ŠKODA

SUSTAINABILITY REPORT 2019/20

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1.1 FOREWORD

DEAR READER,

How can a company's success be measured?

Certainly, first and foremost, on its Key Performance Indicators: In our case, examples would be ŠKODA's annual deliveries, market shares in our core markets or total sales.
But to understand a company as a whole, or in other words, to understand the extent to which it assumes responsibility for society overall and how it positions itself for the future, you need much more than the bare economic figures.

For this reason, we publish our Sustainability Report every two years.

Sustainability is firmly anchored in our NEXT LEVEL ŠKODA program for the future. For example, one of our ambitious sustainability goals is to generate all the energy to power ŠKODA AUTO's vehicle and component production plants in the Czech Republic with net-zero carbon emissions in the second half of this decade.

And we are well on our way: the Vrchlabí plant has been our first CO^2-neutral production facility since the end of 2020 thanks to the use of alternative energies. Moreover, as of this year, natural gas is gradually being replaced by CO^2-neutral methane from biogas plants. And since 2019, ŠKODA AUTO has not sent any waste originating from our production processes to landfills thanks to our endeavours to prevent waste generation and to use raw material resources sparingly.

For us at ŠKODA AUTO, sustainability means much more than just taking care of our planet. Especially in these challenging times, we realise how important it is to actively help out in society: Already during the first lockdown in the spring of 2020, we made sure that COVID volunteers had access to mobility – 100 OCTAVIA COMBIs were donated to social and medical aid services, and more than 200 cars and electric scooters from our sharing platforms HoppyGo and BeRider were made available free of charge.

Apart from the fast pandemic aid, we provide long-term support to society in many areas: With our ŠKODA Endowment Fund, we sustainably improve the quality of life in the regions around our Czech plants. We are investing a total of 30 million Euros in the areas of transport, sport and culture, urban development and safety.

Furthermore, we are also committed to making rapid and sustainable progress on the topic of diversity. In 2019, ŠKODA AUTO signed the European Diversity Charter and joined more than 12,000 signatories in Europe. In 2020, we became a Golden Signatory of the Diversity Charter in the Czech Republic alongside over 90 companies promoting diversity and inclusion.

ŠKODA AUTO wants to emerge as a winner from the automotive industry's ongoing transformation process. Not only in terms of our KPIs, but in all areas of our company. This is our goal; this is our responsibility.

Best wishes,
Thomas Schäfer

CEO ŠKODA AUTO a.s.

1.2 ŠKODA AUTO HELPS
Helping hand in the fight against COVID-19

The COVID-19 pandemic and the state of emergency declared in the Czech Republic were a completely new experience in the field of public-private partnerships. Even though the crisis hit the entire automotive industry significantly, the company's management decided not to stand aside and contributed to the prevention and resolution of the sudden situation, both financially and by providing its own human and material resources.

In March 2020, in response to the development of the pandemic, ŠKODA AUTO in cooperation with ŠKODA AUTO DigiLab launched an initiative under the motto #SKODAAUTOpomaha (meaning #ŠKODAAUTOhelps) to support mobility and key stakeholders in its immediate vicinity. The carmaker thus responded very quickly to the acute need for mobility for the distribution of food and medicine by non-profit organisations and city districts, which provided supplies to the elderly and disabled. The platform thus enabled the immediate rental of the existing HoppyGo and Uniqway fleet within hours of the declaration of a state of emergency.

In addition, the entire fleet of 150 electric BeRider scooters and 200 ŠKODA vehicles joined the #SKODAAUTOpomaha initiative and were used free of charge by front-line healthcare workers. The partner cities in the company's production regions also received financial and logistical support. In cooperation with the Czech Technical University (CTU) and other partners, the company participated in the project on the 3D printing and certification of protective equipment and their subsequent transport to, among others, hospitals. Furthermore, the CTU contributed to the development of the FFP3 respirators.

→ MORE INFORMATION IN OUR PRESS RELEASE

Even during the autumn wave of the pandemic, the company did not stand aside. Following the project to support the mobility of health facilities and social service providers from the spring wave, the company decided to take a significant step and, in an open grant call, donated 100 brand new ŠKODA OCTAVIA cars to these organisations.

To support distance education for children from socially disadvantaged backgrounds, the company donated funds for the purchase of laptops with an Internet connection. The donations totalled CZK 100 million.

www.skodaautopomaha.cz

1.3 COMPANY PROFILE

ŠKODA AUTO is one of the oldest car manufacturers in the world. Its history stretches back to 1895 when Václav Laurin and Václav Klement set up a company that gave rise to the tradition of manufacturing Czech cars, which has continued for over a hundred years. The position of the company in the automotive industry has always been and always will be unmistakable, in a large part because it has been part of the Volkswagen Group for 30 years. It has become a strong, internationally successful company that is active worldwide and offers its customers a total of eleven model lines: CITIGO^{e} iV, FABIA, RAPID, SCALA, OCTAVIA, KAMIQ, KAROQ, KODIAQ, KUSHAQ, SUPERB and ENYAQ iV.

ŠKODA AUTO has long been one of the pillars of the Czech economy, currently employing almost 38 thousand people in the Czech Republic. It also ensures it is a good neighbour in all the regions where it is active. The company's extraordinary standing is reflected in its regular success in the Czech 100 Best awards, occupying the top spot in 2020 for the twentieth time in the 25-year history of the award.

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, Russia, Slovakia and India, mostly via Group partnerships, and in Ukraine in collaboration with a local partner.

The company is engaged in business activities with a primary focus on the development, manufacture and sale of cars, components, original parts, ŠKODA brand accessories and the provision of servicing. However, ŠKODA AUTO is undergoing a transformation to become the Simply Clever Company for the best mobility solutions by 2025.

For the purposes of this report, the ŠKODA AUTO Group refers to the parent company ŠKODA AUTO a.s. and its 100% owned subsidiaries ŠKODA AUTO Slovensko s.r.o., ŠKODA AUTO DigiLab s.r.o., UMI Urban Mobility International Česká republika s.r.o. and ŠKODA AUTO DigiServices s.r.o. (2019: Smart City Lab s.r.o.). In a change to the last report, ŠKODA AUTO India is no longer a part of the ŠKODA AUTO Group per the above-stated definition and, therefore, it is not included in the numerical data sets presented as ŠKODA AUTO Group data. However, ŠKODA AUTO retained responsibility within the Volkswagen Group for the India region. Therefore, the company has decided to include the most significant projects in the text of the report.

ŠKODA AUTO GROUP

ŠKODA AUTO Slovensko was established in 1993. It is the exclusive importer of ŠKODA vehicles to Slovakia. A total of 64 authorised dealers and 10 authorised service partners are available to customers. Despite the difficult situation around the ongoing COVID-19 pandemic, 2020 saw ŠKODA AUTO Slovensko sell 17,054 vehicles and achieve a market share of 22.4%. ŠKODA AUTO Slovensko is a long-standing partner of cycling, ice hockey and cultural organisations and events in the local market while also supporting humanitarian and non-profit organisations in their fight against the COVID-19 pandemic under the ŠKODA AUTO HELPS campaign. Since the outbreak of the pandemic in 2020, the company has provided over 70 vehicles to organisations throughout Slovakia that are fighting the pandemic on the front line.

ŠKODA AUTO DigiLab is the innovation centre of ŠKODA AUTO. Its role is to discover, test and realise new projects to support the sustainable development of the parent company. It also serves as a provider of new mobility services, creating a new business ecosystem that accompanies the current business model of the company. This fulfils the company strategy to become a provider of complex mobility services. The goal of ŠKODA AUTO DigiLab is to create new business models that support the parent company by creating new added value and benefits for the customers.

ŠKODA AUTO a.s.	ŠKODA AUTO Slovensko	ŠKODA AUTO DigiLab
registered office: tř. Václava Klementa 869 293 01 Mladá Boleslav	registered office: Sabinovská 6, 821 02 Bratislava, Slovakia 100% subsidiary of ŠKODA AUTO	registered office: Jankovcova 1603/47a 170 00 Praha 7 100% subsidiary of ŠKODA AUTO

UMI Urban Mobility International	ŠKODA AUTO DigiServices
registered office: Jankovcova 1603/47a 170 00 Praha 7 100% subsidiary of ŠKODA AUTO	registered office: Jankovcova 1603/47a 170 00 Praha 7 100% subsidiary of ŠKODA AUTO

** For purposes of this report, ŠKODA AUTO Group comprises the parent company ŠKODA AUTO a.s. and subsidiaries with a majority ownership share. UMI Urban Mobility International and ŠKODA AUTO DigiServices are both small in size and in the significance of their impacts and, therefore, are not mentioned individually throughout the report.*

1.4 VALUE CHAIN

This graphic provides an overview of the main activities of the company. The scope of this report takes into account the ŠKODA AUTO Group, i.e. activities marked with green colour. The numbers in are presented for 2020.

- ŠKODA AUTO Group
- Volkswagen Group
- External partners

R&D	SUPPLY CHAIN	PRODUCTION	LOGISTICS & TRANSPORT	RETAIL & AFTER-SALES	VEHICLE USE	RECYCLING
●	● ●	● ● ●	● ● ●	● ●	●	● ●
Innovations play an important role in ŠKODA AUTO, in terms of new electric models offer, new mobility solutions and connectivity.	Sustainable supply chain is essential for the successful future of the company.	Modern production processes and robotisation help to improve working conditions for our employees. Investments into infrastructure are constantly decreasing the company's environmental impact.	It is our priority to introduce zero-emission forms of both in-house and external transport. The key activities include increasing the use of alternative fuels and transition to rail transportation.	Professionalism of our dealers and high-quality service is key for the highest possible customer satisfaction.	By offering hybrids, electric cars and cars powered by CNG we strive to lower GHG emissions from the vehicle use phase of our fleet. We support the electric cars charging infrastructure build-up.	Recycling of materials used in production, as well as at the end of the vehicle's life cycle, significantly reduces the environmental impact.
Number of employees in R&D: 2,312	**Total turnover: CZK 228.2 billion**	**Vehicles produced in 2020: 749,610**	**Share of rail transport in shipping of vehicles: 61%**	**Vehicles delivered: 1,004,816**	**Share of hybrids: 3.2%**	**Used tires recycled: 265,642**
Investments in R&D: CZK 18.5 billion	**Number of suppliers: 7,765**	**Number of plants: 13**		**Number of dealers: 3,202**	**Share of electric cars: 2.1%**	

Production of ŠKODA Vehicles by Plants – Worldwide

	CITIGO° iV	FABIA	RAPID	OCTAVIA	OCTAVIA iV	KAMIQ	KAMIQ GT	KAROQ	KODIAQ	KODIAQ GT	SUPERB	SUPERB iV	SCALA	ENYAQ iV
Mladá Boleslav (Czech Republic)		●		●	●	●		●					●	●
Kvasiny (Czech Republic)								●	●		●	●		
Bratislava (Slovakia)	●							●						
Kaluga (Russia)			●											
Nizhny Novgorod (Russia)				●				●	●					
Aurangabad (India)											●			
Pune (India)			●											
Yizheng (China)			●											
Nanjing (China)						●	●				●			
Ningbo (China)				●				●						
Changsha (China)									●	●				
Solomonov (Ukraine)		●						●	●		●			

WORLDWIDE DELIVERIES TO CUSTOMERS IN 2020

257 400 OCTAVIA

137 200 KAROQ

131 600 KODIAQ

128 500 KAMIQ

105 500 FABIA

86 200 SUPERB

79 700 RAPID

63 200 SCALA

15 000 CITIGO

600 ENYAQ iV

Deliveries to Customers

2020	1 004 816
2019	1 242 767
2018	1 253 741
2017	1 200 535
2016	1 126 477

- ŠKODA AUTO Group
- Volkswagen Group
- External partners

2 STRATEGY

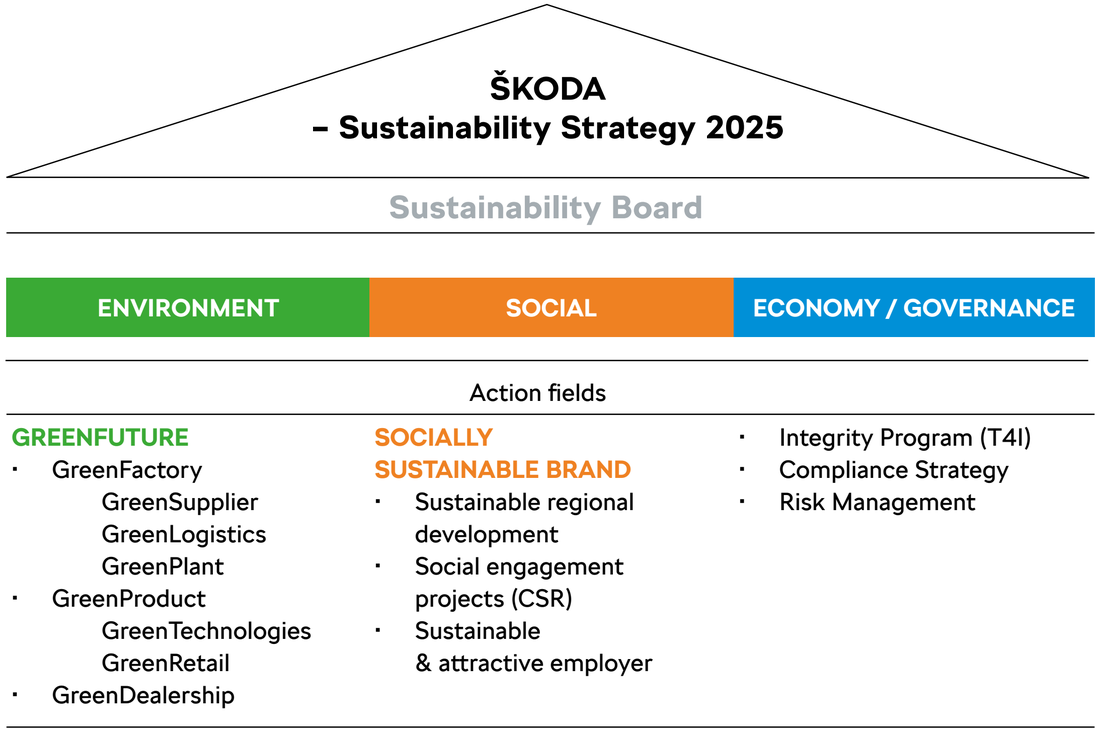
2.1 SUSTAINABILITY STRATEGY AND CORPORATE STRATEGY
2.2 AWARDS
2.3 RELATIONS WITH STATE AND POLITICAL INSTITUTIONS

2.1 SUSTAINABILITY STRATEGY AND CORPORATE STRATEGY

ŠKODA AUTO continued with the consequent implementation of its strategy and has put even more focus on sustainability over the two past reporting years. The company regularly monitors trends in the automotive industry and across the world and considers its impacts. Global challenges such as climate change, population growth, or resource scarcity will result in changes in the automotive industry and markets. Stricter political regulation and megatrends, such as digitalisation and changing customer behaviour, often create new opportunities for the entrepreneurial activities while also bringing opportunities for new products and innovations.

Therefore, in 2019, a newly defined company-wide sustainability program was introduced. The overall goal of ŠKODA's sustainability strategy is to continuously reduce the negative footprint of its production and products on the environment, while creating sustainable growth and a positive impact on society.

Taking the comprehensive approach to stakeholder management into account, ŠKODA also made use of stakeholder feedback to reflect the wide-ranging stakeholder opinions in its strategic priorities. Sustainability activities are divided into the three following pillars: Environmental, Societal and Economy/ Governance. These create an all-inclusive **Sustainability strategy house (pic.)**. To ensure that the overall goals of the strategic agenda are met, specific action fields and KPIs with clear targets were defined. ŠKODA AUTO sees its commitment to overall corporate sustainability as a necessary prerequisite for the continuation of its 125-year history.



Dialogue with stakeholders and materiality assessment

With the recent fast developments in the automotive industry and overall sustainability landscape, ŠKODA AUTO realises that it is more important than ever to listen to its stakeholders with an open mind. The needs and expectations of its partners help the company to get the future initiatives moving in the right direction.

ŠKODA AUTO continues to use its well-established communication channels to conduct dialogues with its stakeholders. On top of these regular interactions, the company launched a comprehensive materiality assessment and stakeholder dialogue project in collaboration with PricewaterhouseCoopers in 2019.

In designing the approach, special attention was paid to the requirements of GRI (Global Reporting Initiative) Standards relevant to materiality assessment and stakeholder engagement, namely the Reporting Principles for defining report content as detailed in GRI 101: Foundation (2016):

- Stakeholder Inclusiveness
- Sustainability Context
- Materiality
- Completeness

Starting off with a workshop with selected representatives from ŠKODA AUTO, the company defined a wide range of sustainability topics. The outcome of this workshop was a detailed two-way map of sustainability topics and relevant stakeholders.

Secondly, brief descriptions were prepared for each of the 38 defined sustainability topics to allow stakeholders to make well-informed choices.

As a next step, ŠKODA AUTO designed a questionnaire that asked respondents to prioritise topics within three categories (environmental, social and economics & governance) and rank the importance of the topics according to their preferences. Respondents were also invited to provide comments on selected topics or suggest new areas to focus on.

Finally, the questionnaires were distributed to internal stakeholders - representatives of ŠKODA AUTO Management (38 responses, B-1) and the following external stakeholder groups were included: Municipalities, Governmental organisations, Fleet customers, Dealers, Employees (including trainees and trade unions), Suppliers, Schools and Colleges, NGOs, and several Professional organisations. Responses were collected from 157 external stakeholder representatives via web application, or during face-to-face meetings.

