assessment

Employee-related topics were assessed as important to the Company in the dialogue with stakeholders. The Company's relationship with its employees and care for their health were among the specific significant issues considered. See **Sustainability Strategy**.

At the same time, employees are an integral part of the Risk Management System, coming as they do under the category of HR risks (e.g., health and care for employees); see **Risk Management System**.

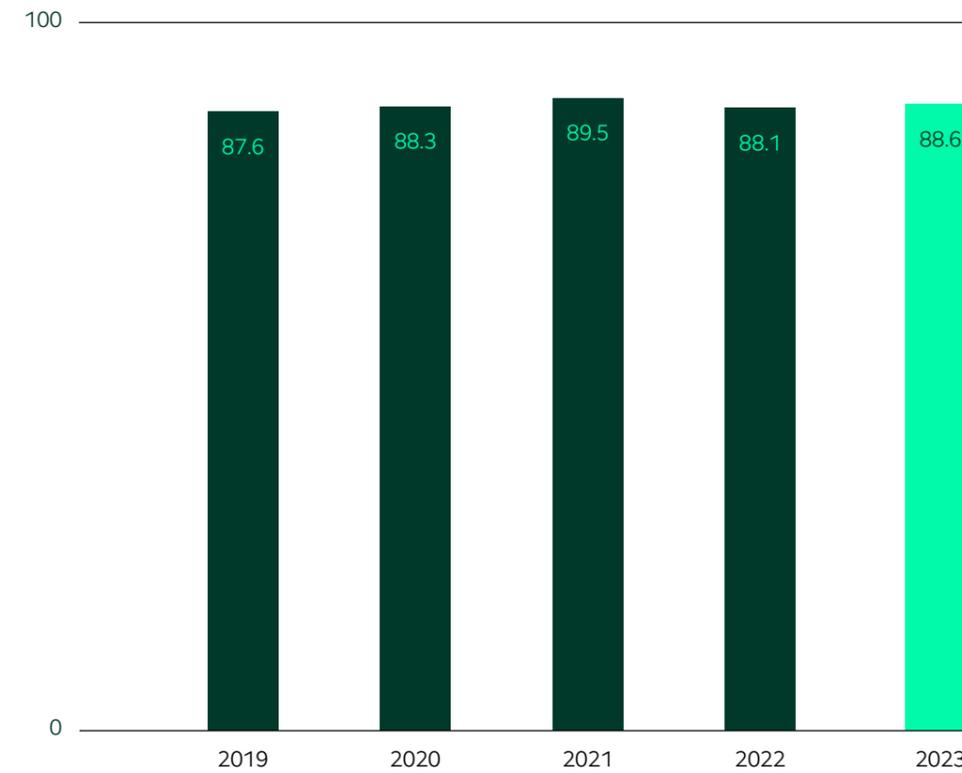
Regular communication with employees is the key way of helping the Company prevent risks and mitigate impacts in relation to its own workforce. The main issues covered in ongoing communication are employee relations, working conditions, remuneration and collective pay agreements, vocational and professional training, personal development and social engagement, diversity, health, and ergonomics.

The Stimmungsbarometer – an employee satisfaction survey

The Group-wide employee satisfaction survey – the “Stimmungsbarometer” – makes it possible to collect feedback from all employees at the more than 150 companies in the Volkswagen Group in a way that is fully digital and entirely anonymous. Škoda Auto joined the survey for the fifteenth time in 2023.

The questionnaire consists of 24 questions, thematically divided into five blocks, which are rated on a 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 can be observed over the years. This is largely helped by active ongoing work with results by managers and employees alike. This helps improve the mood and the environment in teams and thus positively influences the results of subsequent years of the questionnaire.

Employee Satisfaction Index (in points)



The principal aim of collecting feedback from employees is to assess satisfaction and identify risks or negative impacts on employees. Employees get to know the results of their feedback from their superiors, with whom they also jointly identify topics for improvement. Furthermore, the communication is run via employee intranet, employee newsletters, and other internal communication channels.

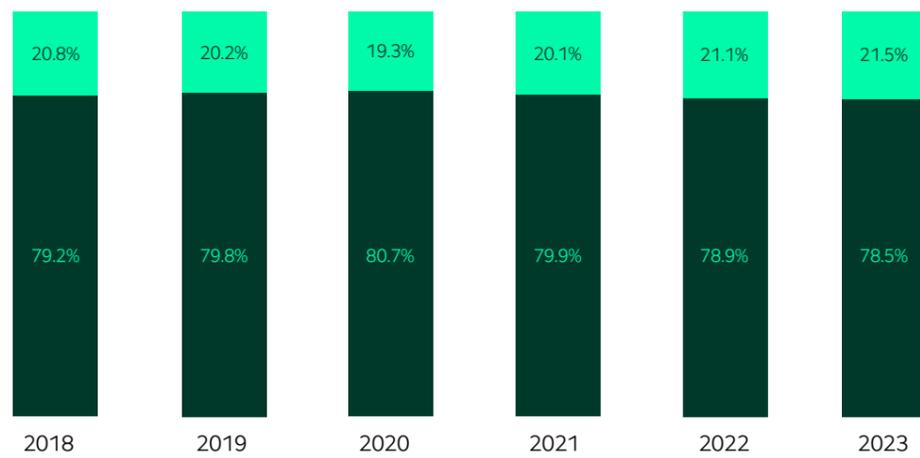
Issues requiring attention are identified mostly in teams from team results and from discussion of those results. Teams take measures to improve situations together, and monitor their implementation and benefits during the follow-up process.

Data and Specific Disclosures

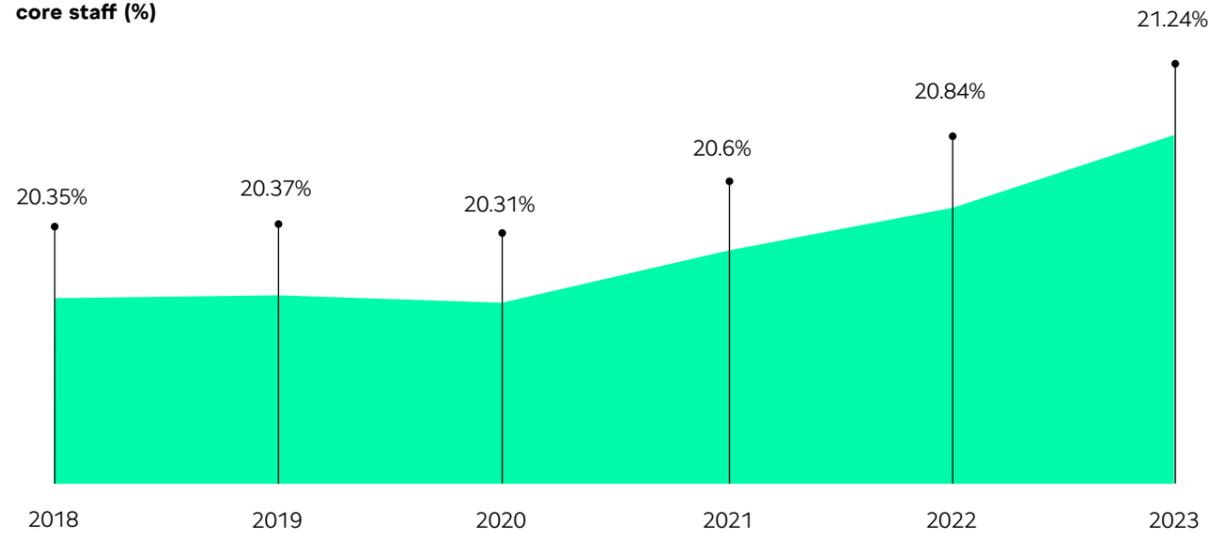
Diversity

Employee structure by gender

Female
Male



Share of women among core staff (%)



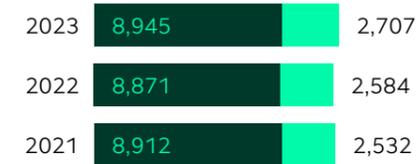
Employee Structure by Gender

Female
Male

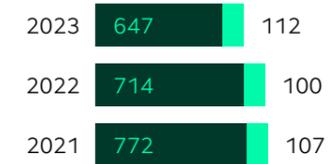
Production employees



Technical - administrative employees



Apprentices

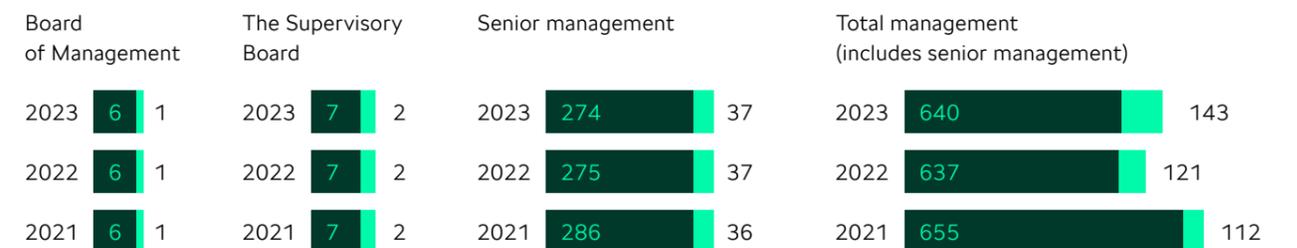


Temporary workers



Management Structure by Gender

Female
Male



Characteristics of employees

Year 2023	Female	Male	Other*	NA*	Total
Number of employees (head count/FTE)	7,247	26,878	NA	0	34,125
Number of permanent employees (head count/FTE)	7,027	26,392	NA	0	33,419
Number of temporary employees (head count/FTE)	980	2,671	NA	0	3,651
Number of non-guaranteed hours employees (head count/FTE)	159	148	NA	0	307
Number of full-time employees (head count/FTE)	7,055	26,853	NA	0	33,908
Number of part-time employees (head count/FTE)	192	25	NA	0	217