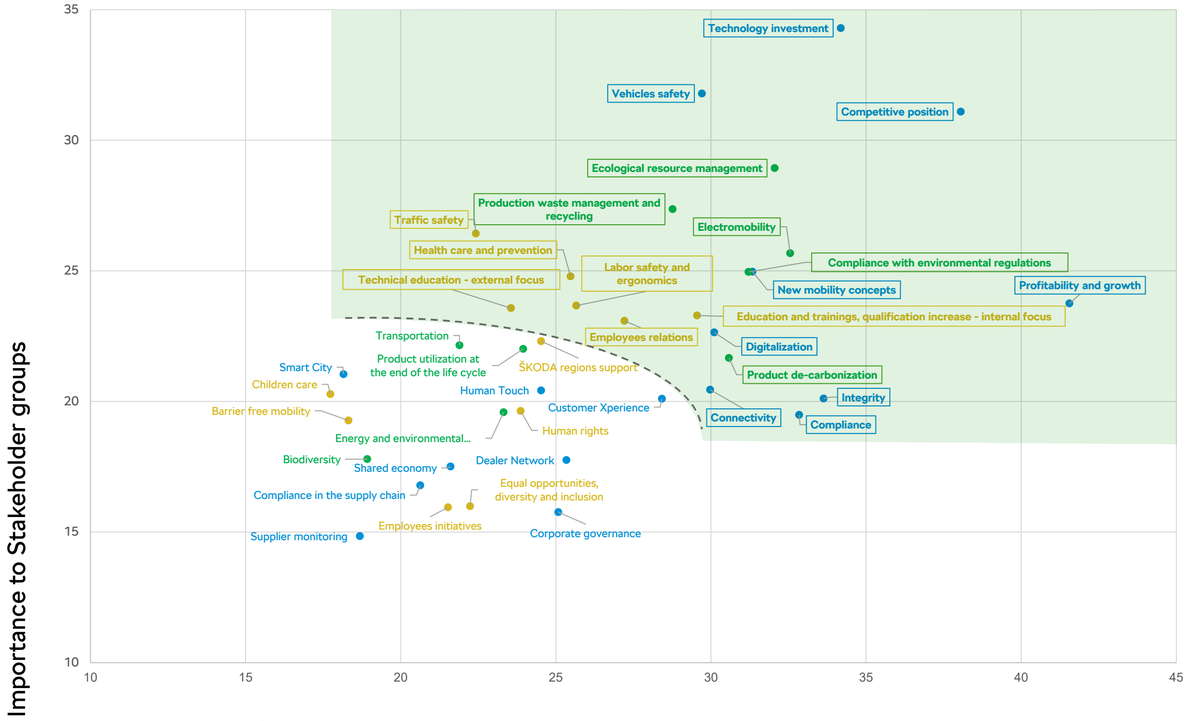
157
external stakeholder representatives involved

Stakeholder Dialogue

STAKEHOLDER	TOPIC	FORM OF COMMUNICATION	FREQUENCY
Employees	- employee relations - working conditions - remuneration and collective wage agreements - vocational and professional training - personal development and social commitment - diversity, health, ergonomics	Collective bargaining Employee representation in Supervisory Board Internal meetings Employee satisfaction survey ŠKODA Mobil magazine Intranet Weekly newsletter	annually 3x per year ongoing annually monthly ongoing weekly
Municipalities, community	- development	Media Meetings with local representatives Committees	on a regular basis, as needed
Investors, shareholders, analysts	- performance and strategies	Reports, personal meetings	annually
Media	- CSR activities, comments on regulations and political processes	Round-tables Press releases, emails	on a regular basis
Government bodies	- various - e.g. investments, strategies and regulations, healthcare, employee safety, anti-corruption measures	Meetings, calls, emails, committee meetings Membership in professional associations Colloquium with Czech government	as needed ongoing annually
Suppliers	- supplier and trade relations	Communication and meetings between purchasing department and individual suppliers, eLearning, questionnaires, audits, Group ombudsman	ongoing and at the start of the partnership
Customers	- information about products and terms of sale (to dealers and retail customers) - future corporate plans and strategy - sustainability	Conferences, meetings, media - social media, print media, TV, Ipsos CSR & Reputation Research	ongoing (Ipsos annually)
Schools and colleges	- support, programmes, etc.	Meetings, calls, emails, committee meetings etc.	as needed
NGOs	- various projects	Meetings, calls, emails, committee meetings etc.	as needed
Professional organisations	- regulatory framework, economic/employment policy, collective bargaining	Personal meetings, emails Membership in statutory bodies and expert teams	as needed

Materiality – All topics

- ENVIRONMENT
- ECONOMY & GOVERNANCE
- SOCIAL



Results of materiality analysis

The final output of the stakeholder dialogue is presented in a Materiality Matrix.

EXTENSIVE OVERLAP OF ŠKODA STRATEGIC PRIORITIES AND STAKEHOLDER EXPECTATIONS

The top 15 topics for ŠKODA AUTO Management and the Stakeholder groups overlap in 10 common topics of high importance to both. The 5 remaining topics are different: In ŠKODA AUTO's view, economic topics are dominant, followed by environmental topics. Stakeholder priorities are distributed across all three categories.

FOCUS TOPICS

Traffic safety, Vehicle safety and Smart City topics have a common denominator apparent from the survey comments: they are all linked to ŠKODA AUTO being an important national and industry player that is expected to play a pro-active role as a provider of sustainable solutions.

The materiality assessment project also highlighted the need for a strong organisation and governance:

- Sustainability strategy to be driven from the top and incorporated in the management structure and goals.
- Representatives of relevant functions should meet on a regular rather than ad-hoc basis.
- Clear structure and responsibilities to ensure easy enforceability, coordination and integration of sustainability initiatives.
- Setting goals, monitoring their progress and achieving them.

ŠKODA AUTO'S RESPONSE

The results of the materiality assessment and stakeholder dialogue were presented in the respective committees and analysed in the Sustainability Circle, an internal body for sustainability strategy implementation. Together with ŠKODA AUTO's strategic priorities, these were reflected in roadmaps for each sustainability pillar. Based on the defined action fields, ambitious sustainability goals and KPIs (shown in Sustainability strategy house infographics above) are set until 2025 and regularly monitored by the Sustainability Board.

Sustainability Governance Model

Since 2019, sustainability is a cross-functional topic in the ŠKODA Strategy 2025 program. It is regularly overseen by the Board of Management. ŠKODA Board of Management acts as a Sustainability Board and represents the highest body for all sustainability-related issues. At regular meetings, it sets the overall strategy and targets as well as controls the implementation.

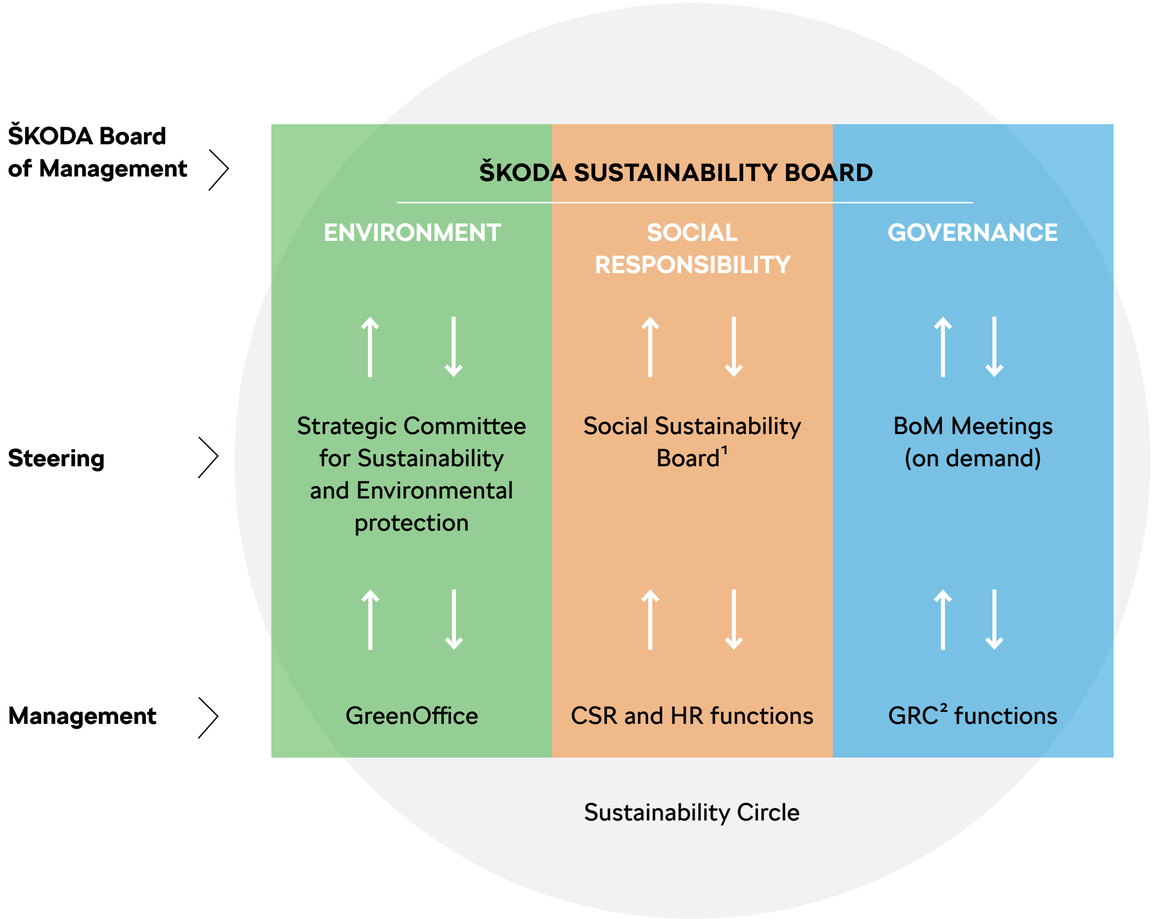
ŠKODA sustainability governance model is implemented across the whole company with defined roles and responsibilities for effective and consistent management of sustainability topics.

The pillar-specific committees, such as "Strategic Committee for Sustainability and Environmental protection" and the "Social Sustainability Board" (former CSR Advisory Board), brief the Board of Management and submit proposals. Governance-related issues are discussed with the Board of Management directly at the level of individual divisions.

The GreenOffice is responsible for implementing the overall GreenFuture strategy and the management of the "Strategic Committee for Sustainability and Environmental protection" which meets twice a year.

Social sustainability-related topics and the "Social Sustainability Board" are managed by the External Affairs department in cooperation with other CSR and HR coordinators. The "Social Sustainability Board" meets up to 3 times a year.

The Sustainability Circle was established in 2019 under the lead of Corporate Strategy comprising representatives from all three pillars. This working team acts as an interface for all sustainability topics. It is responsible for the coordination and implementation of the company-wide sustainability program, as well as the management of the Sustainability Board. The head of the Sustainability Circle also represents the role of the Brand Sustainability Manager, an interface to the Volkswagen Group's sustainability.



[1] *former CSR Advisory Board*
[2] *Governance, Risk & Compliance*

Sustainable Development Goals

In autumn 2015, The General Assembly of the United Nations adopted Agenda, which lays out 17 Sustainable Development Goals (SDGs) as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

While the SDGs are primarily aimed at states and governments, ŠKODA AUTO, as part of the Volkswagen Group, supports the VW Group in its commitment to the Paris Agreement. Along with the climate-related initiatives, the company seeks to understand where it can positively contribute to the Sustainable Development Goals (SDGs).

The following SDGs were identified as being the most relevant for the company to address and confirmed them by peer group comparison of automotive producers and SDGs priority areas defined by the Czech Republic.

Additionally, the company's activities were mapped to the level of SDG Targets. The priority SDG Targets to which ŠKODA AUTO contributes by managing its material topics are listed below.

SDG	GOAL	TARGET	NAME	ŠKODA AUTO MATERIAL TOPICS
	Goal 3 – Ensure healthy lives and promote well-being for all at all ages	3.6	By 2020, halve the number of global deaths and injuries from road traffic accidents	Traffic safety Vehicle safety New mobility concepts
	Goal 4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.3	By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	Technical education - external focus
		4.4	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	Technical education - external focus
	Goal 5 - Achieve gender equality and empower all women and girls	5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Equal opportunities, diversity and inclusion
	Goal 6 - Ensure availability and sustainable management of water and sanitation for all	6.3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	Ecological resource management
	Goal 7 - Ensure access to affordable, reliable, sustainable and modern energy for all	7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	Ecological resource management Product de-carbonisation

SDG	GOAL	TARGET	NAME	ŠKODA AUTO MATERIAL TOPICS
	Goal 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	Technology investment
		8.4	Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead	Ecological resource management
		8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Equal opportunities, diversity and inclusion
		8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Labour safety and ergonomics
	Goal 9 - Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.4	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	Technology investment
	Goal 11 - Make cities and human settlements inclusive, safe, resilient and sustainable	11.2	By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	New mobility concepts

SDG	GOAL	TARGET	NAME	ŠKODA AUTO MATERIAL TOPICS
	Goal 12 - Ensure sustainable consumption and production patterns	12.2	By 2030, achieve the sustainable management and efficient use of natural resources	Ecological resource management
		12.4	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	Production waste management and recycling
		12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Production waste management and recycling
	Goal 13 - Take urgent action to combat climate change and its impacts	13.2	Integrate climate change measures into national policies, strategies and planning	Environmental pillar strategy covering energy, water, waste, natural resources
		13.3	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	Education of employees and students Social responsibility
	Goal 16 - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.5	Substantially reduce corruption and bribery in all their forms	Integrity Compliance
		16.6	Develop effective, accountable and transparent institutions at all levels	Integrity Compliance Compliance with environmental regulations Education and trainings, qualification increase - internal focus

2.2 AWARDS

TOP RESPONSIBLE FOREIGN INVESTOR 2019

In the autumn of 2019, the Responsible Foreign Investor award was presented to ŠKODA AUTO by the Prime Minister of the Czech Republic. ŠKODA AUTO was the first company to receive this prestigious award for foreign investors[1] who operate in the Czech Republic, reinvest their profits here, and participate in the development of the Czech economy and society through CSR projects.

Furthermore, ŠKODA AUTO has been awarded 3rd place for Top Responsible Company Helping the Neighbourhood in 2020 (2nd place in 2019) which is organised annually by Business for Society.

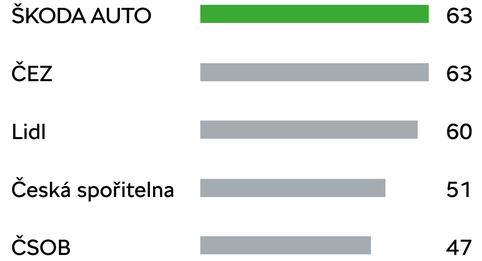
[1] Foreign Investor Award is granted to companies with foreign capital for the exceptional contribution their investments have made to the Czech economy.

IPSOS CSR & REPUTATION RESEARCH RESULTS 2019 & 2020

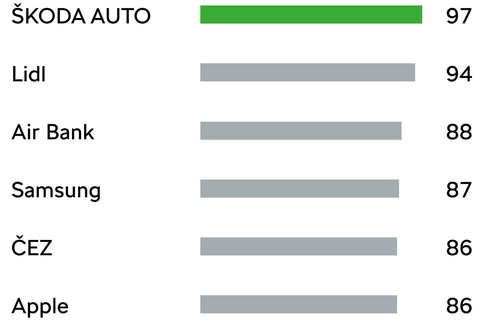
In both years, ŠKODA AUTO confirmed its position as the 'TOP1' socially responsible company in the Czech Republic based on 2 key indicators of the study: the so-called CSR Index and the Corporate Reputation Index.

Andrej Babiš, Prime Minister of the Czech Republic, and Bohdan Wojnar, former Board Member of ŠKODA AUTO for Human Resources Management.

CSR INDEX



CSR CORPORATE REPUTATION INDEX



2.3 RELATIONS WITH STATE AND POLITICAL INSTITUTIONS

Given the position of ŠKODA AUTO, as one of the leading companies in the Czech Republic, and also as one of the largest employers in the country and contributors to the state budget, it is crucial to promote healthy and stable relations with governmental and public institutions, especially in the regions where the plants operate. The need for extensive cooperation with the Government of the Czech Republic was escalated by the COVID-19 pandemic and its impact on the automotive sector. The temporary closure of borders, production plants and the closure of the dealer network in the Czech Republic caused great economic damage. Compensation from the Antivirus program significantly supported employee retention in production, the supply chain and distribution.

The successful transformation of the automotive sector into zero/low-emission mobility requires, in addition to an in depth dialogue with the state administration, close cooperation with the energy industry, Information, Communication and Technology industry and municipalities. On 18 March 2019, the second Colloquium on the Future of the Automotive Industry in the Czech Republic took place in Mladá Boleslav on the premises of ŠKODA AUTO. The discussion focused on the implementation of existing and the identification of new measures in the field of clean and smart mobility resulting from the Memorandum and Action Plan on the Future of the Automotive Industry in the Czech Republic. Due to the need for cross-sectoral cooperation with energy companies, academia and the state administration, ŠKODA AUTO initiated the establishment of the so-called Electromobile Platform.

→ MORE INFORMATION IN OUR PRESS RELEASE

COLLOQUIUM ON THE 'FUTURE PACT FOR THE CZECH AUTOMOTIVE INDUSTRY'
In March 2019, the second colloquium for the 'Future Pact for the Czech Automobile Industry' took place at ŠKODA AUTO's company headquarters in Mladá Boleslav. At the invitation of the industry association AutoSAP, Prime Minister Andrej Babiš and other senior members of the Czech government met with ŠKODA AUTO CEO Bernhard Maier and other representatives of the car manufacturer. Colloquium participants discussed specific results and achievements in implementing the plan of action for the future of the automotive industry in the Czech Republic.

Strategic membership in industrial and economic associations

STRATEGIC MEMBERSHIP OF INDUSTRIAL AND ECONOMIC ASSOCIATIONS (SELECTION)

- Confederation of Industry of the Czech Republic
- Czech Chamber of Commerce
- Czech Automotive Industry Association
- German-Czech Chamber of Industry and Commerce
- Czech Israeli Mutual Chamber of Commerce
- International Chamber of Commerce
- Czech Institute of Directors
- Business for Society
- Czech Intelligent Transport Systems & Services
- Czech-Chinese Chamber for Mutual Cooperation
- Car Importers Association
- Czech Gas Association
- Chamber of Trade and Industry for CIS Countries
- Association for the development of collective bargaining and industrial relations

PARTICIPATION IN GOVERNMENTAL ADVISORY BODIES

- National Economic Council (NERV)
- Coordination group of the Ministry of Industry and Trade for the future of the automotive industry
- Coordination group of the Ministry of Industry and Trade for the National Action Plan for Clean Mobility
- Board of the Minister for Regional Development to Smart Cities
- Regional tripartite of the Central Bohemian Region
- Central Bohemian Regional Competitiveness Council
- Regional tripartite of the Hradec Králové region
- Research, Development and Innovation Council
- National Platform for Technical Education

REPRESENTATION OF ŠKODA AUTO IN ACADEMIC INSTITUTIONS

- Czech Technical University in Prague
- Brno University of Technology
- Faculty of Mechatronics, Informatics and Interdisciplinary Studies, Technical University of Liberec
- Academy of Arts, Architecture and Design in Prague
- Academic Board of the Prague University of Economics and Business
- Jan Evangelista Purkyně University in Ústí nad Labem
- ŠKODA AUTO University
- Czech University of Life Sciences Prague
- Charles University in Prague
- University of Chemistry and Technology, Prague
- VSB-Technical University of Ostrava

Public funding

ŠKODA AUTO is a recipient of state aid in accordance with European and Czech legislation. The company is involved in projects co-financed from public sources in the field of research, technical development and innovation, environmental protection, or in the field of raising the qualifications of employees.

An example of a sustainable project is cooperation of ŠKODA AUTO with ČEZ Photovoltaics and ŠKO-ENERGO on the placement of solar panels. Of the total investment of CZK 30 million, 60% was covered by subsidies from the European Union funds. This measure is part of the GreenFuture strategy; you can read more about it in the **Energy consumption and CO_2 emissions section.**

Another example of a state aid project is an investment incentive to produce the ENYAQ electric car and its derivative. In 2020, ŠKODA AUTO met the statutory conditions of the project and can thus draw support in the form of a tax rebate of up to CZK 400 million.

3 ECONOMY AND GOVERNANCE

3.1 STABLE GROWTH PATH

3.2 SUPPLY CHAIN

3.3 INNOVATION ECOSYSTEM

3.4 CUSTOMER SATISFACTION

3.5 CORPORATE GOVERNANCE

3.1 STABLE GROWTH PATH

ŠKODA AUTO continued its growth trend in the past two years. In 2020, even during the extraordinary global COVID-19 pandemic, which resulted in a 39-day shutdown of Czech production sites in March and April and a temporary collapse of the sales channels, the company confirmed its robust results. The threshold of one million vehicles delivered during a single year was exceeded for the seventh consecutive time. The company maintained strong and stable financial performance despite difficult conditions.

In 2020, Sales Revenues reached a solid CZK 424.3 billion; despite the ongoing challenging conditions, Operating Profit of CZK 17.3 billion was achieved, and ŠKODA delivered over 1.0 million vehicles worldwide. In 2019, the company achieved an all-time high Sales Revenue of CZK 459.1 billion, Operating Profit was CZK 37.2 billion, and 1.2 million cars were delivered worldwide.

KEY FIGURES FOR ŠKODA AUTO A.S. ACCORDING TO IFRS

Income statement		**2020**	**2019**	**2018**	**2017**	**2016**
Sales revenue	CZK million	424 292	459 122	416 695	407 400	347 987
Gross profit	CZK million	43 071	62 036	57 274	59 881	52 755
	% of revenues	10.2%	13.5%	13,7%	14.7%	15.2%
Operating profit	CZK million	17 316	37 220	33 840	40 531	30 892
	% of revenues	4.1%	8.1%	8.1%	9.9%	8.9%
Profit before tax	CZK million	17 863	38 498	35 131	39 125	30 849
Return on sales before tax	%	4.2%	8.4%	8.4%	9.6%	8.9%
Profit for the year	CZK million	15 175	31 689	28 892	31 841	25 163
Return on sales after tax	%	3.6%	6.9%	6.9%	7.8%	7.2%
Other Key Figures						
Investments (w/o capitalised development costs)	CZK million	17 849	32 105	22 574	18 885	14 652
R & D expenditures	CZK million	18 477	25 244	22 514	15 398	10 010
Net cash flows	CZK million	5 124	29 239	19 005	42 815	26 375
Total assets	CZK million	227 983	241 635	219 318	250 859	228 180
Equity ratio	%	41.6%	45.4%	50.9%	46.8%	60.3%
Debt-to-Equity ratio	%	140.2%	120.4%	96.4%	113.5%	65.9%

Performance in strategic markets

In the past two years, ŠKODA AUTO performed solidly in all major global markets despite considerable burdens and major challenges due to the COVID-19 pandemic mainly in 2020.

In Central Europe, the company's total sales in 2020 decreased by 15.7% compared to the previous year. Despite this, market share in the Central Europe rose by 1.7 percentage points to 19.7% compared to 2019.

The company's sales in Eastern Europe fell by 3.2% in 2020. ŠKODA AUTO was most successful in Russia with sales growing by 6.8% since 2019.

Sales in Germany, the brand's second-largest single market, marked a downturn of 15.4% year-on-year in 2020. There was also a decrease in the United Kingdom (by 22.3%). Despite that, the United Kingdom maintained its position within the TOP 5 key markets.

In China, ŠKODA AUTO's most significant market, the number of vehicles delivered to customers dropped by 38.7% in 2020.

The company confirmed the success of the course it has taken in Turkey, where sales increased year-on-year by 56.3%, and in Egypt, with growth of 52.8%.

Detailed information is available in the company's annual report and quarterly press releases on ŠKODA Storyboard both available online.

→ MORE INFORMATION ON ŠKODA STORYBOARD

→ MORE INFORMATION IN OUR ANNUAL REPORT

DELIVERIES TO CUSTOMERS – BIGGEST MARKETS

	Change in %	ŠKODA vehicles				
	2020/2019	2020	2019	2018	2017	2016
China	-38.7%	173 000	282 038	341 000	325 009	317 088
Germany	-15.4%	161 775	191 213	176 638	173 302	165 196
Russia	6.8%	94 632	88 609	81 459	62 302	55 386
Czech Republic	-11.6%	83 249	94 152	93 586	95 017	88 016
United Kingdom	-22.3%	58 431	75 159	74 512	80 056	80 325
Poland	-20.6%	56 152	70 748	71 057	66 582	56 180
France	-17.9%	30 587	37 239	32 035	27 272	23 013
Italy	-6.8%	25 085	26 928	26 401	24 700	20 530
Turkey	56.3%	24 175	15 464	21 340	24 996	28 893
Austria	-13.3%	23 708	27 355	24 939	24 254	20 563
Spain*	-24.3%	21 058	27 830	27 017	24 230	23 241
Belgium	-4.1%	20 075	20 934	20 032	19 240	18 925
Israel	-3,9%	18 758	19 526	20 949	23 351	20 402
Slovakia	-18.5%	18 453	22 632	21 894	21 017	18 860
Switzerland	-22.3%	17 560	22 605	17 724	18 853	18 579
Total	**-19.1%**	**1 004 816**	**1 242 767**	**1 253 741**	**1 200 535**	**1 126 477**

**excluding Canary Islands*
Table represents total deliveries of ŠKODA vehicles to customers, irrespective of where they were produced.

Investment in production infrastructure

In the past two years, ŠKODA AUTO continued to invest in the development of new products and tangible assets, especially in the infrastructure and capacity at its plants as well as the production of parts related to electric vehicles.

The company has put a state-of-the-art crash lab into operation. The test centre at the Polygon site in Úhelnice near Mladá Boleslav is designed for all known crash test scenarios, most notably the new requirements of the European New Car Assessment Program (Euro NCAP) that came into force at the beginning of 2020. A separate hall is specially equipped for disarming electric vehicles.

The new crash lab is more than twice the size of the previous test centre. The crash test hall itself is over 180 metres long. Crash test capacity is being increased to meet the demand for these vehicles and will be gradually expanded by ŠKODA AUTO over the coming years. The company invested over CZK 380 million.

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In 2019 and 2020 ŠKODA AUTO also invested in a new Central Pilot Hall in its main plant in Mladá Boleslav. The Central Pilot Hall was put into operation in January 2021. In the development phase of new models, comprehensive analyses will be carried out here and pre-production cars manufactured. They will be subjected to extensive testing by the Technical Development and Quality Assurance departments prior to the launch of serial production. The facility houses, among other things, a body shop and an assembly shop as well as a measuring centre and a virtual reality studio. The central pilot hall is also prepared for the era of electromobility, with charging points and relevant assembly areas including options for testing electrified vehicles.

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In addition to robot stations where the car bodies are joined, the new facility also houses areas for assembly and final inspection. Virtual reality devices and 3D printers are some of the tools available. The equipment and processes are designed in such a way that both vehicles with a combustion engine and partially or fully electric cars can be subjected to all the necessary tests and analyses. As soon as a model meets the stringent quality requirements, it leaves the Pilot Hall – the vehicle and process are then considered ready for serial production. Investments made amount to almost CZK 530 million.

The company ceremonially opened a new parking centre with up to 450 parking places in Ptacka Street in 2020. This investment of CZK 215 million helped radically improve traffic and parking for the staff at the Technical Development and other Company departments close to the Česana complex.

Building preparation got underway in 2019 for the construction of a central kitchen, a modern, large-capacity facility that will provide a contemporary environment for preparing meals for ŠKODA AUTO employees. The kitchen was put into operation in early 2021.

The Company will continue its investment in new products, stressing electromobility, and in the associated infrastructure.

3.2 SUPPLY CHAIN
The Sustainability Rating of Suppliers

In line with the formulated Volkswagen Group initiative, the general concept of the Supplier Sustainability Rating was introduced on 1 July 2019. This undertaking, originally based on the recommendations of the independent US DOJ Monitor, has since been established as a mainstay of the brand's sustainability policy towards the supply chain. In a nutshell, the S-Rating enables the Group and the Brand to maintain a very close overview over the supply chain's sustainability performance. Simultaneously, the overall importance of the sustainability agenda in the selection procurement processes has been substantially strengthened by putting the sustainability rating (S-Rating) on par with the other ratings (quality, logistics, technology development) in terms of importance and relevance as a procurement criteria in an individual business award case. From 1 July 2019 no business relationship or individual business case can be initiated or maintained with a supplier showing poor sustainability performance. This is a major leap forward in the promotion of sustainability principles in comparison with the previous approach.

The S-Rating mechanism takes into account the performance scoring of several aspects that can mainly be divided in the environmental, social and compliance sub-categories. The main source of information used to calculate the final sustainability score of a supplier (and herewith determining its rating threshold) is the self-assessment questionnaire (SAQ), administered by the external provider NQC Ltd.

The SAQ-based approach and solution delivers a comprehensive and easy to valuate set of data. This data set is based on supplier answers to 20+ detailed questions to individually tailored sustainability areas (environmental, social and sub-supplier management). Subsequently, all statements and claims made by the supplier have to be supported with appropriate evidence being provided. It is required that relevant documents be uploaded into the questionnaire itself. This fact-based approach largely eliminates the possibility of suppliers stating false claims in order to artificially improve their otherwise poor performance. A team of experts based in NQC Ltd. then performs a true-to-life validation of statements and documents and, afterwards, assigns a score as a pre-source for the rating.

Depending on the score threshold, it is determined whether the awarded score constitutes a reliable base for assigning a final rating grade, or whether an on-site check has to be performed to assess the supplier performance and to finally determine the score and rating level.

This rigorous scoring approach has been adopted to ensure that no supplier violates the Volkswagen Group's Code of Conduct in relation to sustainability.

The supplier scoring implementation process has been gradually rolled out to cover the entire portfolio of business partners with some market segments still falling into the general implementation scope beyond 2020. The supplier S-rating process has been put in place with the overall goal of giving the entire ŠKODA AUTO supply chain the opportunity to adopt the high standard of values complied with and promoted by ŠKODA AUTO and to retain the status of an active business partner. Therefore, on the side of ŠKODA AUTO procurement, adequate practical support is granted to suppliers with a special focus on SMEs, for which, the fulfilment of new requirements may constitute an administrative burden. Specifically, for the SMEs group of suppliers, a minimum requirements guideline has been prepared for companies with under 100 employees.

Assuring competence of both suppliers and purchasers

Due to major process changes associated with the introduction of the Sustainability Rating, a set of training events has been prepared for the supply chain sustainability professionals within the reporting period. Until the S-rating process roll out on 1 July 2019, 174 procurement colleagues have been trained altogether to understand the general approach, its process anchoring, the tools used in the scoring and the general division of roles and responsibilities within the process.

The e-learning module for business partners is another fundamental tool for developing the sustainable supply chain. E-learning courses are available in multiple languages and the suppliers' rate of enrolment into these e-learning platforms consistently exceeds 80%.

Supply Chain resilience and risk management

The year 2020 has been heavily impacted by the adverse economic effects of the global COVID-19 pandemic. The impact on the global automotive supply chain was and still is far reaching. The adverse economic implications of the COVID-19 pandemic came in conjunction with a supply chain transformation to e-mobility, and the worst effects were observed in supply chain where the two effects multiplied.

In this time period, proper supply chain risk management became essential for safeguarding an uninterrupted material and parts flow for the production, as the main symptoms of the supplier difficulties would mainly include financial liquidity shortage which could potentially easily turn into an immediate inability to deliver parts.

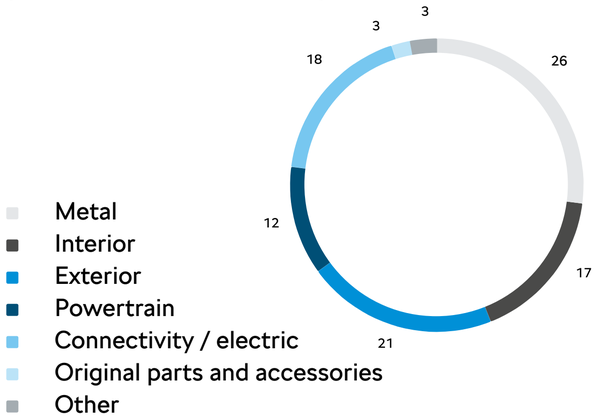
Circular economy and supply chain decarbonisation

ŠKODA AUTO is actively collaborating on formulating group-wide strategies and target settings in the field of circular economy and the use of secondary materials and supply chain decarbonisation. These targets will put on an additional task for procurement, as their fulfilment will be another key factor to watch alongside the yet-to-be-established selection criteria for the supplier in order to be awarded an individual business case.

In terms of the supply chain decarbonisation initiatives, the ŠKODA AUTO procurement department has previously cooperated with the Volkswagen Group on identifying the so-called hot spots within the supply chain, where the intensity of GHG emissions is the highest. These areas at the same time constitute the largest potentials for future reductions, by adopting appropriate measures. In general, with the introduction of a growing number of all-electric models, the dominant position of the so-called use phase within the entire life cycle of the car as the main source for CO_2 emissions will be gradually decreasing (see diagram on page 42).

In parallel, the manufacturing of key components for an all-electric vehicle due to associated high energy consumption increases the share of emissions generated by the supply chain in the overall car life-cycle emissions sum. Therefore, the supply chain as such must be conceptually approached in the future as an area where particular reduction measures must be defined.

PRODUCTION PROCUREMENT BY COMMODITY (% OF FINANCIAL VOLUME)



3.3 INNOVATION ECOSYSTEM

The main pillars of ŠKODA AUTO's growth strategy include electromobility, digitalisation - including new business models, connectivity, the development and expansion of the production capacity, new markets and performance improvement. ŠKODA AUTO responsibly prepares for new trends in individual mobility, and invests in state-of-the-art technologies. The company develops new products and business processes with the aim of capitalising on the benefits of current trends.

Therefore, an internal innovation-focused team has been formed to monitor and disseminate new information about the use of modern technologies and the advantages of digitalisation in the company. This team empowers employees to come up with innovative ideas and put them into practice.

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Innovation Management

The InnoTeam drives innovation culture and mindset changes through dedicated programs and tools available across the whole company. It brings inspiration and innovation, connects departments and employees across the company and measures indicators such as the Innovation Mindset Index (IMX). Some of the tools include the Idea Space portal, which engages employees in their search for inspiration and creation of ideas and the InnoPoC Program, which allows contributors to draw up to EUR 50,000 for ideas and technology verification by using the Proof of concept method. During 2019-2020, InnoPoC Program hosted over 116 events with over 11 thousand participants.

Continuous process improvement

For direct production processes, continuous improvement seeks opportunities for small enhancements in waste elimination and increases in productivity. Ideas are generated in workshops of specially designed teams with technically trained specialists, in the role of moderators, supporting discussions. The best improvement measures include automatic cleaning of the roll when edging the side doors, or preventing robots from colliding with tailgates.

The Indirect Process Improvement Team “SVP” on the other hand helps to improve processes and optimise activities outside the production areas via cooperation across the company. Examples of realised projects include - ŠKODA accommodation booking via app., digitisation of inventory, simplification of approval workflows, e-Shifts, etc.

Product Innovation

The Technical Development Team brings ideas voiced by customers to life. For this reason, ININ Innovation Incubator adjoins the Technical expert team with experts from various departments. The well-equipped workshop includes 3D printers, among others. Examples of a realised idea are the illuminated seatbelt buckles.

Digitalisation and Industry 4.0 in production

The Production Innovation Team supports digitisation of production processes, efficient utilisation of production data, smart maintenance, robotics, 3D printing, and continuous monitoring and analysis of the latest trends related to innovations in production. This team also helps colleagues from production to implement their ideas, and develop and deploy new digital solutions. Examples of these innovations are: deployment of the DPP Group cloud platform, paperless production documentation, Power BI, 3D plastic printing in Production and Logistics.

Idea Management – ZEBRA

ZEBRA is the oldest ŠKODA company-wide innovation program supervised by the Idea Management Department. ZEBRA is a motivational program, which empowers employees' innovative spirit and transforms their ideas for cost reductions into real solutions. These efforts together represent annual savings of over CZK 200 million and numerous minor and major non-quantifiable improvements. In 2020, over 24 thousand proposals were submitted.

Benefits for the company represent material savings, increased efficiency of the production processes, enhanced occupational health and safety and improved workplace conditions. At the same time, the employees are rewarded financially for their voluntary activity. Besides that, the Idea Management Department organises various motivational campaigns and events. The most significant is the quarterly car raffle for all those employees whose ideas were implemented. In the last two years, the ZEBRA program has been focusing on improving the quality of ideas and on speeding up idea assessment and adoption.