* Gender as specified by the employees themselves

Year 2022	Female	Male	Other*	NA*	Total
Number of employees (head count/FTE)	7,136	27,113	NA	0	34,249
Number of permanent employees (head count/FTE)	6,976	26,773	NA	0	33,749
Number of temporary employees (head count/FTE)	902	2,366	NA	0	3,268
Number of non-guaranteed hours employees (head count/FTE)	134	136	NA	0	270
Number of full-time employees (head count/FTE)	6,997	27,101	NA	0	34,098
Number of part-time employees (head count/FTE)	139	12	NA	0	151

* Gender as specified by the employees themselves

Year 2021	Female	Male	Other*	NA*	Total
Number of employees (head count/FTE)	7,242	27,911	NA	0	35,153
Number of permanent employees (head count/FTE)	6,907	26,995	NA	0	33,902
Number of temporary employees (head count/FTE)	647	2,724	NA	0	3,371
Number of non-guaranteed hours employees (head count/FTE)	147	162	NA	0	309
Number of full-time employees (head count/FTE)	7,149	27,903	NA	0	35,052
Number of part-time employees (head count/FTE)	93	8	NA	0	101

* Gender as specified by the employees themselves

Year	2018	2019	2020	2021	2022	2023
Core staff	32,738	33,881	34,514	35,153	34,249	34,125
Apprentices	958	948	923	879	814	759
Summary	33,696	34,829	35,437	36,032	35,063	34,884

*Physical status of Škoda Auto employees as of 31.12.2023, in the Czech Republic, including apprentices, without temporary workers (2945 employees).

Structure of employees by citizenship in 2023 (%)

	Production employees		Technical - administrative employees		Management*		Senior management**	
	Count	%	Count	%	Count	%	Count	%
Czech	18,950	74.55%	11,020	94.58%	684	87.36%	255	81.99%
Polish	3,084	12.13%	12	0.10%		0.00%		0.00%
Slovak	1,544	6.07%	308	2.64%	25	3.19%	10	3.22%
Ukrainian	1,146	4.51%	39	0.33%	1	0.13%	1	0.32%
German		0.00%	114	0.98%	59	7.54%	39	12.54%
Other	694	2.73%	159	1.36%	14	1.79%	6	1.93%
Total	25,418	100.00%	11,652	100.00%	783	100.00%	311	100.00%

* Management is a subgroup of Technical - administrative employees

** Top management is a subgroup of management

Structure of employees by citizenship in 2022 (%)

	Production employees		Technical - administrative employees		Management*		Senior management**	
	Count	%	Count	%	Count	%	Count	%
Czech	19,599	76.67%	10,841	94.64%	652	86.02%	251	80.45%
Polish	2,925	11.44%	14	0.12%	2	0.26%	1	0.32%
Slovak	1,541	6.03%	290	2.53%	26	3.43%	12	3.85%
Ukrainian	897	3.51%	40	0.35%	2	0.26%		0.00%
German	2	0.01%	114	1.00%	60	7.92%	40	12.82%
Other	598	2.34%	156	1.36%	16	2.11%	8	2.56%
Total	25,562	100.00%	11,455	100.00%	758	100.00%	312	100.00%

* Management is a subgroup of Technical - administrative employees

** Top management is a subgroup of management

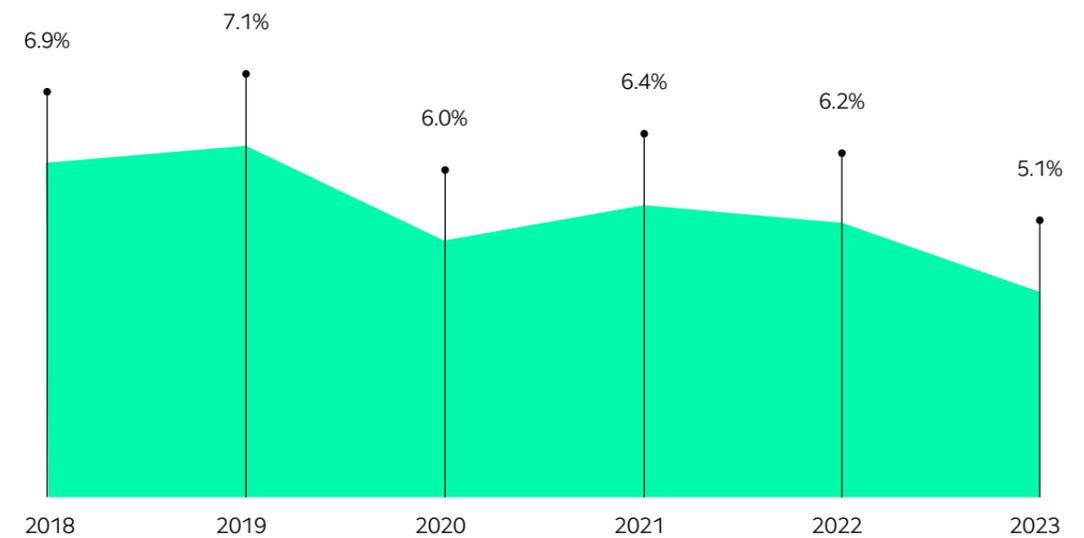
Structure of employees by citizenship in 2021 (%)

	Production employees		Technical - administrative employees		Management*		Senior management**	
	Count	%	Count	%	Count	%	Count	%
Czech	20,007	77.46%	10,825	94.59%	659	85.92%	257	79.81%
Polish	2,902	11.24%	21	0.18%	2	0.26%	1	0.31%
Slovak	1,693	6.55%	286	2.50%	22	2.87%	8	2.48%
Ukrainian	598	2.32%	32	0.28%	2	0.26%	0	0.00%
German	2	0.01%	120	1.05%	63	8.21%	47	14.60%
Other	627	2.43%	160	1.40%	19	2.48%	9	2.80%
Total	25,829	100.00%	11,444	100.00%	767	100.00%	322	100.00%

* Management is a subgroup of Technical - administrative employees

** Top management is a subgroup of management

Turnover
Total annual employee turnover (%)



Share of citizenship among foreign core staff in 2023 (100%)



Share of citizenship among foreign core staff in 2022 (100%)



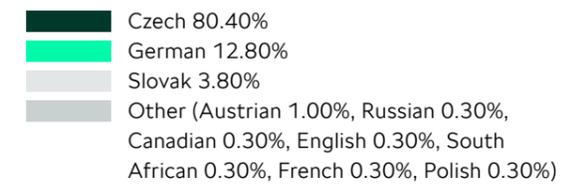
Share of citizenship among foreign core staff in 2021 (100%)



Representation of citizenship in top management in 2023 (%)



Representation of citizenship in top management in 2022 (%)



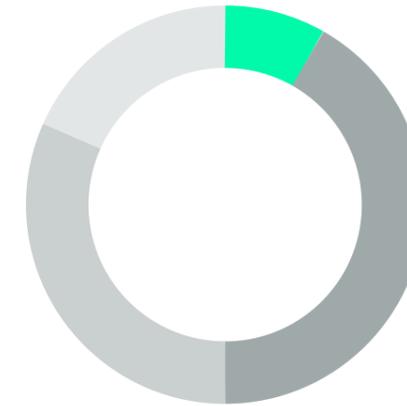
Representation of citizenship in top management in 2021 (%)





Overview of core employees' education in 2023 (%)

- Elementary 8.0%
- Vocational secondary school 41.5%
- Vocational secondary school with A levels 32.1%
- University 18.4%



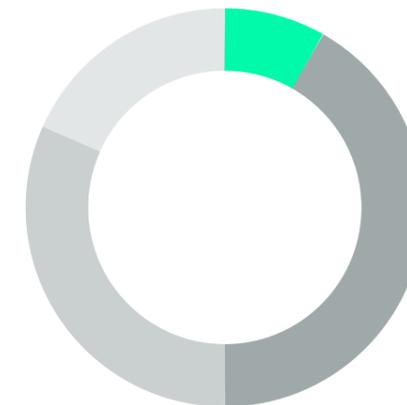
Overview of core employees' education in 2022 (%)

- Elementary 8.0%
- Vocational secondary school 42.0%
- Vocational secondary school with A levels 32.0%
- University 18.0%



Overview of core employees' education in 2021 (%)

- Elementary 8.0%
- Vocational secondary school 43.0%
- Vocational secondary school with A levels 32.0%
- University 17.0%



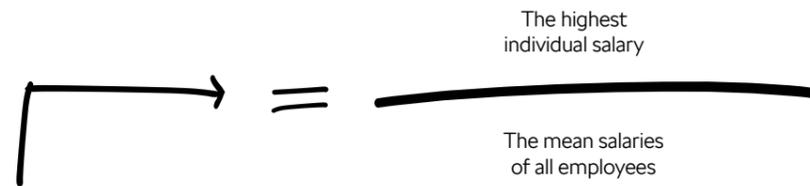
Remuneration and Employee Benefits

Škoda Auto has in place an equal pay system, which ensures that female and male employees in the same or similar positions are paid the same. This principle is applied globally throughout the Group. A Collective Agreement, valid for all core staff at Škoda Auto in the Czech Republic, sets out employees' wages. The pay system is made up of fixed basic wage and variable wage components. The Company also provides additional payments, for example, for overtime work, being on-call, or working on public holidays. The wages paid for a standard workweek will not drop below the relevant national or trade-union minimum wage in the relevant country. The remuneration policy draws on the Labour Code and other regulations in accordance with Czech legislation.