SUCCESS RATE OF PROPOSALS SUBMITTED TO THE ZEBRA PROGRAM (NUMBER OF PROPOSALS, %)

2020	24 397	55.4%
2019	30 978	61.1%
2018	29 971	60.3%
2017	27 581	64.1%
2016	25 990	66.7%

BENEFITS FROM ZEBRA PROPOSALS (MIL. CZK)

2020	266
2019	239
2018	210
2017	303
2016	302

ŠKODA AUTO DigiLab

ŠKODA AUTO DigiLab is an integral part of the innovation ecosystem. Its two key roles for the sustainable development of its parent company are external innovation scouting and a mobility provider.

Citymove has been downloaded by more than 100,000 users

Mobility services

From the position of a mobility services provider, ŠKODA AUTO DigiLab is gradually building an ecosystem of services for the existing ŠKODA AUTO business model. ŠKODA AUTO DigiLab is thus expanding the traditional business activities of the parent company and fulfilling its strategy of becoming a provider of comprehensive smart mobility services. ŠKODA AUTO DigiLab is building a comprehensive ecosystem of mobility services and other related services that allow easy movement for those who do not plan to use their own car, or who want to provide their car for use to someone else.

HoppyGo

HoppyGo allows cars to be shared directly between their owners. In the context of long-term sustainability, it is thus possible to use the existing vehicle fleet much more efficiently. This will lead to cleaner streets, fewer parked cars and more space for all of us. Environmental benefits are one of the main reasons why consumers love HoppyGo and have helped the platform grow by more than 80% over the past year. During 2020, a total of 34,000 new users joined HoppyGo, expanding the existing user base to more than 100,000 customers by the end of last year. In 2020 alone, 900 new cars were added to HoppyGo, bringing the total to 2,300 active cars, which are immediately available.

→ MORE INFORMATION IN OUR PRESS RELEASE

Citymove

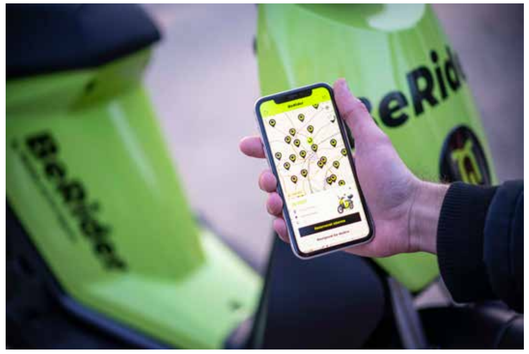
For the second year in a row, Citymove, our application for multimodal navigation through the city, has been operating in Prague. Citymove streamlines urban transport and supports alternative modes of transport, such as public transport, shared cars and shared scooters. Thanks to its practical functions, the Citymove application received awards both directly from users and the professional public: in 2020 it received the first prize in the Project of the Year category for cities with more than 200,000 inhabitants in the Smart Cities Competition organised by the Smart City Innovations Institute. Over the course of 16 months of operation, the application has been downloaded by more than 100,000 users.

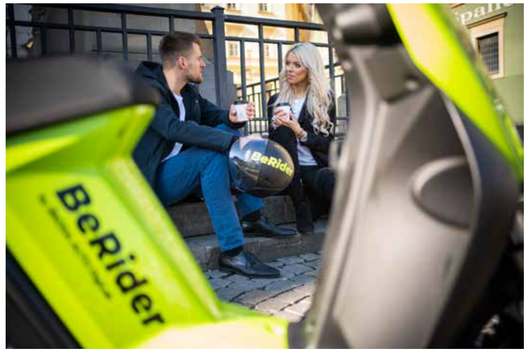
→ MORE INFORMATION IN OUR PRESS RELEASE

BeRider

In 2020, users of the BeRider electric shared scooter service drove more than one million kilometres on these noiseless and locally-emission-free scooters. On one record day in 2020, our scooters completed 1,646 rides. This success convinced us to leave the scooters on the streets during the winter months – the company believes that shared scooters are a fast, convenient and safe mode of transport not only in the summer. In 2020, more than 100,000 users downloaded the updated BeRider mobile application on their mobile devices.

→ MORE INFORMATION IN OUR PRESS RELEASE





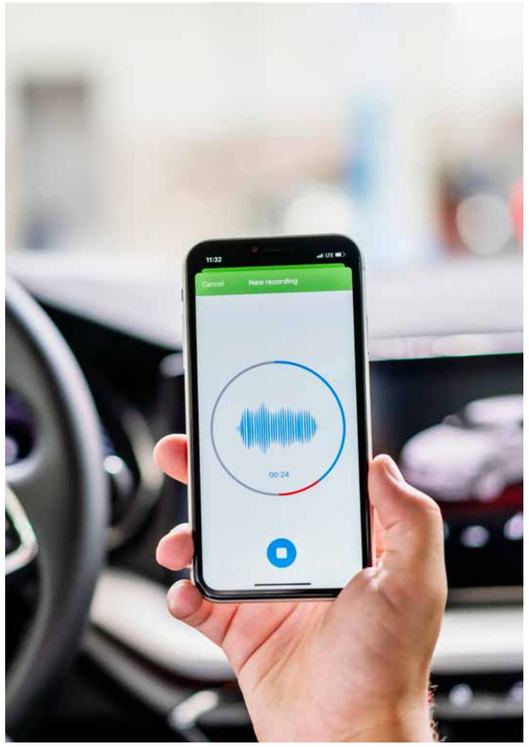
External innovation scouting

ŠKODA AUTO Innovation Centre is searching for, testing and implementing projects to support the sustainable development of its parent company. The portfolio now includes almost fifty projects at various stages of maturity. These are projects in the areas of multimodal mobility, electromobility, Smart City, the use of artificial intelligence and blockchain, and the implementation of new technologies that are brought from the global environment.

Sound Analyser

Increased attention is also paid to AI projects: The Sound Analyzer application performs fast and accurate car diagnostics through sound collection and analysis. Thanks to AI algorithms, it reliably, unambiguously and quickly assesses the condition of parts that wear out and draws attention to necessary service. It is used in pilot operations by many ŠKODA AUTO dealers in 15 countries who use it to help their customers diagnose their cars more accurately and quickly. Thanks to the timely replacement of worn parts, the service contributes to a friendly approach to the environment and will save time in diagnostics in the future.

→ MORE INFORMATION IN OUR PRESS RELEASE

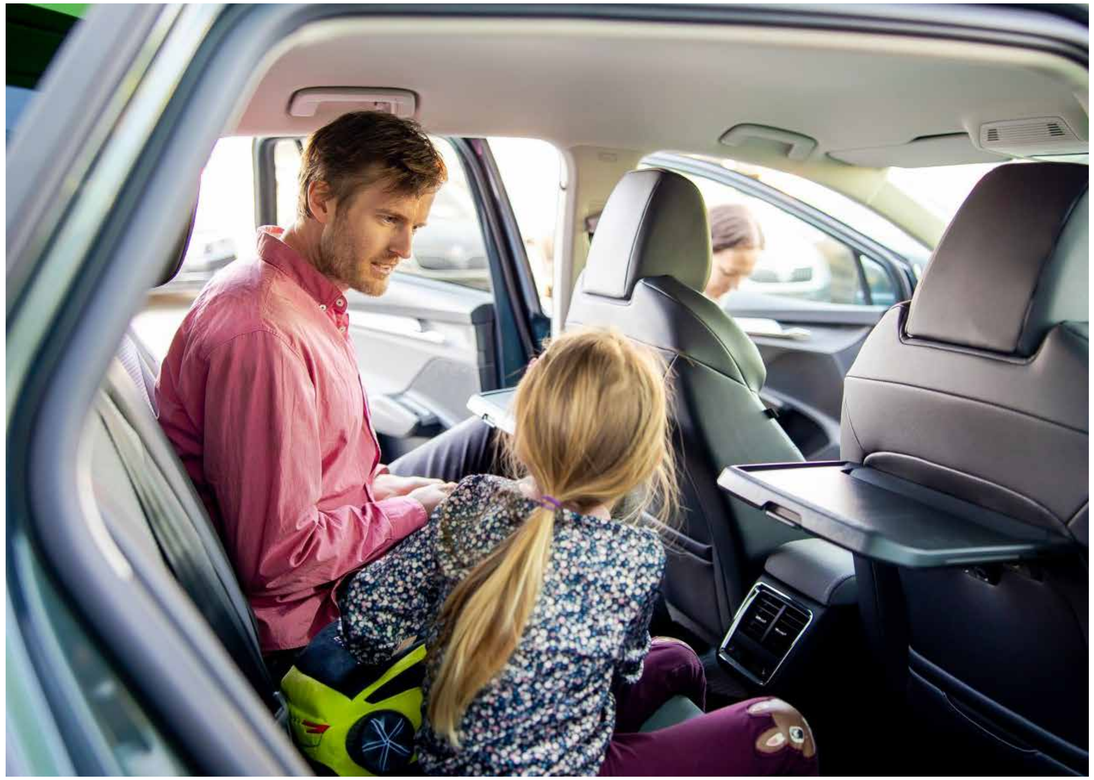


Chakratec

The Israeli start-up Chakratec became a ŠKODA AUTO business partner in 2019 thanks to ŠKODA AUTO DigiLab Israel Ltd. It has a special kinetic energy storage area called the Kinetic Power Booster, which uses the principle of mechanical flywheels and does not require chemical battery cells. This technology makes it possible to charge electric cars with up to twice the power compared to the available network capacity, and it can also be used in places where the network power is far from sufficient for fast charging. It is the first device of its kind in the Czech Republic and the third in the world. The testing of the technology and its use is ongoing.

→ MORE INFORMATION IN OUR PRESS RELEASE

3.4 CUSTOMER SATISFACTION



ŠKODA AUTO has long been focusing on optimising all processes in order to evoke positive emotions in customers with regards to the ŠKODA brand. The company also pays attention to individual details. A comprehensive program was established, Human Touch, that puts the customer at the centre of all its activities. The goal of the program is to maximize customer satisfaction through the customer process, original tools but also the motivation of employees in dealerships, etc.

CUSTOMER SERVICE

International satisfaction studies in all Group brands focus primarily on the area of product, service and sales representation. In recent years, ŠKODA has significantly improved its satisfaction rating through the ŠKODA Customer Xperience project. Customer service is a very important area in a highly competitive environment. ŠKODA AUTO customers are contacted by e-mail or SMS 1-3 days after receiving the vehicle from the service. After completing the questionnaire, the results are transcribed into clear reporting, where the development of customer satisfaction can be monitored in real time. ŠKODA AUTO is currently intensively focusing on customers who were not satisfied with the last visit to the service to discover the cause of dissatisfaction and thus continuously improve its services. Contacting a dissatisfied customer takes place by phone within 24 hours at the latest. An explanation is given to the customer, and their problem is resolved, which increases customer satisfaction and loyalty.

The importance of customer satisfaction at ŠKODA AUTO is also reflected in the company‘s warranty policy. As a standard, customers are offered a two-year warranty against defects in new cars, a three-year warranty against paint defects and a twelve-year warranty against rusting of the body. An extended warranty can be ordered as an optional extra on the new car, which is offered for up to 5 years with a maximum limit of up to 150,000 km.

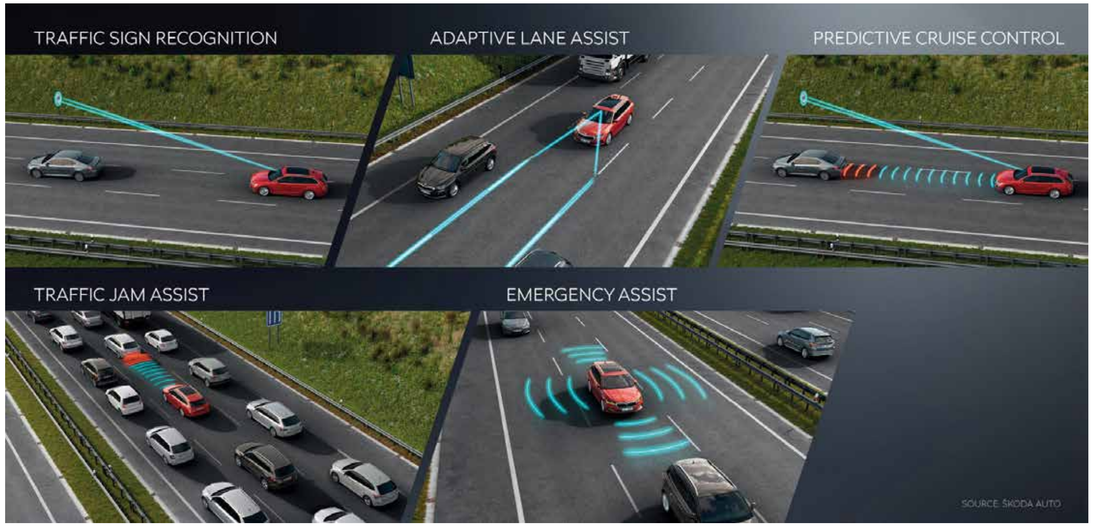
Customer safety

Active and passive passenger safety is an important part of sustainable product development and is one of ŠKODA AUTO's main priorities. ŠKODA AUTO concentrates its efforts on permanently improving the safety features of its vehicles. For this very reason, ŠKODA AUTO continually invests in innovative solutions and in the latest technology to improve passenger safety. Yet another long-term goal of the company is to enhance safety for all road users and to shift technology common for the higher-tier segment to the compact car segment.

ŠKODA cars are among the safest vehicles in their segment. One of the reasons is the wide range of modern assistance systems, many of which come as standard. The introduction of new and enhanced systems demonstrates once again that ŠKODA leaves nothing to chance when it comes to safety and driving comfort: they support the driver, give visual and acoustic warnings and actively intervene in dangerous situations.

The new ŠKODA OCTAVIA has raised the bar in terms of ŠKODA vehicle safety. Some assistance systems in the new edition of the brand's bestseller are making their first appearance at ŠKODA, while others have been upgraded or offer an extended range of functions. Up to 20 different sensors feed data and information back to the systems. The new Emergency Steer Assist, which actively supports the driver in an impending collision with a pedestrian, cyclist or another vehicle by increasing steering torque to facilitate a controlled swerve, is making its debut. The turning assistant, which is also new, can detect oncoming traffic at intersections when turning left and warn the driver in good time. If necessary, the vehicle will even stop automatically to prevent a collision.

The biggest innovation at ŠKODA OCTAVIA is the use of an SAE Autonomous System Level 2 Travel Assist, which provides additional comfort and safety: it combines the functions of various systems and detects a medical emergency. Travel Assist includes Anticipatory Adaptive Distance Assist, an improved version of traffic sign recognition, Adaptive Lane-Keeping Assistant with road works recognition, Congestion Assist and Emergency Assist. Every 15 seconds while driving, Travel Assist checks whether the driver is touching the steering wheel or has possibly lost control of the vehicle. If the driver does not intervene despite the warning, Emergency Assist activates the hazard warning lights and brings the vehicle to a controlled stop.



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3.5 CORPORATE GOVERNANCE

ŠKODA AUTO, as one of the largest employers in the Czech Republic, makes every effort to act in a responsible and open way, not only internally but also externally, to ensure that it is perceived as a successful and transparent company by its employees, business partners, customers and the public at large. To support such conduct, the company develops and maintains corporate governance, supports the integrity of its employees, attends to compliance with relevant rules and regulations as well as governing risk management and corporate culture.

Integrity and compliance are an essential part of the corporate and sustainability strategy. These principles are in accordance with a voluntary commitment of the ŠKODA AUTO Board of Management reflected and actively enforced in all strategic decisions of the company. This approach is not only applied to ŠKODA AUTO, but also to all subsidiaries and affiliates. To ensure an adherence to this commitment in business practice, ŠKODA AUTO launched the implementation of measures within the Together4Integrity program based on the standards of the Volkswagen Group in 2019. Integrity and compliance have been implemented in all relevant business areas via the program. These include among others: HR processes, management of business partner relations, product and environmental compliance, legal affairs and corporate governance processes. Regular updates of Integrity Management System, Compliance Management System and Risk and Internal Control System are performed in ŠKODA AUTO, its subsidiaries and affiliates. Last but not least, personal data processing is monitored and revised to ensure compliance with the General Data Protection regulation.

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

Code of Conduct

In November 2019, the company published the ŠKODA AUTO Group's updated Code of Conduct. A key factor to sustain the success of ŠKODA AUTO is that all employees – from Board members and managers to each individual member of staff – act with honesty and integrity and in an ethical manner. Sustainability requires an awareness and ownership from all of us of our responsibility for the economic, social and ecological impact of our actions. This also means that we all respect and observe the rules in force throughout the company, everywhere and at all times.

The Code of Conduct stresses the legislative obligations which could bear down most heavily on the company. It also encourages employees to comply with universally recognised social values. The Code of Conduct supports ethical and responsible conduct and clearly defines the company's general standards for employee behaviour. It reminds each employee of the duty to maintain the good reputation of the company, details the rules for avoiding conflicts of interest and corruption, and explains concepts such as human rights, equal opportunities, health protection, handling of data and the property of the company. The Code of Conduct also stipulates the basic rules of behaviour towards business partners and other individuals, and clearly articulates the interest of protecting fair competition. It contains relevant and practical examples that offer guidance, assistance and advice in daily work and it helps to identify mistakes and respond appropriately.

A corresponding training program has been put into practice. The Code of Conduct Training is mandatory for all ŠKODA AUTO employees. Employees must undergo this training every two years. In addition to the specified e-learning, members of the Board of Management have also completed the extended version of the training.

→ ŠKODA AUTO GROUP CODE OF CONDUCT

Compliance

To define a compliance framework, in 2019 and updated in 2020, ŠKODA AUTO has developed a Compliance strategy as a supplementary functional strategy related to the corporate ŠKODA AUTO strategy. The aim of the compliance strategy is to put the Compliance principles on an equal footing with the company's most important priorities.

The aim of the company´s Compliance organisation is to develop its Compliance Management System (CMS) as an effective system according to the Volkswagen Group CMS principles and applicable law and internal guidelines.

The company pays particular attention to its duty to observe valid legal and internal regulations. This ensures that ŠKODA AUTO and its relevant affiliates comply with the requirements that stem from legal and ethical rules applying to, for example, economic competition, the financial and tax sectors, environmental protection and employee relations, which includes the promotion of equal opportunities.

The company and all relevant subsidiaries and affiliates have implemented a comprehensive and structured CMS to achieve compliance, with all relevant regulations, especially but not exclusively limited to principles of anti-corruption, anti-money laundering and terrorist financing prevention, gifts and invitations, sponsorships and donations, business partner due diligence and avoiding conflicts of interest.

To foster a cultural change and to support a compliant behaviour, the company actively provides target group-oriented, continuous and clear communication and training activities via effective and accessible channels and procedures throughout the organisation. The responsible Governance, Risk & Compliance department has developed a comprehensive training concept, including all relevant mandatory and regularly trainings, for example, training in Code of Conduct, anti-corruption, personal data protection and in preventing frauds and money laundering.

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Integrity

Acting in compliance with the integrity principles closely relates to the development of corporate culture and the achievement of successful cooperation with business partners and customer satisfaction. For ŠKODA AUTO, one of the main goals is to put integrity on an equal footing with the company's most important priorities. ŠKODA AUTO believes that, only with lasting, dependable integrity and compliant behaviour can the company gain and strengthen the trust of its employees, customers, business partners and the general public to support the sustainability goals of the company in the future.

Therefore, ŠKODA AUTO exerts considerable effort on activities connected with applying the principles of integrity in working practice and all relevant processes at the company – for example, HR and personal development processes as well as integrity in due diligence for business partners. Company employees are also motivated to participate in voluntary activities, for example, the Integrity Ambassadors program, in which they can share their experiences concerning integrity and act as an example to their colleagues.

Prevention of corruption

Other important elements in the system of managing compliance in ŠKODA AUTO are the fight against corruption, the prevention of conflicts of interest and the commitment to promoting the principles of fair competition.

Corruption is a serious problem in commercial trade. It generates decisions based on improper grounds and prevents progress and innovation as well as distorting competition and damaging society. Corruption is prohibited. It may incur fines for ŠKODA AUTO and sanctions under criminal law for the employees involved.

In order to protect the ŠKODA AUTO Group from this undesirable act by itself and its employees, a system of internal standards and follow-up trainings, e-learnings has been set up. As a preventive measure against such situations, binding internal rules of conduct have been introduced covering subjects such as giving and receiving gifts, offering and accepting invitations in business negotiations and also rules associated with hospitality. ŠKODA AUTO does not tolerate any unlawful, corrupt or damaging behaviour.

Commitment to fair competition

ŠKODA AUTO, as a company operating in the automotive industry, which is characterised by a high level of competition, actively advocates compliance with competition rules and actively opposes unauthorised or illegal practices infringing competition rules.

The long-term goal of ŠKODA AUTO is to achieve a competitive advantage mainly thanks to quality products and services, while it actively opposes dishonest business practices.

ŠKODA AUTO also requires the application and observance of competition rules from its business partners or contractual parties.

Each of the company's employees is obliged to comply with the competition rules. To support the company's employees and per the risk-based approach, an updated version of regular, mandatory web-based training has been introduced and implemented for all relevant employees.

Whistleblower system

The central Whistleblower system at Volkswagen Group was established to foster early detection of non-compliance. The aim of the Whistleblower system is primarily to avoid possible damages that might affect the company, its employees and the business partners in case of regulatory violations. The Whistleblower system is available to all ŠKODA AUTO employees as well as to third parties and offers a discreet, anonymous and reliable opportunity to report violations of applicable laws and/or internal regulations of the company.

For the purpose of reporting a potential violation, several reporting channels are available, such as an Ombudspersons or internal BKMS system - secured online reporting channel. The whistleblowers can also contact the Central Investigation office directly via e-mail, post, 24/7 hotline or in person.

The central Whistleblower system significantly contributes to the development of the corporate speak-up culture, which is one of the essential principles of corporate sustainability.

Risk Management

It is crucial to ensure long-term success at ŠKODA AUTO that the company is able to recognise, forecast and manage any potential risks and opportunities that may arise from its business. To this end, it has built a comprehensive risk management system (RMS) and an internal control system (ICS). The objective of RMS/ICS is to identify potential risks from the very outset so that ŠKODA AUTO can take appropriate countermeasures in time, prevent any damage and loss and preclude any risks that could threaten the very existence of the company. Given that the likelihood and impact of future events are accompanied by a degree of uncertainty, not even the best RMS is able to predict all possible risks, in the same way, that the best ICS cannot fully prevent any unforeseeable incidents.

4 ENVIRONMENT

4.1 GREENFUTURE PROGRAM ACCELERATES

4.2 GOTOZERO ENVIRONMENTAL MISSION

4.3 CLIMATE CHANGE

4.4 AIR QUALITY

4.5 RESOURCES

4.6 ENVIRONMENTAL COMPLIANCE

4.1 GREENFUTURE PROGRAM ACCELERATES

Since 2012, the environmental pillar of the ŠKODA AUTO sustainability approach has been embodied in the internal GreenFuture program. The management and effective control of all activities is ensured by the program, and then individual measures are determined at the level of production, product and processes including logistics or retail.

GreenFuture‘s philosophy is to minimise the environmental impact of all mobility products and services throughout their life cycle from extraction of raw materials to end-of-life in order to keep the ecosystems intact, create a positive impact on society and develop the whole region.

Compliance with the environmental regulations, standards and its own voluntary commitments is therefore the essential precondition for all activities of the carmaker.

The company’s key objectives in this area are to reduce CO_2 emissions produced by the vehicle fleet and to transform the Czech production plants to achieve the CO_2 neutrality in energy consumption by 2030. Both measures are to contribute to the long-term decrease in greenhouse gases in the entire product life cycle and thus contribute to the group‘s goal of becoming a carbon-neutral company by 2050. By enforcing sustainable development, ŠKODA AUTO has so far managed to reduce the production environmental impact in Czech plants by 51% compared to 2010.

4.2 GOTOZERO ENVIRONMENTAL MISSION

The new goTOzero mission has been approved in 2019 as part of the GreenFuture defining 4 priority domains: climate change, resources, air quality and environmental compliance. These domains were considered in updating target values for key indicators: decarbonisation index (DCI), battery electric vehicle (BEV) share, reduction of the production impact on the environment (UEP), implementation of Environmental Compliance Management System (ECMS).

4.3 CLIMATE CHANGE

ŠKODA AUTO is committed to the Paris Climate Agreement and wants to become a carbon neutral company by 2050. The stakeholder dialogue carried out in 2019 confirmed that climate change is both a concern of ŠKODA AUTO's customers and other stakeholders, and a key responsibility of the automotive sector. The firm concentrates on two main target areas, firstly becoming a climate-neutral company by 2050, and secondly at designing and offering low-emission cars to its customers. Both goals are equally important for ŠKODA AUTO.

A voluntary target has been set for the reduction of Greenhouse Gas Emissions from the total life cycle of a car including the carbon footprint from the supply chain, material transportation, production, transportation to the customer, use phase of the car and its service life-end.

ENVIROMENT AND SUSTAINABILITY MANAGEMENT OVERVIEW

	2010	2017		2018		2019		2020	
	Base	Current status	Δ %	Current status	Δ %	Current status	Δ %	Current status	Δ %
Energy (MWh/vehicle)	2.18	1.48	32.4%	1.39	36.2%	1.43	36.6%	1.58	30.1%
CO_2 emissions (kg/vehicle)	1 070	483	54.9%	429	59.9%	397	63.9%	461	58.2%
Waste (kg/vehicle)	28.30	0.82	97.1%	0.78	97.2%	0.32	98.9%	0	100.0%
Water (m^3/vehicle)	2.77	1.77	36.2%	1.71	38.2%	1.69	38.9%	1.74	37.0%
VOC emissions (kg/vehicle)	2.76	1.49	46.1%	1.41	48.9%	1.43	50.2%	1.52	47.0%
Production (vehicles)	533 405	870 496	63.2%	902 467	69.2%	907 942	76.4%	749 610	45.7%
Reducion of environmental impact			Ø 53.3%		Ø 56.1%		Ø 55.2%		Ø 51.0%

Comparative figures presented in 2017 and 2018 include production in Aurangabad, India which is immaterial to the total value. Adjusted Reduction of environmetal impact without this entity would be 54.1% and 56.6% respectively.

Car Life Cycle Assessment

ŠKODA AUTO is constantly working on improving technologies and materials used in cars, with the vehicle's life cycle in mind. As part of the product sustainability strategy, a specialised team was set up in 2018. Members of the team deal with deploying environmentally friendly materials in the interior. Moreover, they assess the entire product life cycle. The progress towards meeting the environmental objectives is documented using the decarbonisation index (DCI). This indicator measures CO_2 emissions of vehicles in the entire value chain. It is calculated as a CO_2 footprint per the total number of cars produced. DCI includes both direct and indirect emissions of production facilities, as well as other CO_2 emissions emitted during the car's life cycle – from sourcing of raw materials up to recycling phase at the end of its service life. DCI provides comprehensive internal evaluation and monitoring of the goals which were set on the path to sustainable, eco-friendly mobility. In the 2019-2020 period, ŠKODA AUTO has created a decarbonisation roadmap, which concentrates on the whole life cycle of the car for the nearest future. Furthermore, when implementing the decarbonisation program, the cooperation of the suppliers, energy suppliers and also behavioural changes in the customers is crucially needed.

In addition to reducing CO_2 emissions from its models, the carmaker has committed to using only CO_2-neutral energy in its Czech plants to produce cars and components during the second half of the decade. The Vrchlabí plant became the first to meet the carmaker's long-term goal of achieving complete carbon neutrality in 2020. Most of the original carbon dioxide emissions produced annually by the plant have already been reduced, mainly due to the purchase of renewable energy and compensation for unavoidable emissions through so-called carbon credits. The CO_2 neutrality as well as the scheme of carbon off-setting have been audited by an external party since 2019.

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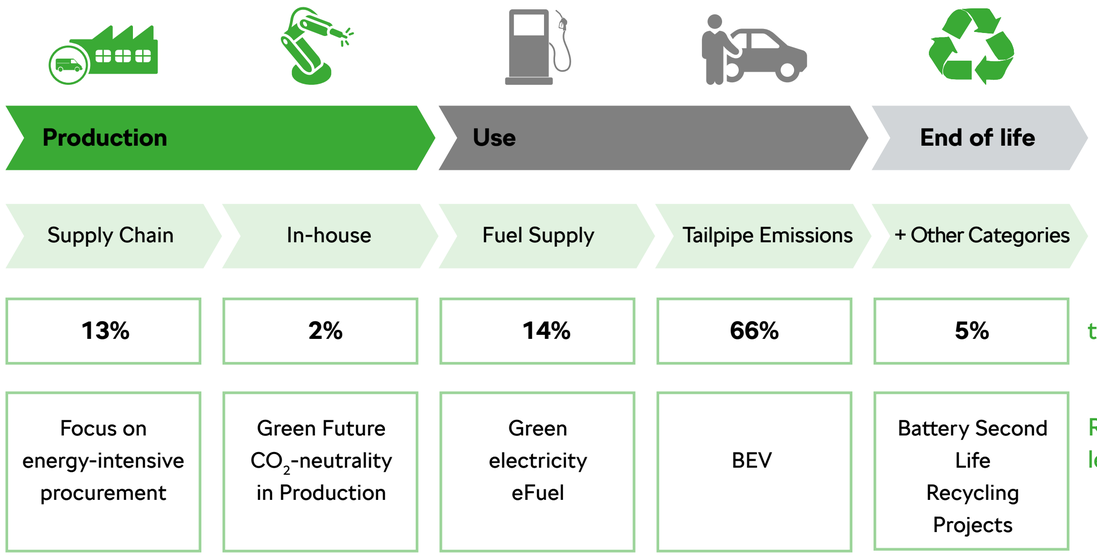
Decarbonisation Index (DCI)

The decarbonisation index (DCI) is used as an internal KPI for control and covers the entire life cycle of the products



*Use phase is calculated for 200,000 km

GreenLogistics

OPTIKON solution – optimisation using artificial intelligence

Inbound and outbound logistics is also on the radar in the car life cycle emission reduction journey. The primary goal of GreenLogistics is to mitigate the impacts of transport and logistics on the environment by deploying alternative propulsions, efficient utilisation of vehicles or optimising transport concepts. Another area of GreenLogistics is optimisation of the packaging of individual components to save resources.

GreenLogistics is systematically educating teams about sustainability with activities, such as sticker campaigns and trainings. This represents a change in the perspective of the existing logistics processes.

We show below practical examples of green logistics solutions and the following key projects.

There are countless ways to fit pallets of different sizes into a container. The OPTIKON application solves this problem using artificial intelligence technologies: it calculates the optimal location of the relevant items to be shipped to make the best use of the container's loading capacity. In the first six months of 2020 alone, the use of the new application at ŠKODA AUTO increased space utilisation by three cubic meters per unit and saved 151 container shipments, which corresponds to 80 tonnes of CO_2 emissions.

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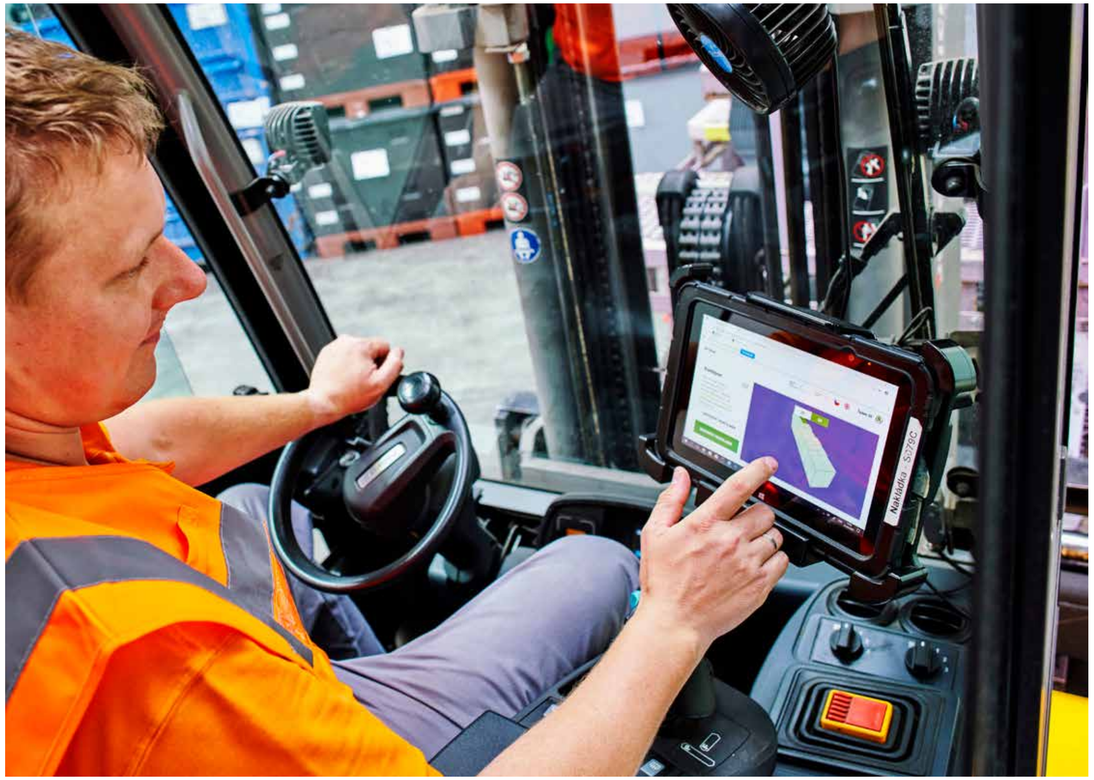


Use of alternative fuels

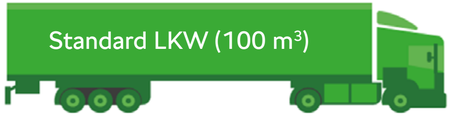
In November 2020, ŠKODA AUTO signed a memorandum with Czech Gas Association on cooperation in supporting the Liquified Natural Gas (LNG) market. Now, the leader of the local automotive market and one of the largest Czech companies will actively support the wider use of LNG vehicles. ŠKODA AUTO will actively motivate and involve its subcontractors in the use of LNG.

Oversized means of transport

The most common transportation used to move materials to ŠKODA AUTO plants is the so-called Megatrailer with dimensions of 2.48 m x 3.00 m x 13.6 m, which can hold up to 100 m^3 or 24 tons of material. Easy movement on the plant premises and no special legislative requirements across all European countries are the main benefits. ŠKODA AUTO strives to use oversized vehicles for suppliers with large volumes of material, especially trucks with volumes of 130 m^3 and 150 m^3 (so-called gigaliner). The use of these oversized semi-trailers reduces the number of journeys, emissions and transport costs.

Transport by rail

Another way of using ecological transport is to increase the rail to road ratio. ŠKODA AUTO uses the railway to dispatch finished cars. Currently, the share of rail transport is 61% and trucks transport 39% of manufactured cars. In 2020, the company started using so-called green energy in Germany as part of rail transport, which is planned to be extended in other countries as well.



4.4 AIR QUALITY
The pressure to increase the share of electric vehicles

In the interest of better local air quality, ŠKODA AUTO is the driving force behind e-mobility. The share of electric vehicles within the Volkswagen Group's fleet should increase to 40% by 2030.

Personal car transportation alone was responsible for around 9% of CO_2 equivalent emissions in the Czech Republic in the year 2018. Vehicle tailpipe emissions are the primary material emissions source during the lifecycle of our vehicles. The company offers its customers a full spectrum of powertrain options as part of the sustainable strategy. Compressed natural gas (CNG) powered vehicles and plug-in hybrids were introduced in 2019. CITIGO^e iV, the first electric model, was introduced in 2019 and ENYAQ iV, the first all-electric vehicle based on the Modular Electric Drive Matrix (MEB) was added in 2020.