The Collective Agreement applies to all employees at Škoda Auto who have a valid employment contract with Škoda Auto, and to Agreement on Work Activity (dohody o pracovní

činnosti) and Agreement on Work Performance (dohody o provedení práce). However, employees with agreements to work outside of an employment relationship are not covered by the Collective Agreement when it comes to rights relating to termination of employment and remuneration.

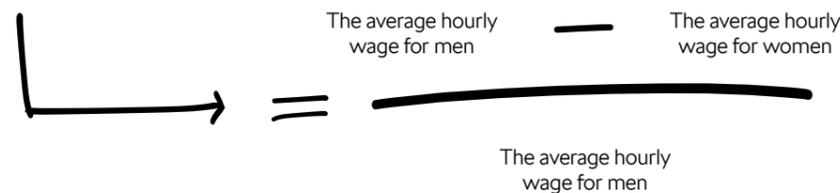
The Agency Employment Charter applies to all agency staff – that is, employees who have signed an employment contract with an employment agency that temporarily assigns those employees to work for a contractually set amount of time under the supervision and guidance of the user, Škoda Auto, as part of a "Master Vendor" system. This is valid for an indefinite term.



The **compensation ratio** for the year 2023 was **3.74**

Difference in remuneration for women and men for the year 2023

was **0.027**



Employee benefits

Škoda Auto provides a wide range of benefits to all core staff, irrespective of whether they work full-time or part-time. The benefit system has been modernised to emphasise digitalisation, flexibility, and accessibility, targeting the individual needs of each and every employee.

In 2023, the social fund budget for benefits exceeded CZK 450.7 million. In accordance with the Agency Employment Charter, the Company also provides a variety of attractive benefits to agency staff, such as discounted prices on cars and accessories or participation in selected training sessions.

The most commonly used employee benefits are:

- Škoda Cafeteria Benefits
- Contribution to the Contributory pension scheme
- Contribution toward meals at restaurants on the grounds of the plant
- Working anniversary reward
- Contributions toward recreation or recondition stays in a spa
- Interest-free loan for housing or for buying a Škoda car
- Operating lease for Škoda vehicles
- Support for sporting activities
- Preventive health programme

Social fund budget for benefits 2023

Purpose of drawing	in thousands of CZK
Recreation and recondition stay in spa	164,280
Working anniversary	114,195
Contribution when a child is born	16,000
Social assistance	47,300
Catering	108,090
Nursery allowance	800



Social protection

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

Parents on maternity leave, parental leave and unpaid leave until the child is 4 years old

Year	2019	2020	2021	2022	2023
Parents on maternity leave, parental leave and unpaid leave until the child is 4 years old	949	1,061	1,151	1,149	1,072
Men	1.3%	0.8%	1.0%	1.1%	1.2%
Women	98.7%	99.2%	99.0%	98.9%	98.8%

Disabled persons (ZTP/P card holder)

Year	2019	2020	2021	2022	2023
Disabled persons	1.2%	1.3%	1.2%	1.3%	1.3%

10,000
CZK

For every child born to parents employed at Škoda Auto.

Based on the Collective Agreement, the Company provides its employees with the following leave in the case of obstacles to work over and above that set out in valid legal regulations:

- the birth of a child to the employee's wife (partner)
- the death of close persons, and attending the funeral
- wedding/registered partnership, and attending the ceremony
- moving houses, with your own furniture, regardless of the location

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

Škoda Auto makes efforts to support parental care and the families of employees, and it provides financial help to new parents. Parents who have been employed by the Company for at least 3 months are eligible to receive a contribution of CZK 10,000 for each child born.

The Seniority Programme, after 30 years of uninterrupted employment at the Company, contains:

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

Education

Škoda Auto provides its employees with a wide range of training opportunities. Educational events focus on competence development, career management and personnel development, new media and digital education, language education, technical education, etc.

Internal staff training (2023)

Number of hours studied per employee	19.65
Number of educational events per year	14,012

Incidents

All complaints and input concerning suspicions of breach of work regulations are investigated in line with in-house rules and put on record in an electronic system.

Depending on the nature of the situation under consideration (complaint or suspicion), the case is handled either in cooperation with a direct manager and HR manager or with the involvement of the Legal Division, or a lawyer specialising in labour law. The process itself and all data and information are supervised as part of the HR Compliance initiative.

The process is described in internal documentation in the form of a methodological guideline and applies to all direct managers and involved divisions. Information about

a suspected breach of work discipline can take any form – verbal, written, or it can be about seeing/hearing some kind of conduct. Input may come from any individual (even anonymously) or from other specialised divisions, such as Internal Audit or Plant Safety, or from public authorities.

During disciplinary proceedings, Škoda Auto penalises employees for proven breach of employment obligations according to the intensity and severity of whatever has occurred. Labour law does not permit financial penalties.

Breaches are divided into fourteen categories, as defined by the Group. These categories include offences relating to working time, offences against property, inappropriate behaviour, and offences relating to alcohol and drugs.

Discrimination

No employment relationship was terminated during the reference period on the grounds of discrimination.

Forced labour and child labour

No cases of forced labour, human trafficking, or child labour were recorded during the reference period. Neither were there any violations of the UN Global Compact or OECD guidelines.



Workers in the Value Chain

Škoda Auto approaches the management of its supply chain with consideration for the important role employees play in the whole process and for this reason pursues a policy of fair treatment of and respect for employees.



The Company is convinced that it is jointly responsible for ensuring a safe and healthy working environment and, at the same time, for guaranteeing fair pay for work that contributes to the value of the end product. Overall, this sort of approach is important from an ethical perspective and from that of the sustainable development and long-term success of the Company. Škoda Auto is aware that companies that care for employees throughout their supply chain are attractive to customers and investors and can prosper better in the competitive environment.

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 complies with general UN principles in relation to business and human rights, which refer to the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

Activities

Due diligence on human rights

When managing its suppliers, Škoda Auto follows a sustainable approach and puts particular emphasis on protecting those groups of people at high risk of violating human rights. To this end, it employs the due diligence processes set out in its guidelines. In this context, due diligence concentrates on continually identifying risks and on setting preventive and alleviating measures. The implementation of the Human Rights Focus system means that the Company is able to effectively respond to serious threats to human rights and the environment throughout its supply chain. This system draws on internal analyses and enables the Company to target those parts of the supply chain where the risk of a negative impact on human rights is particularly high.

Raw-material supply chains

The Company shows extreme caution when managing raw-material supply chains, in particular those that might come from an area affected by conflict and/or from high-risk areas. It bases its approach on OECD instruction for due diligence in this respect. Among the key aspects of this approach are the management, identification, and prevention of risks, a system of checking organisations involved in extraction and refining, and tools for conveying information and communication. In this way, the Company makes sure

that its raw-material supply chains are based on ethical and responsible principles and that it does not support conflict or unethical practices when sourcing raw materials. These efforts comply with international instructions and standards and contribute toward a more sustainable approach to extracting raw materials.

Risks and impacts assessment

Some of the most pressing risks in relation to human rights were identified in deeper supply chain linkages. Škoda Auto systematically minimises such risks by sticking to an approach of responsible sourcing and implementing detailed processes of in-depth checks of maintaining human rights. The Company also actively engages with its suppliers beyond first-tier suppliers to ensure social sustainability throughout its value chain. The Company's suppliers are assessed for sustainability using the S-rating see [Business Conduct](#).

Consumers and End-Users

The Company's focus on the customer involves a set of activities within 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 services and experiences. Focus on the customer is a key priority at Škoda Auto, which is why the Company has long supported education in this area.

Škoda Auto works on optimising all processes to evoke positive emotions in customers in connection with the Škoda brand. The Company recognises that stricter legislative regulations and changing trends, such as digitalisation and evolving customer preferences, frequently provide new prospects for businesses, creating opportunities to develop innovative products.

Customer safety

Customer safety is one of the Company's main priorities. For this reason, major investments are made in innovative solutions and the latest technologies, with a view to increasing passenger safety. The Company's long-term goal is to increase the safety of all road users and to take the common technology to a higher level in the category of compact cars. Škoda cars are among the safest vehicles in their class.

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

Policy and Ambitions

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

All input and complaints received from customers through various communication channels (e.g., email, post, Infoline, car dealers, importers, and other Company units) are processed in the Customer Relationship Management (CRM) system. The Company has specific units responsible for addressing such input. Each case is handled on an individual basis. Škoda Auto always takes specific circumstances into consideration. The special needs of customers who might be particularly vulnerable and/or marginalised are dealt with individually (for instance, a car with automatic transmission or with some other adjustment is offered to a disabled consumer).