CNG Vehicles

ŠKODA AUTO currently offers four attractive G-TEC models: the SCALA G-TEC, KAMIQ G-TEC, OCTAVIA G-TEC and OCTAVIA COMBI G-TEC models, which run on natural gas. The ŠKODA OCTAVIA G-TEC is an example of a successful combination of intelligent design with a surprisingly spacious interior and eco-friendly technologies. The ŠKODA OCTAVIA G-TEC comes with a 96 kW (130 hp) 1.5 TSI engine that generates around 25% lower CO_2 emissions than petrol-engine versions. The car also emits much less nitrogen oxides (NO_x) and no particulate matter.

As a rule, each new generation of ŠKODA vehicle has lower fuel consumption, lower CO_2 emissions and better aerodynamics than the previous models. ŠKODA vehicles are equipped with efficient engines and a wide range of modern fuel-saving technologies, such as low rolling resistance tyres, Radiator Shutters and aerodynamic wheel rims. These features help to minimise the overall environmental impact.

Plug-in hybrids

Hybrid vehicles combine traditional combustion engines with electric motors to reduce reliance on CO_2-intensive fuel use. Hybrids offer lower fuel costs over the life of the vehicle, while delivering improved performance. Moreover, hybrids are supported by existing infrastructure and regulations. ŠKODA AUTO will leverage the potential of current and future Volkswagen MQB and MEB platforms, while at the same time maintaining typical ŠKODA-brand values. The first partially electric car was the ŠKODA SUPERB iV introduced in 2019, followed by ŠKODA OCTAVIA iV in 2020. Its CO_2 emissions will be reduced to just 30 g/km (WLTP). The carmaker believes that hybrid vehicles are currently the best way to achieve rapid reductions in vehicle emissions in the Czech Republic.

Plug-in hybrid batteries

By the end of 2020 ŠKODA AUTO neared the jubilee number of 100 000 high-voltage traction batteries produced. In order to create the necessary production conditions, the carmaker invested approximately EUR 25.3 million in 2019. An area covering roughly 2,000 m² is now used not only to produce high-voltage traction batteries for the company's own plug-in hybrid models, but also batteries for plug-in hybrids from the group brands AUDI, SEAT and Volkswagen. The site also boasts state-of-the-art facilities to comprehensively test the batteries and ensure the highest possible safety and quality standards. Almost 800 batteries per day are manufactured in Mladá Boleslav. Particularly heavy or awkward components are handled by a total of 13 robots.

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Electric cars

The all-electric ŠKODA ENYAQ iV model enters the market in 2021 and is taking the next systematic step in implementing its E-Mobility strategy. This all-electric SUV is the Czech car manufacturer's first production model based on Volkswagen Group's MEB modular electric car platform. The ŠKODA ENYAQ iV offers rear- or all-wheel drive, along with a range that is perfectly suitable for everyday use, covering more than 520 km in the WLTP cycle, and brand-typical spaciousness.

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Charging infrastructure

ŠKODA AUTO is and will also be participating in environmentally and climate-friendly mobility outside the field of car production. By 2022, the company will support the construction of the internal charging infrastructure with almost 1,500 charging points in and around its plants, of which 835 charging points have already been completed by the end of 2020, i.e. more than half. All three plants in Mladá Boleslav, Kvasiny and Vrchlabí are undergoing electrification, namely car parks for company cars and employees, and charging points for test cars are being created. The total range of installed charging power starts from 3.6 kW AC, continues through 2x11 kW AC (alternating current), and the more powerful 50 kW DC to the very powerful 150 kW DC (direct current).

Emission targets for newly produced cars

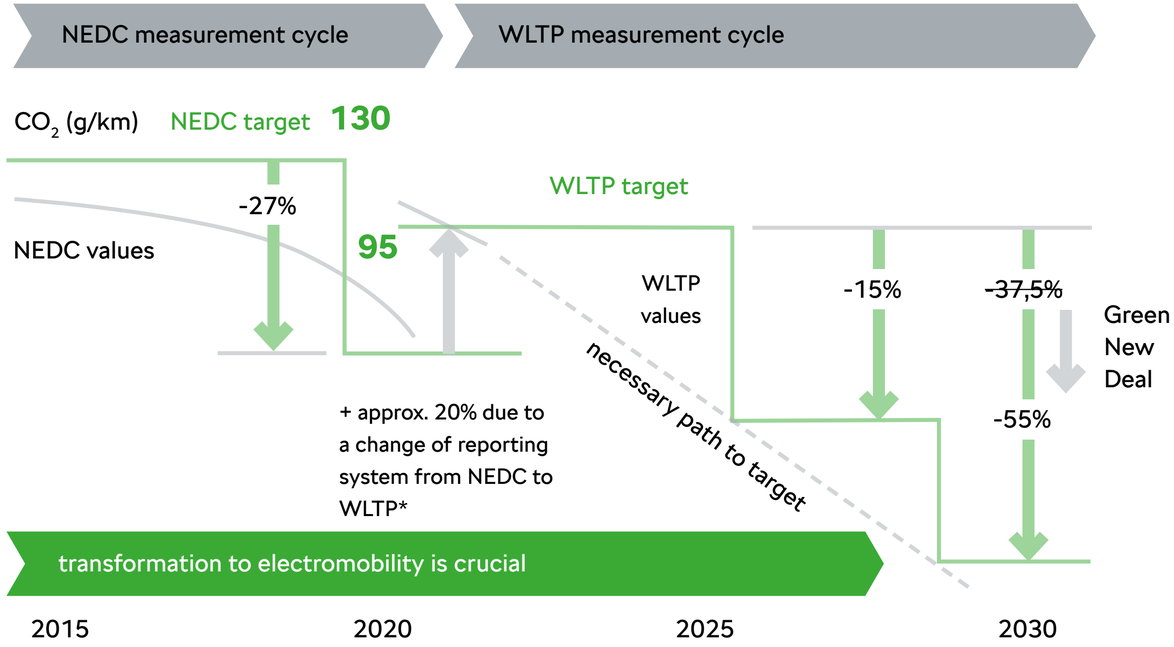
In the usage phase of a car, approx. 60% of its CO_2 footprint through the whole lifecycle (from production until recycling) is created. To achieve the necessary worldwide reduction of the GHG in this crucial phase, strong regulations of the average CO_2 fleets emissions for producers and their new registered cars were introduced in many regions of the world, together with tough targets and financial penalties if they are missed. One of the most regulated regions for ŠKODA AUTO is Europe with three independently regulated markets: European Union together with Norway and Iceland (EU27+2), the United Kingdom and Switzerland.

In most regions, the CO_2 targets for producers are based on the weight of the particular product portfolio. The published legal targets are related to the average weight of all the cars registered in that region. If the average fleet weight of a producer's fleet is lower than this reference weight, then the CO_2 target for this producer is stricter.

In the EU27+2, the first significant target tightening was introduced from 2020 by Regulation (EU) 2019/631. The CO_2 target for a fleet with an average weight was set to 95 g/km, which is 27% under the previous target or 22% lower than the real achieved values in the year of 2019 in this region.

The next significant tightening of the fleet target will be applied from 2025 onwards (15% lower than the reference value in 2020) followed by the even higher step from 2030 onwards (37.5% under the reference value in 2020, or even 55% according to the newly declared proposal of the New Green Deal by the European Commission).

Our way to meet the strict CO_2 targets in Europe



**Originally, the CO_2 targets were reported in the old measurement cycle NEDC (e.g. 95 g/km). From 2021 onwards, all CO_2 values (the real values as well as value targets) will be reported according to the new WLTP measurement cycle. These values are approx. 20% higher. Green New Deal sets even stricter reduction targets for emission decrease from 37.5% to 55% for 2030.*

CO_2 fleet regulations

ŠKODA AUTO achieved significant reduction in its CO_2 emissions over the last years. Nevertheless, due to the unexpected impact of COVID-19, launches of its electric vehicles in some markets have been delayed. Moreover, there was a shortage of batteries in the market, which led to inability to supply customers with more vehicles of the company's successful CITIGO^e iV model line. This has resulted in changes in the CO_2 balance originally planned for 2020. Unfortunately, out of above-mentioned reasons, the carmaker has failed to meet the CO_2 targets set for last year.

The financial impact is reflected in a provision created in 2020 for covering fees for excess emissions within the EU. The best possible estimate is based on registered sales of new cars in the EU and the contractual obligation to the emission pool of the Volkswagen Group which was created for the purpose of sharing emission targets and achieving synergies.

Despite the 2020 results, ŠKODA AUTO believes the tightening of the climate goals is ambitious but feasible. The company is confident it can meet the challenging CO_2 targets set for 2021. ŠKODA AUTO will further optimise the efficiency of its internal combustion engine fleet as well as develop zero-emission electric vehicles. The company is well positioned with its electrification strategy, the Volkswagen Group's modular electric drive platforms and the electric vehicles based on this technology, as well as the further hybridisation of the model portfolio.

With the ENYAQ iV, ŠKODA AUTO is continuing on its path towards electric mobility, which began at the end of 2019 with the CITIGO^e iV and the SUPERB iV. More than ten partially or fully electric iV models are planned between 2019 and the end of 2022 as part of the model campaign. This means that ŠKODA AUTO is entering the era of e-mobility at exactly the right time. With the ENYAQ iV Coupé, the company will continue to further strengthen its line-up of fully electric vehicles this year. Until the middle of this decade, ŠKODA AUTO will have at least one model below the ENYAQ iV.

However, an appropriate framework is needed in order to accelerate the transformation: Above all, this includes massive expansion of the charging infrastructure, European battery cell production, an increase in the use of renewable energy sources for power generation.

The company's goal is, that ŠKODA AUTO and the Czech Republic come out of this fundamental transformation process stronger. Therefore, the company welcomes the general considerations about a possible gigafactory in the Czech Republic.

To better understand the importance of the electric portfolio, we can compare the real registrations of the drive concepts in 2020 with the status needed in 2025 and 2030 to fulfil the strict targets.

While in 2020 ŠKODA AUTO registered 2.1% of pure electric cars and 3.2% of PHEV, in 2025 approx. 9.7% of PHEVs and 29.3% in electric cars will be needed.

In 2030, ŠKODA AUTO will need e.g. to register 55.4% of the electric cars and 5% of PHEVs. This is an illustrative mix; the final required rate of the pure cars depends on the volume mix of the variants of combustion engines and hybrids.

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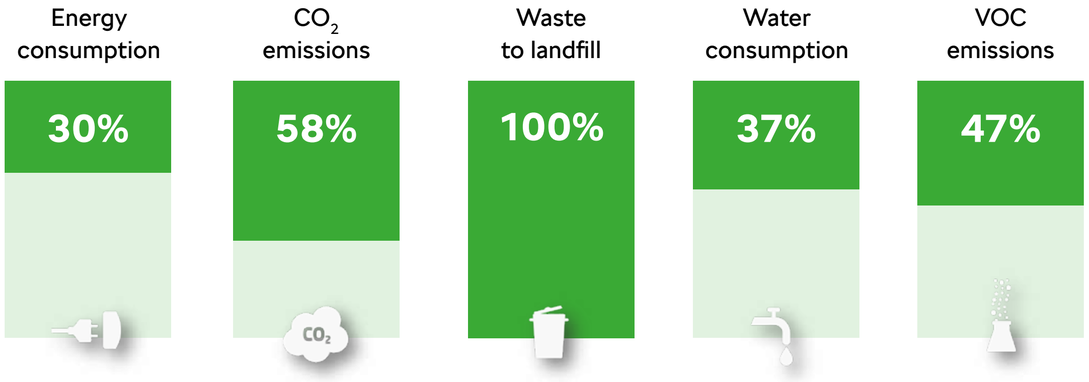
4.5 RESOURCES

ŠKODA AUTO aims to maximise the efficient use of resources and promote the principles of circular economy in the use of materials, energy, water or land.

REDUCTION OF THE PRODUCTION IMPACT ON THE ENVIROMENT 2010 – 2020



Reduction of the production impact on the enviroment is environmental improvement index in cars production.
It consists of 5 key KPIs: energy and water consumption, CO_2 and volatile organic compounds (VOC) emissions, and waste production.

Energy consumption and CO_2 emissions

ENERGY COMES FROM RENEWABLE SOURCES AND COMPANY'S OWN GREEN ELECTRICITY

ŠKODA AUTO's first rooftop photovoltaic system was built as a supported project "Installation of low-carbon technology" on the roofs of the Kosmonosy Service Centre. More than 450 MWh of renewable energy is produced by the solar plant annually. The service and training centre thus cover almost a quarter of its electricity consumption using the new photovoltaic modules. Unused solar energy can be stored in a battery storage unit to accumulate the produced electricity with a capacity of 570 KWh for future use or even to ensure operation in the event of an external power black-out. The energy storage system can contribute to higher stability of distribution systems and prevent any sudden fluctuations in energy production and consumption. This way the carmaker offered not only environmentally friendly car technology, but also an alternative drive with a minimum carbon footprint, i.e. truly zero CO_2 emissions in the electricity production and the operation of electric cars. Electricity obtained from solar panels can be used for both the operation of the area and ecological car charging. In the future, ŠKODA AUTO expects to install other solar modules on suitable and newer factory halls.

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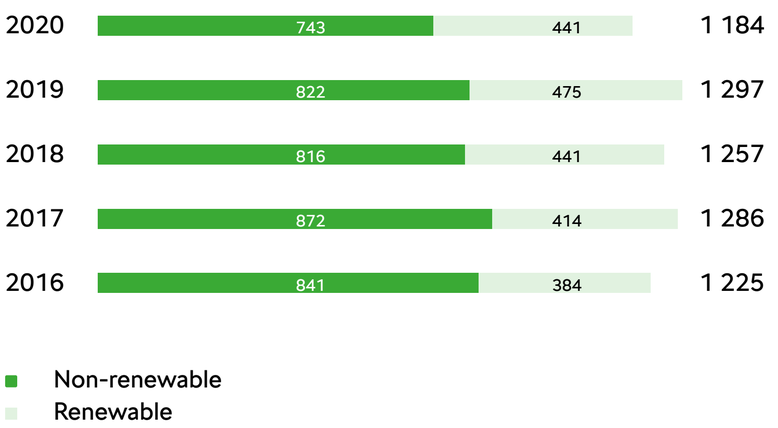
Effective energy management

The company invests significantly not only in the construction of new technologies and buildings, but also in compliance with the environmental objectives within the management systems according to ISO 14001 and ISO 50001 standards. Every new investment is subject to the mandatory Best Available Technique (BAT).

The result of investments in efficient energy management is an annual reduction in energy consumption per unit of production. These activities are supported by the software tool MATOD, used to evaluate energy management and subsequent visualisation in Power BI. The system is applied for the operational management of energy consumption and compares the current consumption against the observed comparable period from the past, which depends on production and outdoor temperatures. Appropriate measures are then taken based on these analyses. The energy evaluation system was deployed as part of the Energy Saving Program in 2019 in the operations of the After Sales area (Kosmonosy Service and ŠKODA Parts Centre in Řepov), in the press shops in the Mladá Boleslav plant and, in 2020, in the Vrchlabí plant with the aforementioned visualisation in Power BI. In 2020, the first steps were also initiated in the data integration from all the production systems on the DataLake server and the target-driven evaluation of energy management in operations.

ENERGY CONSUMPTION – TOTAL (GWh)



Share of renewable sources increased from 35% to 37% in 2020.

Energy Mix

ŠKODA AUTO uses electricity, compressed air, heat and natural gas to manufacture cars and components. Apart from its own production of energy via solar modules, all types of energy are purchased from ŠKO-ENERGO, a subsidiary, that produces energy from a variety of fuel mixes or purchases them as energy from renewable sources.

Electricity and heat for the Mladá Boleslav plant is produced in the ŠKO-ENERGO heating plant from brown coal in combination with biomass in a form of pellets, which represent approximately 30% of the energy mix. Heat in the form of a hot water is used to heat all the halls and buildings of the plant, a part of the city of Mladá Boleslav, but the heat is also used directly in the paint shop production process for heating technological baths. Any additional need for electricity is covered by purchases of electricity solely from renewable sources. For the Vrchlabí plant, the electricity is EECS certified since 2020.

Another type of energy used is a compressed air. It is powering mainly pneumatic tools for mounting and driving robotic wrenches in welding. Its production is provided in all the plants from electricity in the compressor stations of various pressure levels in line with the technological needs of the car and component production. Compressor stations are currently undergoing upgrades to provide automatic power control in accordance with the operational requirements.

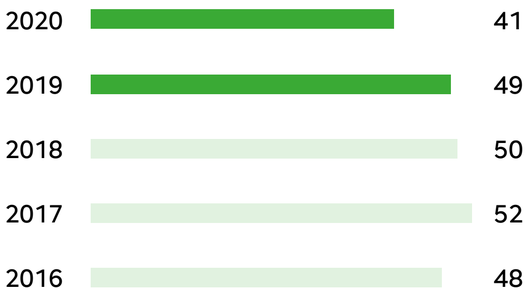
The last type of energy is natural gas which is used for technological purposes in the operation of paint shops (dryers) or metallurgical processes (furnaces), as well as for heating and combined heat and power production in the Vrchlabí and Kvasiny plants.

The Aurangabad plant in India where ŠKODA AUTO a.s. still holds a minority interest uses only electricity. Since the end of 2018, it has been operating its own solar power plant with a yearly output of almost 2,000 MWh, which will save up to 30% of its energy consumption purchased from the grid. A new solar power plant with an output of 12,200 MWh has also been built in Pune. It can cover up to 15% of the plant's annual electricity consumption.

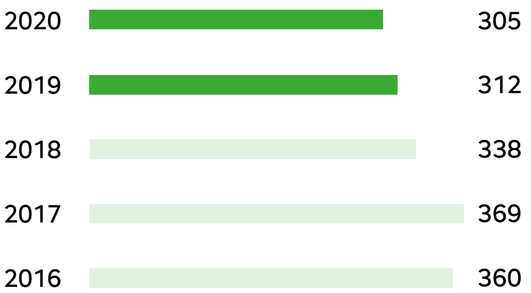
CO_2 emissions in production

The CO_2 emissions from gas and energy consumed in the production phase are one piece in the overall carbon footprint of a car. The total direct and indirect CO_2 emissions from energy in production are continuously decreasing as a result of the actions described above. In 2020, part of the decrease was also attributable to the lower volume of production. This in turn resulted in the higher average value of direct and indirect emissions per vehicle.