Activities

Škoda Auto stresses the quality and availability of services for customers and works continually on improving them. For example, the CAI (Conversation Artificial Intelligence) Solution for CIC (Customer Interaction Center) project was launched in 2023 to apply conversational artificial intelligence to customer processes, such as support for the international call centre for digital services.

Škoda Auto also collaborates with customers by regularly monitoring customer satisfaction with the help of various studies and Company applications. Customer experience and satisfaction are monitored in an international study carried out throughout the Group. This study aims to learn about customer satisfaction with a product, the after-sales service, and the dealership. As such, Škoda Auto has recently significantly improved its rating through projects such as Škoda Customer Xperience.

Special attention is paid to the quality of after-sales services. Satisfaction with the services of the servicing network is regularly monitored. Within one to three days of taking their car back from the repair shop, customers are contacted by email or SMS and asked to fill in a basic satisfaction questionnaire. The results of the questionnaire are immediately written into satisfaction reports, making it possible for the Company to monitor the evolution of the customer experience in real time. Most attention is paid to those customers who were not entirely satisfied with their most recent visit. These customers are contacted by phone within a maximum of 24 hours and are provided with sufficient explanation and support in resolving the issue.

The Customer CentriCITY project was launched in 2021 with a view to putting the customer at the heart of the Company's thinking and decision-making. Customer insight and feedback are important to Škoda Auto not only in the final product phase, but also during the development phase.

Risks and impacts assessment

Škoda Auto utilises all available means in justified cases to mitigate and remedy significant impacts on its customers and end-users, and their goodwill.

As part of its work, the Customer Care Department assesses the risks arising from individual customers cooperating with business partners and addresses any complaints made 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 on to other specific organisational units for processing.

Customer inputs and complaints are monitored and evaluated. In relevant cases, an in-depth analysis of the car is undertaken, or the process of eliminating defects is initiated. All cases with material damage or with the occurrence of negative repercussions are resolved on an individual basis. The Company has created a special budget for such cases and associated compensation.

In 2023, a decision was taken on four recall campaigns.

Governance

Škoda Auto acts responsibly and openly to ensure that it is perceived as a successful and transparent company by its employees, business partners, customers, and the public at large. To keep its promise, the Company actively develops and maintains corporate governance practices, demands the integrity of its employees, ensures compliance with relevant rules and regulations, effectively manages risks, and promotes a corporate culture based on the principles of integrity and compliance.

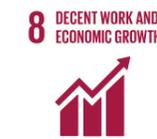
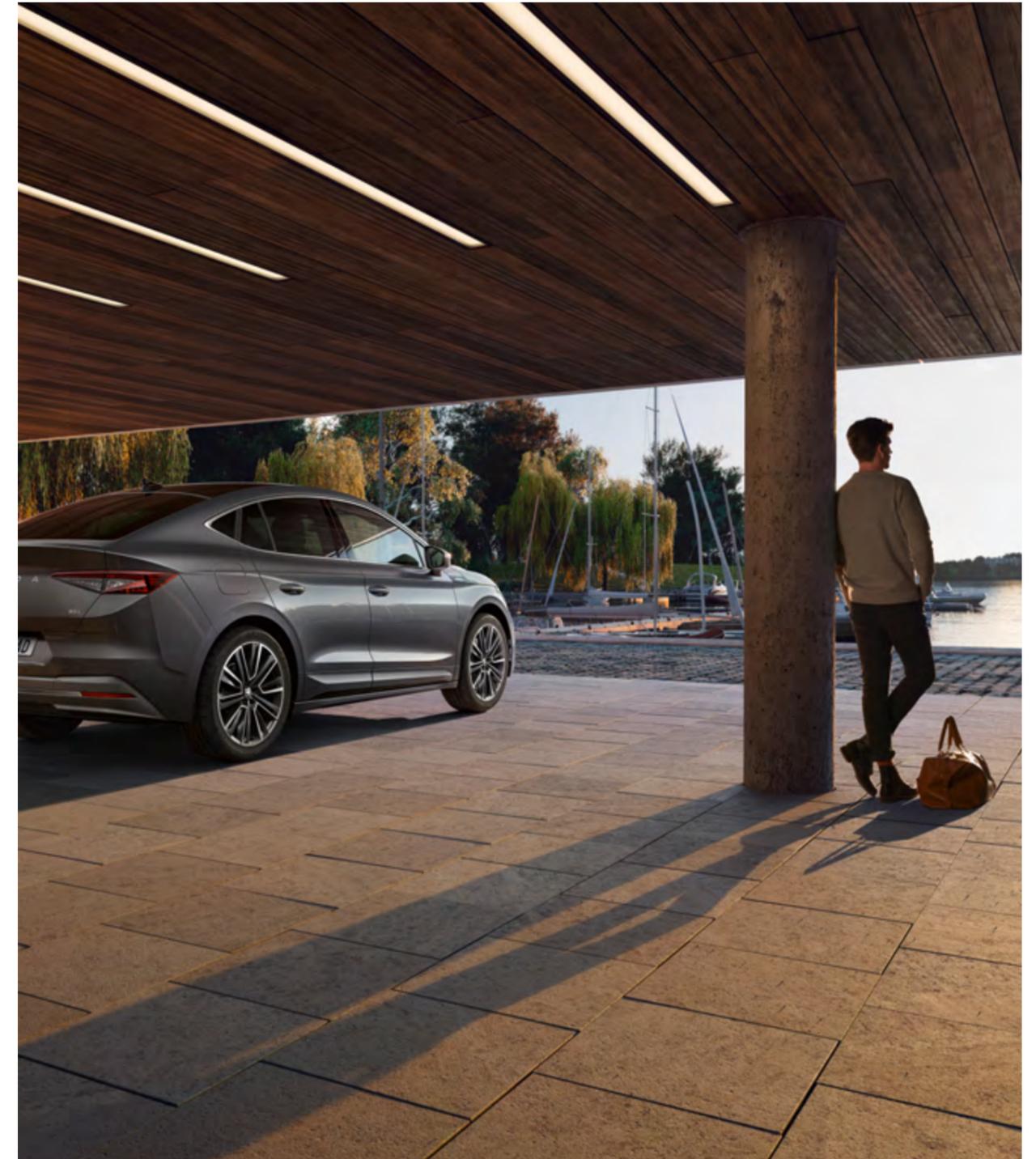
The principles of integrity and compliance are also an integral part of the Corporate Strategy and Sustainability Strategy, and a key priority at the Company. For this reason, the Board of Management at Škoda Auto has voluntarily committed to respecting and advocating such principles, and involves them in all strategic decisions. They are also applied at all subsidiaries and affiliates.

To ensure adherence to the principles of integrity and compliance, Škoda Auto began introducing measures in 2019 as part of the Together4Integrity programme. These measures were implemented in all relevant areas of business, including HR processes, relations with business partners, the sphere of product and environment, legal affairs, and Company governance processes.

The Together4Integrity programme was brought to an end at the Group in the middle of 2023. This, however, does not affect the obligation to implement and ensure the continual functioning of the measures defined in that programme. The responsibility in question has now shifted to the individual companies in the Group and their corresponding functions.

Business Conduct

Business Conduct ensures that the business works in a responsible, qualified, and transparent way. It safeguards proper management and supervision structures and defines the distribution of rights and duties among stakeholders in the Company, such as shareholders, executive management, Company bodies, employees, business partners, and customers. Generally speaking, it is a set of legal and executive methods and procedures that commit 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 the Principles of Business Conduct

The trust that customers and stakeholders have 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 principles of integrity and ethics.

Code of Conduct

A Code of Conduct, which defines fundamental ethical standards for the entire Škoda Auto Group, was developed and adopted by the Company, subsidiaries, and affiliates. The Code of Conduct clearly defines the Company's general standards of employee conduct. It applies to all employees, serves as a guide for day-to-day conduct, and forms the basis of all Company decisions. This document is built upon common values, statutory requirements, and internal regulations and provides orientation, guidance, and auxiliary instructions in adhering to existing rules and regulations at work.

Moreover, there is a Code of Conduct for business partners in place for the Group as a whole. Its principles are now anchored in relevant contractual arrangements with business partners.

Together with the Code of Conduct, the Škoda Auto Board of Management and Group management have adopted voluntary commitments to the principles of integrity and compliance. Management takes the principles of integrity and compliance, an integral part of the Corporate Strategy and the Sustainability strategy, into consideration in its decision-making. The Corporate Strategy is supported by specific key performance indicators that enable regular monitoring and evaluation of the corporate culture at the Company.

The Board of Management at the Company actively supports and communicates adherence to the principles of the Code of Conduct.

Code of Conduct training

A system of regular employee training is in place to promote matters relating to the corporate culture. The Code of Conduct, as a fundamental document, is binding for all employees. Each and every employee is under obligation to complete the Code of Conduct training at least once every two years. Training is provided to administration staff by way of e-learning, while production workers attend training in person. Training familiarises employees with the principles of conduct and the rules adopted by the Group, examples of conduct, and contact points that can be reached in case of doubts or when in need of support. Škoda Auto monitors the percentage of trained employees, evaluates the results of the training process and feedback from employees, and has escalation procedures in place if required. Ninety-nine per cent of employees have taken the training, nearly achieving the target figure of 100%.

Human Rights

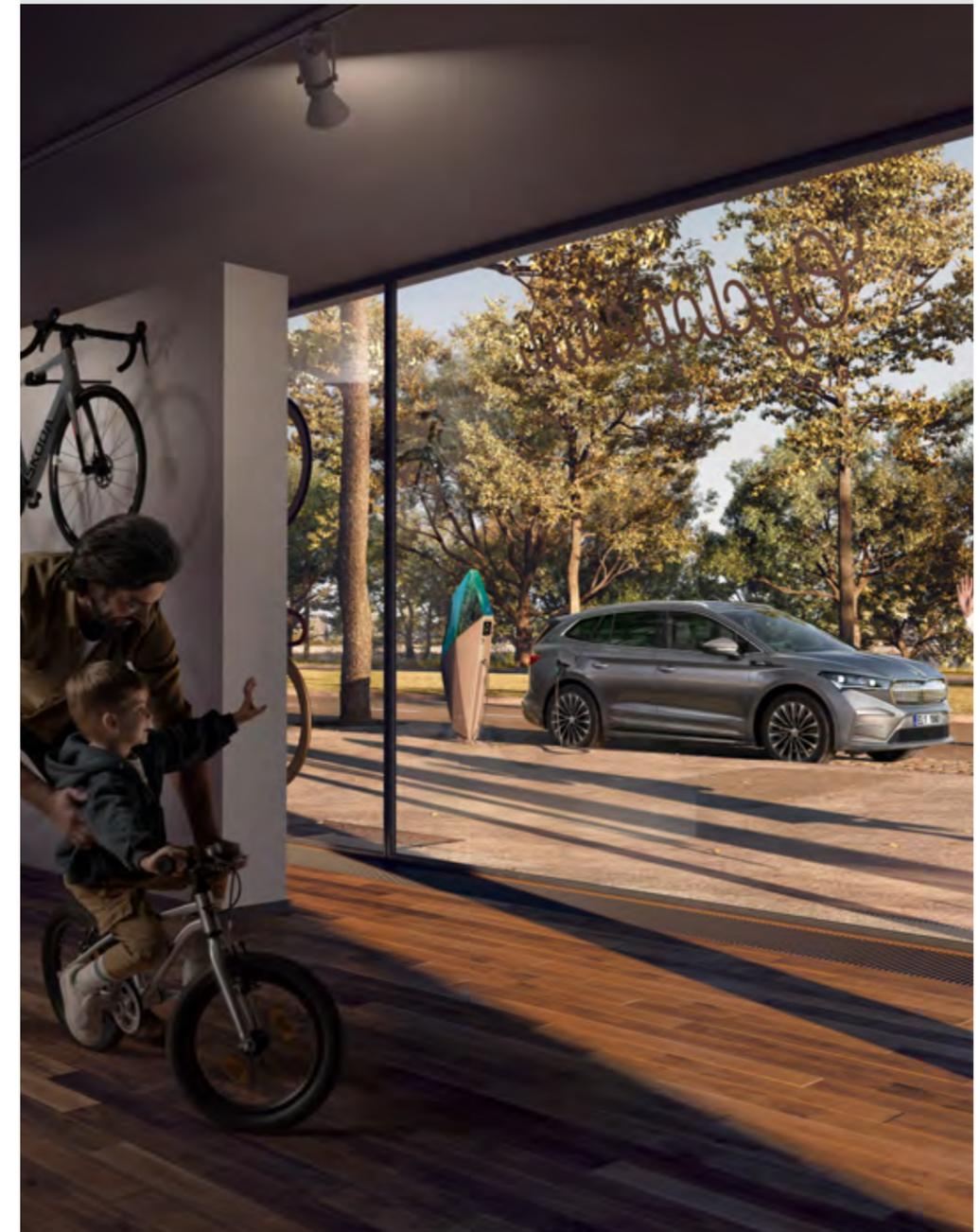
The Company's approach follows the UN Guiding Principles on Business and Human Rights, which further refer to the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

Škoda Auto respects its commitment to adhere to the relevant international treaties and declarations in the sphere of human rights. 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. Likewise, it continually improves its own processes and systems and introduces specific measures to assert its leading position in the automotive industry when it comes to human rights.

The Company applies internal principles and procedures so as to prevent any violation of human rights. Škoda Auto strongly 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 conduct of its business partners, as set out in the Code of Conduct, which is in line with the relevant international standards.

The Company updated its relevant internal regulations and processes in 2023 to account for the new German Supply Chain Due Diligence Act (LkSG), as a result of which the Company had to adopt a range of relevant measures, particularly in relation to protecting human rights and the environment. The issue at hand was also handled by providing tailored training sessions and internal communication. At the same time, Company employees were informed of the obligation to report cases in which they suspect a violation of the law. In the years to come, further measures will be introduced in line with the risks identified.



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.

Integrity and Compliance Management System

Škoda Auto is well aware that it can only achieve sustainable success and earn the trust of stakeholders by working with integrity, complying with global statutory provisions, upholding its voluntary commitments and ethical principles, supporting the issues of corporate culture and diversity, and taking responsibility for the protection of human rights.

The sustainable management of matters relating to integrity and compliance at the Company is provided for by what is known as the organisation for integrity and compliance Group Guideline 31: Organisation of Governance Functions. The organisation of integrity and compliance is managed at the Company by the Head of the Department of Governance, Risk & Compliance.

To ensure that issues of integrity and compliance are properly managed and supported at Škoda Auto, the Company introduced an effective Integrity & Compliance Management System in line with Group-wide principles, valid laws, and internal regulations. This system draws on the aims and measures defined by the Company and is regularly updated to account for the latest requirements. The idea of the system is to ensure that management at Škoda Auto, its employees, and any relevant third parties adhere to the principles of integrity and compliance that ensue from legal and ethical rules relating to areas such as economic competition, the prevention of corruption, sustainable relations with business partners, finances and tax, environmental protection, and relations with employees, which also encompasses the promotion of equal opportunities.

The Integrity and Compliance Management System as such is divided into seven elements:

- culture and values in integrity and compliance;
- objectives in integrity and compliance;
- risks in integrity and compliance;
- programme and processes in integrity and compliance;
- organisation in integrity and compliance;
- communication and training in integrity and compliance;
- and monitoring and improvement in integrity and compliance.

The system also comprises principles relating to preventing corruption, money laundering, and terrorist financing, as well as material gifts and invitations, sponsorship and financial donations, in-depth controls of business partners, and avoiding conflicts of interest.

Škoda Auto actively provides regular and clear communication and training aimed at specific target groups so as to support cultural change and conduct in accordance with regulations. These initiatives are carried out through effective and accessible channels and procedures available throughout the organisation.

You will find more information on integrity and compliance

[here](#)


The Risk Management System – a three-line model

Škoda Auto introduced a three-line model to identify, report, and mitigate risks in the sphere of compliance and to investigate any complaints about unlawful behaviour or behaviour that is contrary to the Code of Conduct and other internal guidelines and regulations. All positions responsible for ensuring all relevant business processes represent the first line. The second line consists of the departments responsible for the Integrity and Compliance Management System, including the Department of Governance, Risk & Compliance, and the Department of Legal Affairs. These departments are responsible for setting rules, and they play a preventive role, also providing support to the first line. Their preventive role involves carrying out the appropriate risk analyses to detect and prevent conduct which might be contrary to Company rules. The third line is Internal Audit, which is responsible for checking that processes are properly undertaken by representatives of the first line. Internal Audit undertakes this check as part of its auditing activities in planned and extraordinary audits throughout the year.

Company whistleblowing systems

The Company provides employees of the Company and of the Group, and indeed outside parties, with a discrete and reliable way of drawing attention to possible breaches of valid legal regulations and/or internal regulations (also anonymously).

For this reason, the Central Whistleblowing System for Companies and Brands of the Volkswagen Group has been in operation at the Company for several years now to deal with reports of serious violations of legal regulations which could significantly harm the Company's reputation or financial interests or which could seriously violate the Company's fundamental ethical values. Now, however, the system has been expanded to take account of the option of whistleblowing in line with the principles of Act No. 171/2023 Sb. on the protection of whistleblowers. Both these systems are administered by the Department of Governance, Risk & Compliance.

The protection of individuals who report any case of unethical conduct is set and managed in internal regulations which define the whistleblowing system as such. At the same time, first-line managers are obliged to report any breach of valid legal and/or internal regulations or Company rules that they come across.

As far as personal problems are concerned, and over and above the whistleblowing systems in place, employees have the opportunity to directly file a personal complaint with the organisational unit for Social Relations and HR Compliance/Human Resource Planning or with any relevant HR department as part of disciplinary procedures. Such complaints are addressed separately.

The Company's whistleblowing systems are accompanied by the internal process of reporting in the sphere of integrity and compliance. For the most critical and most urgent matters, there is a special process at the Group level known as "hot topic reporting". This process is employed for the internal reporting and monitoring of any cases of violation of the principles of integrity and compliance.

Supplier Relations Management

Škoda Auto introduced the Group Policy to ensure sustainable development in its relations with suppliers. This policy defines the procedures involved in incorporating environmental and social standards, and requirements for compliance with them in business relations in the form of a Code of Conduct for Business Partners. These requirements are contractually binding.

Emphasis on fair treatment of business partners and compliance with competition law are further important aspects helping to create a level playing field for all stakeholders and promoting integrity in business relations.

Monitoring and ensuring compliance with the set standards is carried out using two tools: the Sustainability Rating and Investigating Suspicions of Breach of the Code of Conduct for Business Partners.