DIRECT CO_2 EMISSIONS (SCOPE 1) - TOTAL
(thousands of t)



INDIRECT CO_2 EMISSIONS (SCOPE 2) - TOTAL
(thousands of t)



Environmental investments and anti-pollution measures
The new paint shop and other investments

A fundamental step in air protection was the commissioning of a new paint shop at the Mladá Boleslav plant in 2019, which is equipped with state of art technology for air protection. In particular, a technology of dry capture of paint sprays into powdered limestone, which significantly reduces the amount of solid pollutants in air emissions, incomparable to paint shops with wet separation. Furthermore, this system allows the use of absorption wheels to remove volatile organic compounds (VOCs) from the exhaust air. VOCs from the spray booths are concentrated on the absorption wheels, which enables their subsequent burning in special equipment. The VOC is fundamentally reduced by up to half in comparison with paint shops with wet overspray removal, in which emissions can only be burned from the drying of individual layers applied to the body.

Dry separation of overspray in the new paint shop also brought a significant benefit in waste management. Ground limestone with trapped paint particles can be used as material in the flue gas desulphurisation process in the heating power station ŠKO-ENERGO located on the plant premises, in the brown coal burning process. In line with the principles of circular economy, the limestone used in the paint shop is then reused in the heating power station as a substitute for the primary raw material. This whole system not only reduces the consumption of raw materials, but also reduces the environmental impact of transporting limestone to and from the plant.

The dry separation system also allows for a high degree of air circulation in spray booths, which has a positive effect on reducing the water consumption required for air humidification. Another measure to reduce water and chemical consumption is to reduce the volume of baths due to a sophisticated fully automatic conveyor system for individual bodies during the application of corrosion protection. This conveyor system allows individual process parameters for each car to be selected.

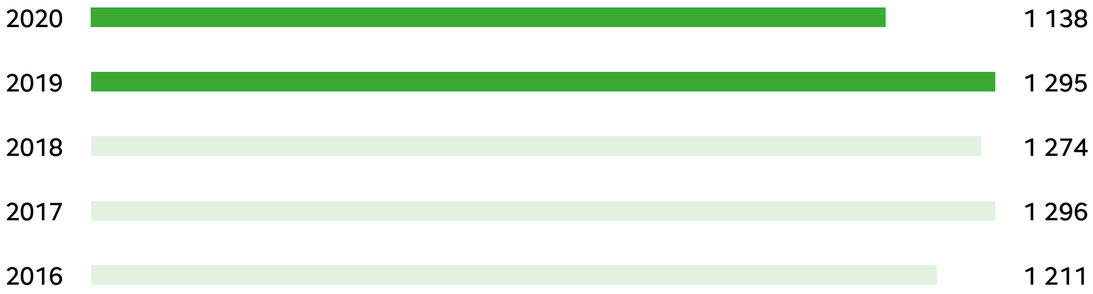
The equipment of the new paint shop is thus one of the most modern and ecological in Europe with a high degree of robotisation, which has a positive impact not only on a lower paint consumption, but also on ergonomics.

The company pays maximum attention to reducing nitrogen oxides (NOx) emissions to the environment, which arise from the combustion of natural gas. The reduction of emissions of these substances was successful due to the replacement of existing natural gas burners with low-emission versions in the paint shops in Kvasiny and Mladá Boleslav. The reason for this replacement was to tighten the emission limits for NO_x and CO to half the values from 2020.

The gradual replacement of thermal afterburners in existing paint shops also contributed to the reduction in VOCs.

In terms of air protection, the voluntary installation of equipment for the thermal reduction in VOCs from the acetylene hardening process on the ALD vacuum hardening line at Mladá Boleslav required a significant investment. This equipment reduces acetylate emissions with 99% efficiency. This has been confirmed by the authorised emission measurements.

VOC EMISSIONS - TOTAL (t)



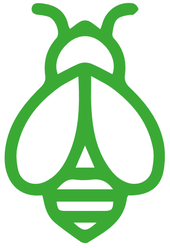
Ozone depleting substances

In accordance with European legislation, ŠKODA AUTO no longer installs any air-conditioning systems using ozone-depleting substances in its production plants. The company focuses on the issue of refrigeration and air conditioning so that it meets the rules of the European Union (EU Regulation No. 517/2014). It mainly focuses on the prevention of releases of these substances into the air. Regular inspections by qualified personnel are also one of the measures.

Chemical Substances

All chemicals used in production are assessed for their safety, environmental protection and employee health before purchase. Great attention is paid to the storage of substances harmful to waters. In terms of the elimination of pollution risks, the multi-barrier principle has always been chosen. The relevant emergency plans are regularly revised and, if necessary, updated. During 2019–2020, there was no accidental leakage of these substances into the soil, groundwater or surface water.

240,000
honey bees



Biodiversity

Biodiversity protection is an integral part of the goTOzero environmental mission and has long been one of the elements of the company's environmental management. Ongoing environmental impact assessments (EIAs) continue to confirm that ŠKODA AUTO's operations have a minimal impact on biodiversity. Even for the future continuity, further expansion of buildings and production plants continues to be subject to examination of legislatively mandatory environmental impact assessments. In the territory of all three Czech plants, there are a total of 1,423 trees, 27,567 m^2 of shrubs and hedges and 98,550 m^2 of local flowering plant species. In addition to long-term care for this vegetation and green roofs, including trellises, a protected bumblebee meadow with an area of 700 m^2 was introduced in the Mladá Boleslav plant and four hives were installed in Vrchlabí, inhabiting 240,000 honey bees in summer and 60,000 in winter, making the plant management proud of their own honey production.

The Oxygen Park was unveiled in the Aurangabad plant in India in 2019, where 25,000 trees have been planted to date. In the same area, a natural pit has also been revitalised and deepened to help with water retention. In 2020, near the Pune plant, an integrated project to develop the river basin was launched in two water-scarce villages to treat 3,616 hectares of land, create 244,000 m^3 of water storage capacity, plant 10,000 tree and involve the local community to sustain the initiative. As part of biodiversity development outside the Pune and Aurangabad plants, a development project was supported in Maharashtra in the dry region of Latur to protect the soil and retain water of a small river basin and to implement sustainable agricultural practices. Almost 27,000 trees have been planted here, 5 model farms have been built and 100 people have been trained to manage this sustainable area. Water availability in the area has increased and farming methods and technologies have improved. Also, in 2019, a memorandum was signed with the Mangrove and Marine Biodiversity Conservation Foundation (MMBCF) to protect aquatic animals and avoid coastal erosion. The project covers 100 hectares of Alibaug coast and involves the planting and maintenance of more than 580,000 mangrove trees.

Water

A sufficient amount of quality water is a necessity for car and component production. The company recognises this and regularly monitors water consumption and strives to minimise it. Thanks to these efforts, specific water consumption was reduced by 37% in 2020 compared to 2010.

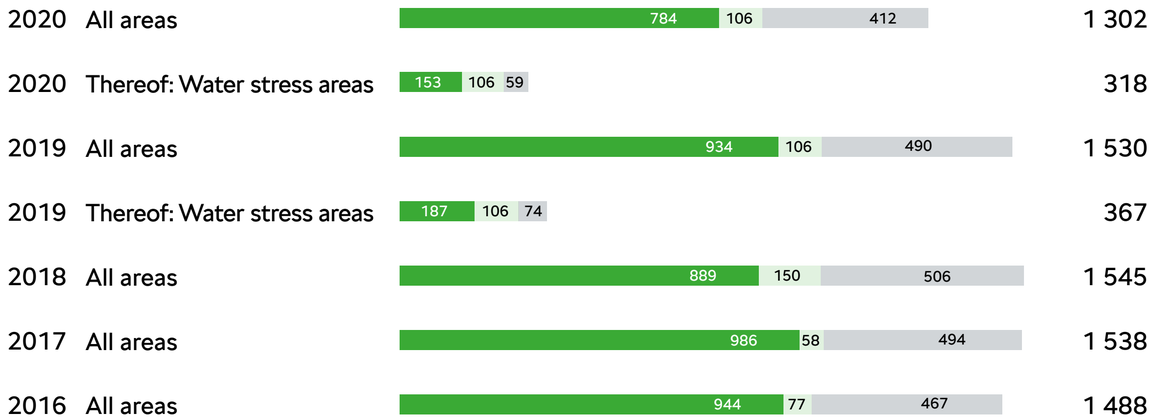
In 2019, the volume of recycled water reached a total of 673,607 m^3, which represents over 44% of the company's total water consumption.

The main source for production is surface water from the rivers Jizera, Bělá and Labe. These rivers are not significantly affected by water withdrawal, however, the extreme drought during 2013–2019 resulted in a lack of water in the river Bělá. The Kvasiny plant thus had to be partially supplied with groundwater. Deep wells are built at the Kvasiny plant for these situations. Based on the experience from this dry period, the company has decided to approach the Kvasiny plant as a location with limited water resources and to examine alternative water supplies in order to find new sources that would not depend on groundwater or the water level in the river.

All wastewater from the company's plants is treated by third parties before it is discharged, provided that all limits arising from legislation and relevant permits are met. The recipients of treated wastewater are thus not significantly affected.

→ MORE INFORMATION IN OUR PRESS RELEASE

WATER WITHDRAWAL - TOTAL (thousands of m^3)



100% of water withdrawal is freshwater (≤ 1,000 mg/l dissolved minerals)
Withdrawal from areas with water stress is monitored since 2019 (new requirement of GRI 303 - Water and effluents 2018)

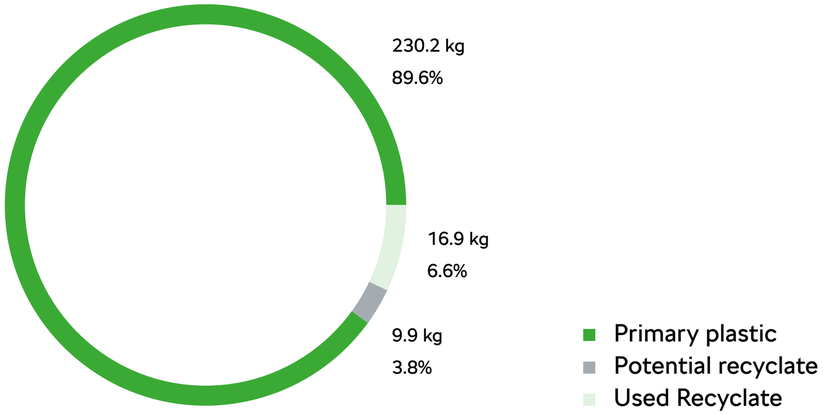
Materials and recycling

All the car models currently produced by ŠKODA AUTO are homologated in accordance with the recycling requirements as defined in Directives 2005/64/EC and 2009/1/EC. When developing new vehicles, the company uses recycled and environmentally friendly materials, as well as components from recycled materials which have the same qualities as new materials. Among other components, this applies to wheel-well linings, bumpers and floor damping. For example, the ŠKODA OCTAVIA uses nearly 17 kg of recycled material.

For new models, the amount of recycled plastic in the car will increase while complying with the high standard of quality of the material used, which is required by ŠKODA AUTO. For some applications, natural materials are used. When using these materials, the company prioritises the use of local raw materials with a lower carbon footprint compared to the primary material.

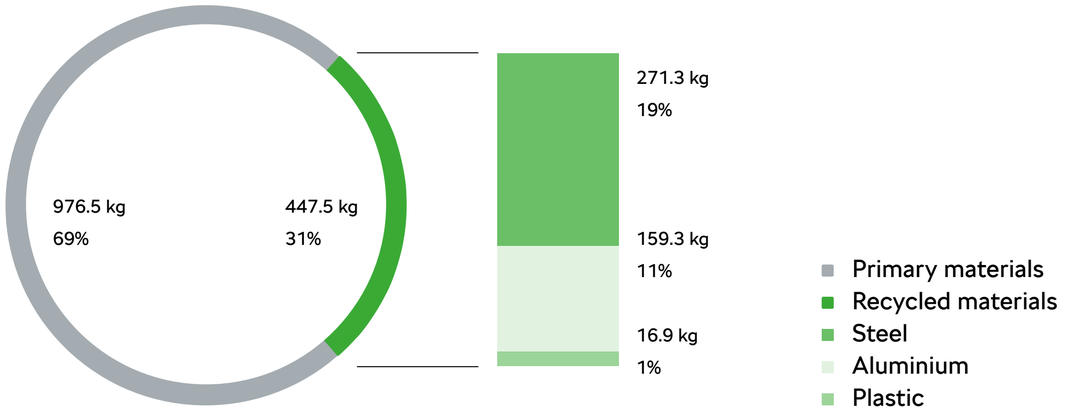
Labelling of the vehicle parts provides information about the materials used. This helps to determine the composition of each part, simplifying the subsequent sorting and processing of waste according to different material groups. This reduces the overall environmental impact of the product and increases the share of recycled materials, which can be used as a substitute for primary raw materials.

PLASTIC RECYCLATES AT ŠKODA OCTAVIA (%)



MATERIAL COMPOSITION OF ŠKODA OCTAVIA

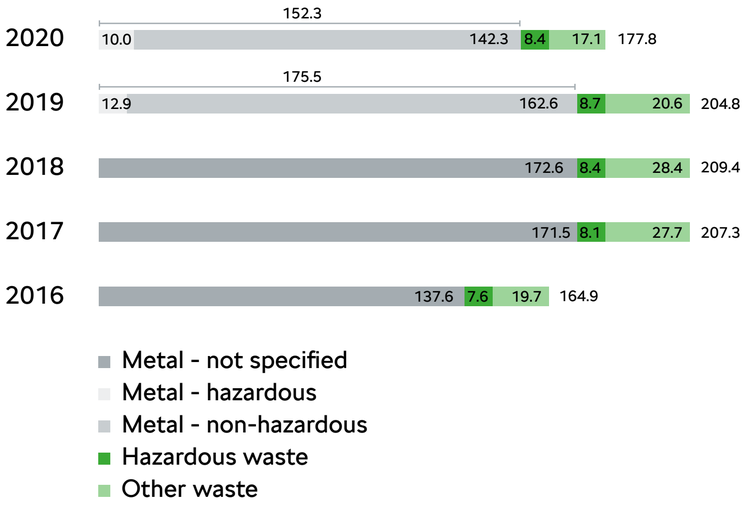
Material composition of ŠKODA OCTAVIA with a vehicle weight of 1,424 kg. Recycled material is totalling 447 kg.



Zero Waste

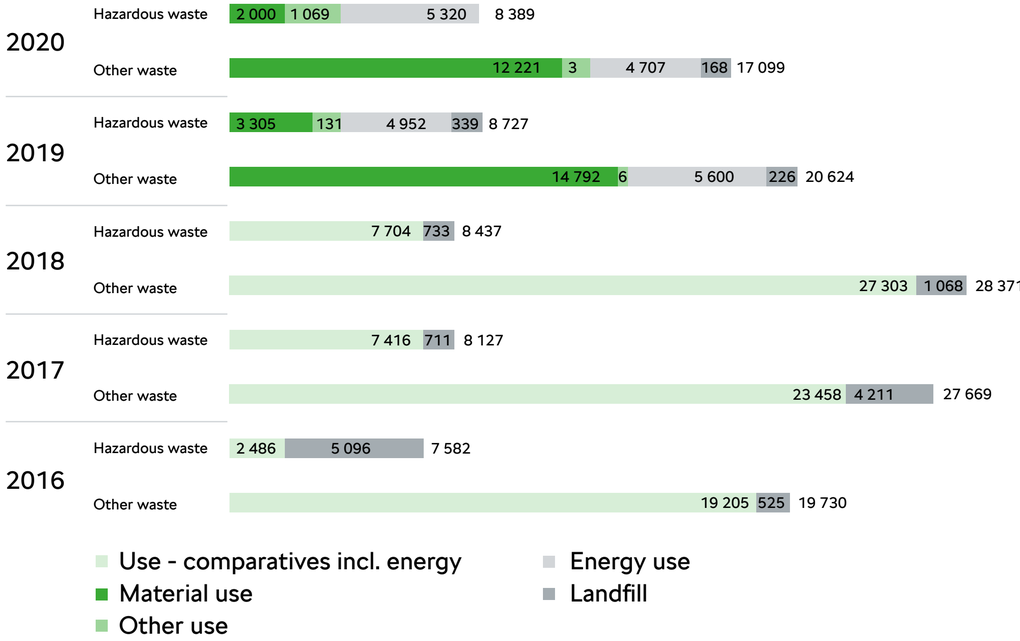
Above all, the company endeavours to prevent waste generation and to use raw material resources sparingly. If waste is already generated within a production process, the waste management hierarchy is consistently applied, i.e. their material and energy use is preferred over landfilling. Thanks to the consistent application of these principles, it was possible to reach the state where no waste originating from production processes in the Czech plants has been landfilled as of October 2019. In the future, the company will strive to maintain this status. Waste utilisation will be a basic criterion in tenders for cooperating with waste companies. All produced waste is handed over exclusively to individuals authorised for waste handling. The company does not treat its own waste or waste from other producers.

WASTE GENERATED BY TYPE – TOTAL (thousand tons)



Transition to new indicator structure is in accordance with the GRI 306 Waste (2020) - change in data presentation.
For metal waste, the comparatives are until 2018 without division into hazardous and other metal waste. This breakdown is newly reported from 2019.

WASTE BY MEANS OF DISPOSAL – TOTAL (t)



Metal waste is not included in the graph. 100% of metal waste falls into the category of material use. Volume of metal waste is reported in Waste generated by type graph.
All waste is processed by third parties (off-site).

Circular Economy

The company is actively involved in the application of the circular economy principles. In terms of the circular economy, this can be, for example, the use of recycled solvents or the use of oil filtration equipment. This prolongs the life of primary material and minimises the production of hazardous waste. In 2020, a debate was launched, through the so-called 'round tables', on the possibilities of closing life cycles for individual commodities. The aim is to connect suppliers and waste processors. Below, we present two examples of circular solutions. The energy storage solution was piloted in 2020, the take-back of tire system has already been in place since 2009.