Sustainability Rating (S-Rating)

Back in 2019, Škoda Auto introduced a rating of the sustainability of its suppliers – the “S-Rating” – an effective way to ensure that suppliers comply with the set standards. This rating has become an integral part of the process of finding suppliers and awarding contracts.

The S-Rating draws on the Code of Conduct for Business Partners. The rating is based on the results of a self-assessment questionnaire (SAQ), possibly accompanied by an on-site inspection (supplier audit). Škoda Auto does not initiate nor continue cooperation with suppliers that have an insufficient rating.

The rating is given to individual enterprises with 10 or more employees. Companies and locations with fewer than 10 employees can apply for an exemption to the obligation to obtain an S-Rating.

A check of compliance with regulations (Business Partner Due Diligence, BPDD) is carried out at selected business partners in parallel with the S-Rating. This inspection, based on an assessment of risks, encompasses an anti-corruption inspection and a check of integrity and is another step on the road to transparency and responsibility.

The process of assigning an S-Rating and the check of due diligence work in the same way throughout the VW Group. The result of the evaluation applies to all brands in the Volkswagen Group.

Breach of the Code of Conduct for Business Partners

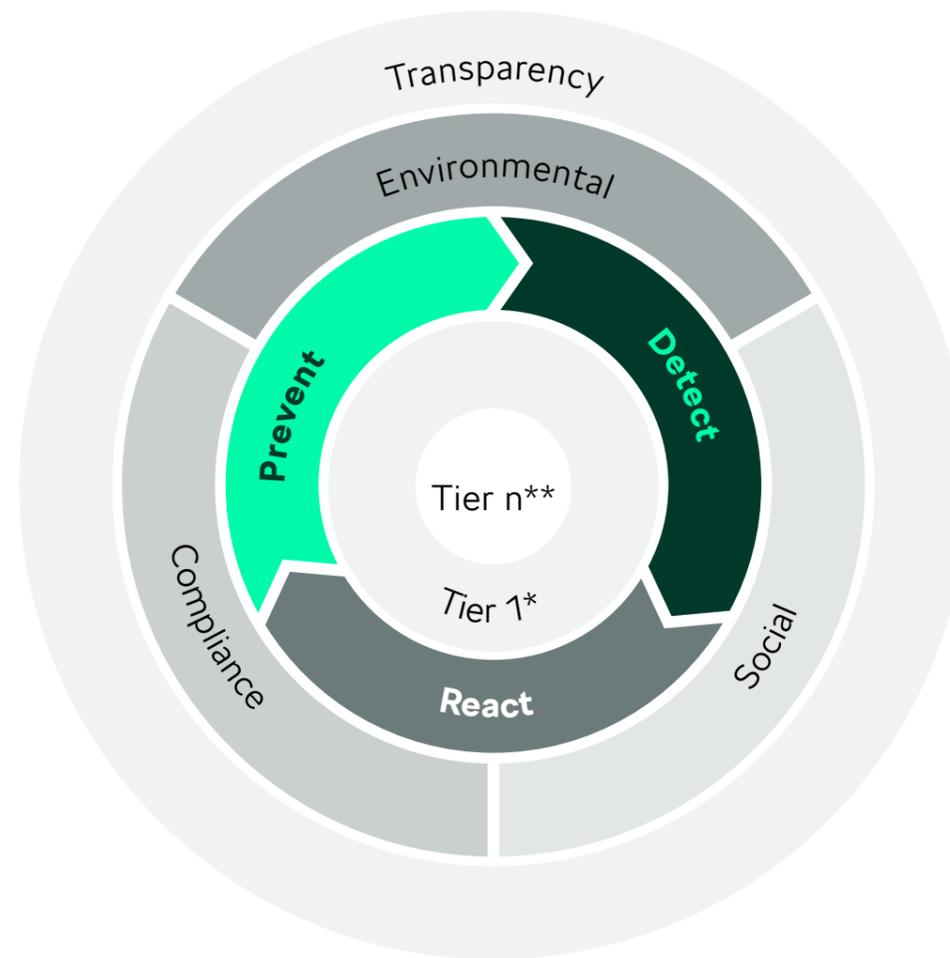
In addition to preventive measures (S-Rating), an internal process known as the Supply Chain Grievance Mechanism (SCGM) is activated when suspicions arise regarding a breach of sustainability requirements. Any sign or indication (taken, for example, from the whistleblowing system or the media) that arouses fears of possible violation of the Code of Conduct for Business Partners is immediately and thoroughly checked. If wrongdoing is proven, corrective measures are set or other repercussions drawn.

When it comes to sustainability, Škoda Auto simultaneously enforces active and effective improvement in the results of its suppliers and takes steps to improve and adapt its own processes to meet the latest standards of a responsible business.



Sustainability in supplier relations – the Group management concept

When awarding contracts, Škoda Auto follows a three-pronged approach to establishing sustainable supply chains, focusing on decarbonisation, human rights, combating corruption, and responsibly awarding contracts for the procurement of raw materials. The Company's approach stresses the measurement of performance across these key areas of sustainability. In order to achieve the very best results, Škoda Auto demands transparency in relations with all its suppliers, including those that reach beyond Tier 1.



* Tier 1 (direct suppliers)
 ** Tier n (indirect suppliers)

Prevention: Contracts and specifications contain requirements on sustainability, with the greatest emphasis placed on the Code of Conduct for Business Partners. Suppliers must undergo training, and awareness of sustainable practices is being raised.

Reaction: The risks and impacts identified can be dealt with using a variety of measures. These include a standardised internal process for evaluating violations by individual suppliers and implementing the action plans taken from on-site inspections. The primary aim is to remedy, to prevent future violations, and to actively improve the performance of suppliers in terms of sustainability.

Detection: Sustainability risks in the supply chain are systematically analysed and assessed. The principles of sustainability are firmly anchored in strategic decisions when awarding key contracts throughout the Group. To assess the performance of potential suppliers, a self-assessment tool is used, along with audits conducted on-site (S-Rating).

Škoda Auto has declared its **zero tolerance** towards unlawful, corrupt, and damaging behaviour.

Preventing and Detecting Corruption

Škoda Auto introduced an effective system of avoiding conflict of interests and corruption that serves to protect the Company itself and its employees. Moreover, binding internal rules and processes concerning accepting and providing gifts have been put in place as preventive measures.

The principles of preventing conflict of interest and corruption are defined in internal regulations. One part of the Code of Conduct relates to the prohibition of corruption. A structured system of training in adhering to regulations in this area is also in place. Škoda Auto organises specific training on the issue of corruption, which is mandatory for all administrative personnel. Every employee must complete this training once every two years.

Anti-corruption training is a component of the basic set of training at the Group. Škoda Auto uses a risk-based approach

in designing particular training. Anti-corruption training was prepared on the basis of an internal assessment of risks and covers specific preventive measures in this area. More than 95% of employees have undergone this training. While the Company aims to reach 100%, achievement of this target is affected by the natural employee fluctuation.

A system of preventing and detecting risks associated with corruption and bribery has also been established at the Company. Škoda Auto has not encountered any signs that this system would be insufficient, and it has implemented measures and processes all along the value chain.

Not one case of corruption was identified at Škoda Auto in 2023.

Political Influence and Advocacy Activities

As a vehicle manufacturer and software supplier, Škoda Auto works within a highly regulated environment. For this reason, it is in regular contact with representatives of local, regional, national, and international political representatives. The Company and its representatives always act in accordance with valid international, European, and national legislation, internal standards, and the Škoda Auto and Volkswagen Group Code of Conduct.

In representing its interests, the Company proceeds through an authorised employee (External Affairs Department) or through the membership of a relevant association. Activity in the advisory bodies of public authorities and in academic institutions is also a matter of course. Škoda Auto promotes its own interests and those of the companies which it directly controls in relation to key issues, European legislation, and foreign markets, in accordance with a "one-voice policy". This one-voice policy is set out by Group guidelines and implemented into internal rules at Škoda Auto. The Company's interests are represented in European institutions by the Volkswagen Group, which is why Škoda Auto itself is not entered in the EU Transparency Register. To date, the Czech Republic does not have a transparency register in which it could be entered.

Internal rules at Škoda Auto prohibit the provision of financial or other gifts, except courtesy gifts, to politically active persons and political parties. For this reason, the Company did not provide any such gift in 2023.

The External Affairs Department is responsible for communication with political representatives, namely the leading members of state administration, elected members of Parliament, European Union representatives, representatives of international organisations, and third-country representatives. This falls within the area of People and Culture, headed by Member of the Board Mrs. Maren Gräf. The expenses which the Company spends on representing its interests consist of the wage costs of the External Affairs Department and membership fees to the relevant associations. The Company paid approx. CZK 1.4 million on such fees in 2023, all in line with the payment rules of the respective associations (see below **for a list of associations**). Škoda Auto was not represented by any third party during the reporting period. Nor did any member of an administrative, management, or supervisory body hold a comparable position in public administration within a three-year period preceding his or her appointment.

Škoda Auto promotes its interest, in line with the Volkswagen Group, in the following areas:



Automated driving



The future of mobility



Decarbonisation



Digitisation



Energy supply and renewable energy sources



Electromobility and charging infrastructure



Competitiveness and promotion of the industry



International trade policy



Business and human rights



Employment regulation



EU industrial policy and support instruments



Data sharing and use regulation



EURO 7 regulation



Development of the Mladá Boleslav, Rychnov, and Vrchlabí production regions



Building permits and permit processes



Technical education, reskilling, and upskilling



The transformation and future of the automotive industry



The transparency of Public Affairs



Sustainable financing



Sustainability and ESG



Science and research



State aid

Promoting Company interests – current issues

The decarbonisation of industry and transport

In collaboration with the KOVO Unions and the Government of the Czech Republic, the Company is making efforts to achieve successful decarbonisation of industrial production and transport without negative external impacts on the socioeconomic environment in the Czech Republic. Škoda Auto plays an active part in reducing transport emissions, in particular by selling low- and zero-emission passenger cars (electrification of the fleet) and by construction of internal charging infrastructure. Plans for the decarbonisation of production and transport are fully in compliance with the climate and environmental targets of the European Union and the Czech Republic. Decarbonisation and lowering the environmental impact is not merely a legislative goal at the Company, but part of its DNA, projected in its GreenFuture Strategy and Next Level Škoda Strategy 2030. The Company was involved in updating the National Action Plan of the Czech Republic for Clean Mobility.

State aid – examples

Škoda Auto receives state aid in accordance with European and national legislation and makes sure that all set conditions are met. In 2023, the Company was involved in 16 projects co-financed by national and European public programs in areas such as electromobility, urban mobility, Industry 4.0, 3D printing, environmental protection, and upskilling students and employees. The Company received decisions on the provision of grants in 2023 totalling CZK 47.77 million for 13 projects.

Production

One example of a project receiving state aid is an investment incentive to produce the Enyaq electric vehicle and its variants. Škoda Auto met the conditions of the project set out by law in 2020 and applied aid in the form of income tax credit for legal persons up to the sum of CZK 383.6 million in 2023. Of this, CZK 73.5 million were claimed in 2023.

Research, development, and industrial innovation

The Company actively participates in five long-term projects involving cooperation between research and application. It cooperates with Czech universities, research centres, and other partners on issues such as electromobility, reducing CO₂, optimising the use of raw materials with the help of digitisation, and 3D printing. Škoda Auto also collaborates with European universities and research institutes on projects that are supported by European programs; for example, battery diagnostics, the use of AI, and energy management.

Involvement in EIT Urban Mobility, the aim of which is to promote positive changes in the way people move around towns and cities which are better for life, allowed the Company to sign up for projects aimed at transforming urban mobility, such as shared charging car parks and new types of charging points.

Education and integration

Students and teachers at the Škoda Auto Secondary Vocational School of Engineering are the principal target group of projects subsidised by the programmes of Erasmus+. These projects focus on sharing experiences and tried-and-trusted procedures in education in the EU and foreign exchange programmes for students and teachers.

Potential projects under assessment

The Company regularly assesses the eligibility of using public aid for projects aimed at making savings on energy and water, the development of electromobility, reducing CO₂ emissions, Industry 4.0, research and development or reskilling/upskilling employees.

Membership of associations relevant to promoting interests

- Alliance for an Emission-Free Future
- Czech Automotive Industry Association – AutoSAP
- Czech–Israeli Mutual Chamber of Commerce
- Czech–German Chamber of Commerce and Industry
- Czech Gas Association
- E-mobility Platform
- Chamber of Commerce of the Czech Republic
- Car Importers Association
- Confederation of Industry of the Czech Republic

Membership of the advisory bodies of public authorities

- Coordination Group of the Ministry of Industry and Trade for the National Action Plan for Clean Mobility
- Council for Competitiveness of the Central Bohemian Region
- Government Research, Development, and Innovation Council
- Regional Council of Economic and Social Agreement (Tripartite) of the Hradec Králové Region
- Regional Council of Economic and Social Agreement (Tripartite) of the Central Bohemian Region



Representation in academic institutions

- Czech Technical University in Prague
- 42 Prague
- VSB – Technical University of Ostrava
- Czech University of Life Sciences, Prague
- Jan Evangelista Purkyně University in Ústí nad Labem
- Technical University of Liberec
- Academic Council of the University of Economics, Prague
- Škoda Auto University
- National Centre for Industry 4.0
- National Centre of Competence for Industrial 3D Printing

Škoda Auto is also a member of 39 professional and industry associations that serve to share their know-how.

EU Taxonomy

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

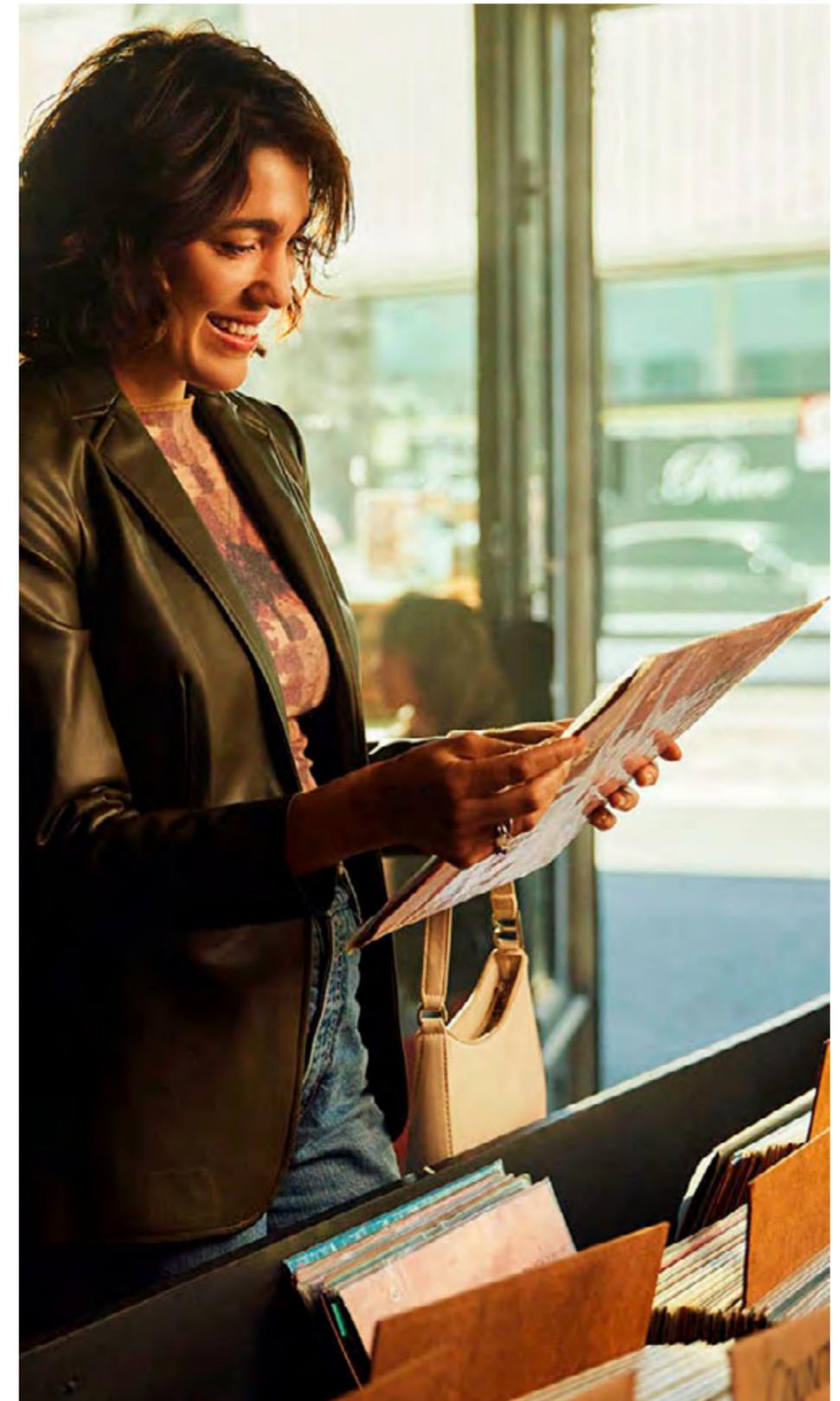
EU Taxonomy regulation. Nevertheless, Škoda Auto is very dedicated to providing its stakeholders with all essential ESG- related data and has decided to voluntarily report according to the EU Taxonomy criteria. Additional details, as well as the Group-level information can be found in the section "EU Taxonomy" in the **Group Annual Report**.

In 2023, 20% of Škoda Auto's revenues, 65% of capital expenditure, and 34% of operating expenditure were aligned with the Taxonomy criteria for sustainable economic activities.

FY 2023	Total	Proportion of Taxonomy – aligned economic activities		Proportion of Taxonomy – eligible, non-aligned economic activities		Proportion of Taxonomy – non-eligible economic activities	
		€ million	%	€ million	%	€ million	%
Revenue	24,012	4,790	20%	18,605	77%	617	3%
Capital expenditure (CapEx)	810	527	65%	283	35%	0	0%
Operating expenditure (OpEx)	356	120	34%	236	66%	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.



Taxonomy – Assessment of Eligibility

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 its itemised activities under the economic activity of “3.3 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.

Additionally, the Company also included economic activity “3.18 Manufacture of automotive and mobility components”. This economic activity was added to the EU Taxonomy in the reporting period to enable those components that play a key role in reducing greenhouse gas emissions also to be taken into account. To this activity, we allocate the sale of motors, aggregates and material in intercompany transactions produced by us for all-electric vehicles.

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 additional 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.

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” and “Manufacture of automotive and mobility components” 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 EUR 24,012 million in the fiscal year 2023.

Of this total, EUR 22,331 million or 93% of sales, was attributable to economic activity "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 this total, EUR 1,064 million or 4% of sales, was attributable to economic activity "Manufacture of automotive and mobility components". This includes the sale of all-electric vehicle motors and powertrains to third parties.

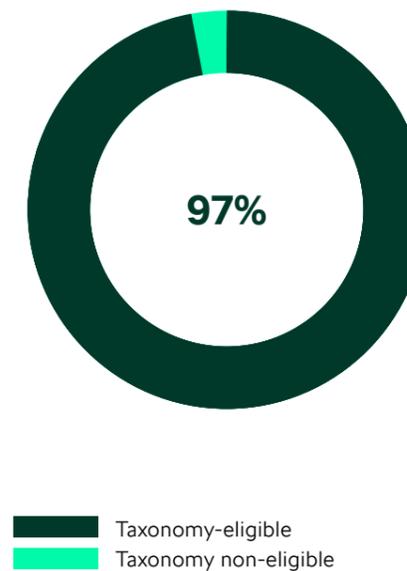
Of the Taxonomy-eligible sales revenues, EUR 4,790 million (20%) meet the screening criteria used to measure a substantial contribution to climate change mitigation. This includes all of the Company's all-electric vehicles and the plug-in hybrids.

Taxonomy assessment of sales revenue for 2023	Sales Revenue		Substantial Contribution to Climate Change Mitigation		Compliance with DNSH Criteria	Compliance with Minimum Safeguards	Taxonomy-Aligned Sales Revenue	
	€ million	%*	€ million	%*			Y/N	Y/N
A. Taxonomy – eligible activities	23,395	97%	4,790	20%	Y	Y	4,790	20%
Vehicle-related business								
3.3 Manufacture of low-carbon technologies for transport	22,331	93%	3,726	16%	Y	Y	3,726	16%
of which taxonomy-aligned BEVs					Y	Y	3,021	13%
3.18 Manufacture of automotive and mobility components	1,064	4%	1,064	4%	Y	Y	1,064	4%
B. Taxonomy – non-eligible activities	617	3%						
Total (A + B)	24,012							

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

Sales Revenue

In 2023, sales revenue was EUR 24,012 mil., of which EUR 23,395 mil. (97%) was taxonomy-eligible and EUR 617 (3%) mil. was non-eligible. Taxonomy-aligned sales revenue reached EUR 4,790 mil. (20%).



Capital Expenditure

In line with the EU Taxonomy, capital expenditure relates to specific items indicated in the IFRS financial statements, namely additions to 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 EUR 810 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.

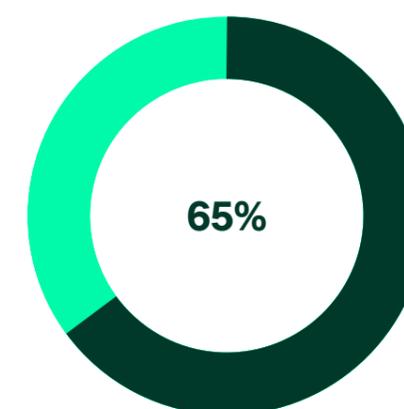
The allocation formula for capital expenditures was established by the Group for each model and brand based on the long-term sales plan or planned capacity and utilisation. It applies to all expenditures made at sites that will produce only qualifying vehicles for the next five years according to taxonomy. Capital expenditure relating to vehicles that meet the screening criteria amounted to EUR 527 million. Considering the DNSH criteria and minimum safeguards, 65% of total capital expenditure was Taxonomy-aligned in 2023.

Taxonomy assessment of capital expenditure for 2023	Capital expenditure		Substantial contribution to climate change mitigation		Compliance with DNSH criteria	Compliance with minimum safeguards	Taxonomy-aligned capital expenditure	
	€ million	%*	€ million	%*			€ million	%*
Economic activities	€ million	%*	€ million	%*	Y/N	Y/N	€ million	%*
A. Taxonomy – eligible activities	810	100%	527	65%	Y	Y	527	65%
Vehicle-related business								
3.3 Manufacture of low-carbon technologies for transport	810	100%	527	65%	Y	Y	527	65%
of which additions to capitalized development costs for BEVs							258	32%
of which additions to property, plant and equipment for BEVs							269	33%
3.18 Manufacture of automotive and mobility components	-	-	-	-	-	-		
B. Taxonomy – non-eligible activities	0	0%						
Total (A + B)	810							

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

Taxonomy-aligned capital expenditure

Total capital expenditure in 2023 was EUR 810 mil., of which EUR 527 mil. (65%) was taxonomy-aligned.



■ Taxonomy-aligned capital expenditure
■ Not taxonomy-aligned 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 “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

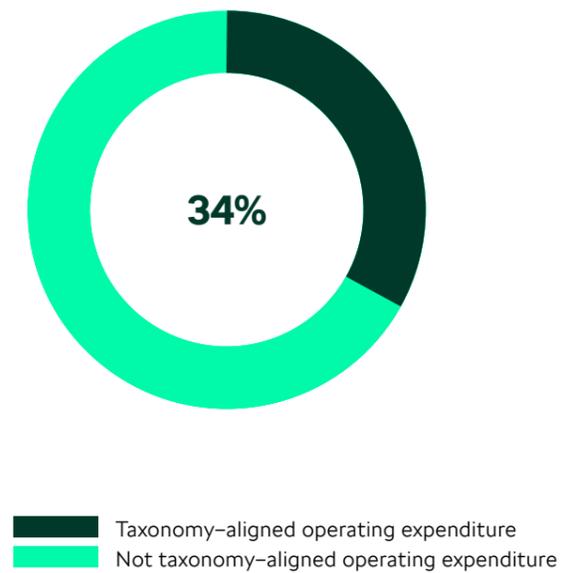
mitigation were included. Any non-capitalized research and development costs directly attributable to vehicles that do not meet the screening criteria were not included. Non-capitalized research and development costs that were not clearly attributable to a particular vehicle were considered on a proportionate basis using allocation formulas. For these and other operating expenses, allocation formulas were used, similarly to capital expenditure. As a result, EUR 120 million (34%) of operating expenditure was found Taxonomy-aligned in 2023.

Taxonomy assessment of operating expenditure for 2023	Operating expenditure		Substantial contribution to climate change mitigation		Compliance with DNSH criteria	Compliance with minimum safeguards	Taxonomy-aligned operating expenditure	
	€ million	%*	€ million	%*			€ million	%*
Economic activities					Y/N	Y/N		
A. Taxonomy – eligible activities	356	100%	120	34%	Y	Y	120	34%
Vehicle-related business								
3.3 Manufacture of low-carbon technologies for transport	356	100%	120	34%	Y	Y	120	34%
3.18 Manufacture of automotive and mobility components	-	-	-	-	-	-	-	-
B. Taxonomy – non-eligible activities	0	0%						
Total (A + B)	356							

*All percentages relate to the Company’s total operating expenditure.

Operating Expenditure

Total operating expenditure in 2023 was EUR 356 mil., of which EUR 120 mil. (34%) was taxonomy-aligned.



Annexes

1. ESRS Index

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2. List of selected abbreviations

A-CSR Association of Corporate Responsibility	DCI Decarbonisation Index	HVAC Heating, ventilation, and air conditioning	OSH Occupational Safety and Health	VOC Volatile organic compounds
BAT Best Available Techniques	DNSH "Do no significant harm" criteria under the EU Taxonomy regulation	IFRS International Financial Reporting Standards	PHEV Plug-In Hybrid Electric Vehicle	W West
BEV Battery Electric Vehicle	ECMS Environmental compliance management	IPBES Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services	S South	WBCSD World Business Council for Sustainable Development
BPDD Business Partner Due Diligence	EIA Environmental impact assessment	KPIs Key performance indicators	SAQ Self-Assessment Questionnaire	WRI World Resources Institute
CapEx Capital expenditure	EIO Economic Input-Output	LkSG German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz)	SBTi Science Based Targets Initiative	WTT Well-to-Tank
CMS Compliance Management System	ESG Environment, social and governance	MB Mladá Boleslav	SCGM Supply Chain Grievance Mechanism	WTW Well-to-Wheel
CO₂ Carbon dioxide	ESRS European Sustainability Reporting Standards	MEB Modular Electric Drive Matrix	SDGs Sustainable Development Goals	
CO₂e Carbon dioxide equivalent	EU European Union	N North	SE South-east	
COP Conference of the Parties	EUR Euro	NE North-east	SW South-west	
CRM Customer Relationship Management	FBU Fully Built Unit	NGOs Non-governmental organisations	T4I Project Together for Integrity	
CSR Corporate Social Responsibility	FY Financial year	OECD Organisation for Economic Cooperation and Development	TNFD Taskforce on Nature-Related Financial Disclosures	
CSRD Corporate Sustainability Reporting Directive	GHG Greenhouse gas	OpEx Operating expenditure	TTW Tank-to-Wheel	
CSV Corporate Shared Value	GRC Governance, Risk & Compliance	ORP Municipality with enhanced powers	UEP Reduction of the Environmental Impact of Production	
CZK Czech crown (koruna)	GRI Global Reporting Initiative		VER Verified Emission Reductions	



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