Energy Storage / 2nd life of batteries

The development of electromobility brings new opportunities for the use of the energy stored in vehicle batteries for the energy infrastructure. While the batteries are part of the vehicle, they can be used for the Vehicle to Grid functionalities. It offers further use in stationary energy storage, where the car batteries are used after their degradation and loss of capacity. It is considered the so-called 2nd life of a battery from the moment when the capacity of the battery in the vehicle drops to 70 - 80% of a new battery's capacity. The main benefit of this equipment is to achieve energy optimisation and savings, efficient energy use from renewable sources and the possibility to build a more robust charging infrastructure.

During the year 2020, ŠKODA AUTO successfully carried out a pilot energy storage project composed of batteries originally used in ENYAQ iV vehicles. The project proved that the batteries can fully function in stationary storage. The storage facility with a capacity of 330 kWh has an expected capacity decrease in the range of 1% to 2% per year, and the expected service life of the entire system is at least 10 years. The company plans to deploy these storage facilities primarily with its business partners and thus supports energy storage from renewable sources and energy optimisation in relation to the need to build a charging infrastructure.

In addition to the energy storage for ŠKODA AUTO dealers, another storage unit with a capacity of 3 MWh is being created in cooperation with ŠKO-ENERGO at the production plant in Mladá Boleslav. The high-capacity storage will thus complement the existing block of turbo generators and the electric boiler. Implementation is expected in the second half of 2021.

Take-back system for tires

Within the authorised service network and some other partners, it is possible to return worn tires free of charge in the Czech Republic. Since 2009, more than 10,000 tons of tires have been taken back at approximately 300 collection points. In cooperation with ŠKODA AUTO's business partners, the company managed to process most of this waste into secondary raw materials suitable for further use, which reduced the consumption of primary sources of raw materials. For example, granulates from worn tires have been used in the production of damping and anti-vibration elements, urban furniture, noise barriers, playground equipment or in the packaging industry.

END OF LIFE PRODUCT RECYCLING*

		2020	2019	2018	2017	2016
Vehicles	Collected (pcs)	5 342	4 551	4 629	4 252	4 618
Used tires	Collected (pcs)	265 642	243 241	251 965	218 272	194 500
Used Pb accumulators	Collected (t)	994	1 166	975	875	638

**data on take-back and recycling by ŠKODA AUTO within Czech market*
Recycling rate is not reported due to its limited accuracy.

4.6 ENVIRONMENTAL COMPLIANCE

ŠKODA AUTO wants to be an example of a modern, transparent and successful company in terms of integrity through the implementation and control of effective management systems that consider the environmental impact of its mobility solutions throughout the entire life cycle. For example, in purchasing, the ecological and sustainability criteria of potential business partners become as equally important as the quality of services offered or logistics. Transparency for ŠKODA AUTO also means disclosing truthful information about areas, where the compliance requirements were not met, which was the case of emission targets for newly produced cars in 2020 (find more information about CO_2 fleet regulations in the **Air quality chapter**).

With regards to sustainability, ŠKODA AUTO acts in all phases of the production life cycle in accordance with the ISO 14001 (environmental management) and ISO 50001 (energy management systems) standards. In 2019, TÜV NORD's auditors renewed important certificates for all three ŠKODA AUTO plants in the Czech Republic. These were the certifications of environmental management according to EN ISO 14001: 2015 and energy management system according to EN ISO 50001: 2018.

ECOLOGICAL BEHAVIOUR UNDER THE ECMS SUPERVISION

The original Environmental Management System (EMS) monitored the impact on the environment and compliance with a specific set of requirements and objectives in the nature conservation area. Newly, to fulfil the group's vision of "being an environmental role model", it is encouraged to include compliance and conformity with rules. The old approach was therefore replaced by the Environmental Compliance Management System (ECMS). Daily activities that already exist have been expanded by adding other topics, procedures and mechanisms. These place greater emphasis on open communication, prevention and detection of possible breaches of the rules, on risk aggregation and management, and on systematic education and information about the status of compliance with binding requirements in the field of environmental protection. The ECMS is implemented by the parent companies of all group brands in all stages of business activities and throughout the life cycle of products and services. ŠKODA, as one of the brands of the Volkswagen Group, has adopted the environmental compliance requirements, implemented them into its internal standards, and actively enforces and deploys them in everyday practice.

GreenRetail strategy

The area of sustainable development in the fields of environment and energy management within the authorised sales and service network has long been one of the basic elements of the GreenRetail strategy. The portfolio of activities consists of a combination of onsite and online trainings, webinars, consulting services and voluntary certifications. GreenRetail e-learning has been available to all ŠKODA dealers and their staff since the beginning of 2019.
In 2020, the voluntary certification system was also expanded as a pilot to include the area of energy management. During certification, the trader is assessed in light of the approach to environmental protection, waste management and energy and water management.

5 SOCIAL ACTIVITIES

5.1 ATTRACTIVE EMPLOYER

5.2 DIVERSITY AND INCLUSION

5.3 HEALTH AND SAFETY

5.4 EDUCATION OF EMPLOYEES AND STUDENTS

5.5 SOCIAL RESPONSIBILITY

5.1 ATTRACTIVE EMPLOYER

ŠKODA AUTO recognises that, in order to successfully grow the company, acquiring and developing talent are key. Therefore, the company aims to attract new prospective employees, from both the Czech Republic and abroad, who are interested in contributing to the positive development of ŠKODA AUTO. The company respects diversity and provide equal opportunities and fair remuneration to all. The firm also strives to build lasting and close relationships with all its employees. Employee rights are codified in the Code of Conduct, and the company consistently adheres to the relevant labour laws in all countries where it operates. For all the professions, ŠKODA AUTO does its best to ensure health and safety at the workplace. Furthermore, ŠKODA AUTO strives to meet the requirements of its employees to the greatest extent possible. This includes open communication with both employees and trade unions, the right to organise regular collective bargaining and other activities.

Future challenges and strategies

The human capital market is currently going through dynamic changes in the Czech Republic. While the year 2019 was challenging in the area of attracting new talents as the market had the lowest unemployment rate in history, the year 2020 has been defined by the pandemic.

The aforementioned dynamics were powerful impulses for revising the company's HR Strategy for 2025, along with the preparatory grounds for setting the upcoming strategy that will define the carmaker's journey to 2030. If the unique position of being amongst the Top Employers in the country is to be sustained, ŠKODA AUTO must react to a fast-evolving market and respond to the ever-changing needs of employees and candidates. A change in mindset towards a more open and inclusive company culture is required, with diversity promotion at its core. The company moves from linear thinking, a performance-oriented company, to a people-centric and value-oriented workplace. Although the new HR Strategy is still yet to be defined in 2021, the analysis and discussions began in the previous year.

Recognition for the HR department

As one of the most important employers in the Czech Republic, ŠKODA AUTO is keenly aware that the success of the company is based on its long history and outstanding products. This is all a result of the excellent work that its motivated employees performed. The attractiveness of ŠKODA AUTO as an employer is confirmed by the recognitions that the carmaker received in 2020 for the extraordinary care for its employees.

TOP EMPLOYER STUDY
1st place – category of automotive and mechanical engineering majors

THE SURVEY CONDUCTED BY THE INTERNATIONAL COMPANY UNIVERSUM

- 1st place in the survey of students of technical studies
- 2nd place in the survey of students in economic studies

TOP EMPLOYER STUDY

- 1st place – category of automotive and mechanical engineering majors

THE EMPLOYEE POPULARITY SURVEY 'RANDSTAD EMPLOYER BRAND RESEARCH'

- 1st place in main category

EMPLOYER OF THE YEAR 2020

- 2nd place and the main prize in the category of companies with more than 5,000 employees and the most popular employer in the Central Bohemian with more than 5,000 employees

Search for a new talent

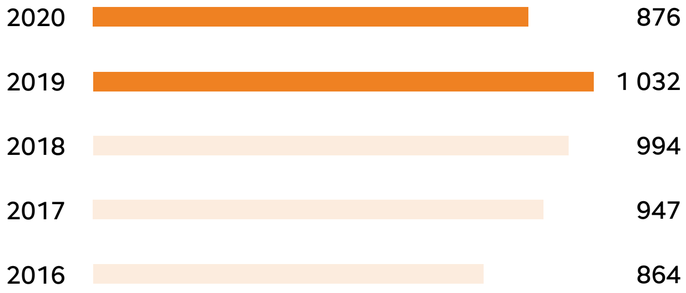
As one of the largest employers in the Czech Republic, ŠKODA AUTO has a long-term focus on employee training and development.

Working with talented students is crucial for ŠKODA AUTO, especially in terms of developing expertise, practical skills and passing on the latest knowledge in the automotive industry. Simultaneously, the company educates its future employees via hands-on experience. For students and recent graduates, the company offers an attractive working environment, a wide range of employment opportunities and a variety of educational activities. In 2020, a total of 876 students completed an internship at ŠKODA AUTO. Selected interns may join a special Student Talent Pool development program, which aims to identify and select the most talented interns to become ŠKODA AUTO employees, and to increase the attractiveness of internships for students of technical and IT degrees. Since launching the program, 486 students have taken part in the selection process; 77 students were enrolled in the program in 2020.

Furthermore, ŠKODA AUTO offers the international ŠKODA Trainee program for recent university graduates, which opened for the 27th time in 2020. Job rotations in multiple departments provide participants with an engaging learning experience. These are made available both at ŠKODA AUTO and throughout Volkswagen Group. Electromobility triggers changes in recruitment requirements. A completely new concept was devised in 2020 – the Tech Trainee program. It is intended primarily for graduates interested in the development, production, digitalisation, safety and quality assurance of new cars. During the one-year program, the participants gain detailed insight, for example, into the implementation of technical and software solutions in ŠKODA vehicles and other Volkswagen Group models, programming and testing electronic equipment installed in both conventional and electric models, and vehicle cybersecurity. Electromobility and digitalisation are expected to expand rapidly over the coming years, creating a wide range of employment opportunities for experts specialised in these fields. The Trainee program is launched twice a year, in March and September, and applicants from all fields are welcome. 35 participants were included in the Trainee program in 2020.

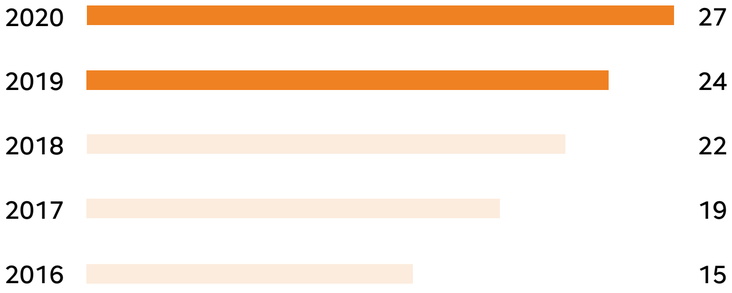
Since 2013, the carmaker has also been supporting PhD students by providing expert supervision for their theses and offering collaboration options on research projects. In 2019, ŠKODA AUTO accepted 25 students – primarily students of technical fields – into the PhD program. In 2020, the number of PhD students increased to 27.

NUMBER OF ACCEPTED INTERNS



The data is relevant for Škoda AUTO a.s.

NUMBER OF PhD STUDENTS IN THE PROGRAMME



The data is relevant for Škoda AUTO a.s.

Employees

In 2020, from the overall perspective, ŠKODA AUTO's employee number grew slightly. A total of 693 new jobs were created, raising the number of core employees to a total of 34,614 in 2020, which corresponds to a 2% increase in comparison to 2019. In 2020, 34,514 staff out of the total number of core employees were employed by ŠKODA AUTO a.s. while 100 were at subsidiaries. The number of agency employees remained at the same level, i.e. 3,262 in 2020 (3,232 in 2019).

Labour relations

One of the most important aspects of the success of sustainable economics is providing for good working conditions. ŠKODA AUTO fully respects the fair and equal treatment of all employees. As far as these matters are concerned, ŠKODA AUTO proceeds and acts in accordance with relevant government regulations, International Labour Organisation (ILO) regulations and also the Volkswagen Group global guidelines, in particular the Social Charter, the International Charter on Labour Relations and the Agency Employment Charter.

Fundamental rights within the area of labour relations are also enshrined in Volkswagen Group's Charter on Labour Relations, introducing standards related to co-decision rights, shared co-responsibility and the right to information at the level of the entire group, and ŠKODA AUTO is complying with them consistently.

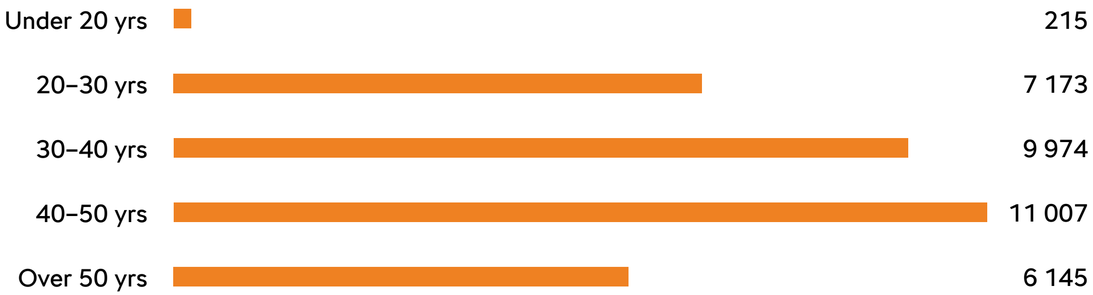
Employees may report suspected violations of applicable laws and/or internal regulations through Human Resources Management or trade union representatives. Additionally, any employee may file a complaint by handing in a whistle blower notice, which is further addressed in accordance with the applicable organisational standard referring to the Whistleblowing System within the company.

ŠKODA AUTO entirely supports the fundamental right of all employees to establish trade unions, to join these and to conduct collective bargaining via these unions.

Professional relations with employee representatives are an integral part of a company's culture and are the basis for maintaining social peace and involving employees to the highest degree possible in the co-decision process. The intermittently ongoing intensive social dialogue between the company and the three KOVO trade unions is very efficient and results in a wide range of agreements.

In accordance with legislation of the Czech Republic, both the collective agreement as well as other agreements apply to 100% of ŠKODA AUTO's core employees in the Czech Republic.

AGE STRUCTURE OF THE CORE STAFF IN 2020 (NUMBER OF EMPLOYEES)



Remuneration and benefits

ŠKODA AUTO applies an equal pay system ensuring that women and men working in identical or similar jobs receive the same pay. This principle is being applied worldwide for the entire group. Employee wages are subject to collective agreements thereafter applicable to all regular company employees within the Czech Republic.

The salary scheme consists of a basic tariff and a variable personal evaluation component. Additionally, the carmaker pays surcharges, e.g. for working overtime, on-call duty or work on holidays. Wages and benefits provided or paid out for a standard working week do not in any way fall below the relevant national minimum wage or the minimum wage in a given industry in the respective country. The basic remuneration principles are based on the Labour Code as well as other regulations within the Czech legislative framework.

EMPLOYEE BENEFITS

ŠKODA AUTO provides a wide range of benefits irrespective of the full-time/part-time working scheme. We've innovated the system taking advantage of digitisation advancement to provide flexibility and respond to the individual needs of each employee.

The most frequently used traditional benefits are:

- Pension scheme voluntary contribution;
- Meal allowance for company-internal catering;
- Work anniversary rewards;
- Recreation or reconditioning stays allowance;
- Interest-free loan for housing or ŠKODA car purchase;
- Operational leasing for ŠKODA cars;
- Preventive health programs.

In December 2019, a web application - "Cafeteria Benefity ŠKODA" was introduced as a modern tool that offers a variety of options for the future expansion.

Employees are granted virtual points for selected activities defined by the company in areas such as health care, CSR activities, blood donations, etc. These points can subsequently be converted into selected benefits via the web application "Cafeteria Benefity ŠKODA", provided by SODEXO, as well as via FlexiPass Card linked to the Cafeteria account. The Cafeteria is automatically available to all employees once they enter the company.

On top of that, in June 2020, the voluntary ActivePass leisure season ticket was introduced. The holder of the permanent pass is entitled to one free access per day to one of more than 7,000 facilities contracted by SODEXO – for example, sport facilities, family activities or relaxation.

In 2020, the budget of the Social Fund designated for benefits provision exceeded CZK 262.5 million. The company also provides various attractive benefits to agency employees (governed by the Charter for Agency Employment), for example, special price offers for cars and accessories or for participating in selected trainings.

SOCIAL EXPENDITURES (CZK)

	2020	2019	2018	2017	2016
Relaxation and recreation programmes*	59 350 870	85 725 536	76 355 207	68 460 653	55 508 835
Work anniversaries	108 944 017	67 831 987	77 613 572	91 106 237	81 482 251
Childbirth allowance	8 010 000	7 465 000	7 195 000	6 280 000	5 905 000
Social Support - retirement	27 958 970	19 183 893	13 311 725	10 874 841	8 711 650
Food service	56 366 820	75 246 722	71 835 314	55 354 355	49 821 658
Crèche (day nursery)	514 579	443 328	314 142	231 719	227 402
Other**	1 380 285	2 519 440	2 211 252	2 435 835	1 517 839
Total	262 525 540	258 415 906	248 836 212	234 743 640	203 174 635

Social Expenditure was reported in line with the new structure. Work anniversaries are affected by the actual entitlement of employees who are employed by the company for 3, 5, 10, 15, 20, 25, 30, 35, 40 and 45 years.

Social Support is affected by the actual entitlement of employees who retired in a given year.
Relaxation and recreation programmes were limited and affected due to COVID-19 in 2020.

** includes recreation package trips, relaxation programmes and package trips, prevention, leisure time activities, and health benefits*
***includes driving licences, death of employee, and events for former employees*

Work life Balance

Work life balance is one of the key factors driving employee satisfaction. For ŠKODA AUTO, this is still one of the main priorities when speaking about caring for employees. The company continues to expand the range of flexible work arrangements. One of these options is Mobile work 2.0 - a concept of Job sharing and reduced working hours.

The essence of Job sharing is one job position held by multiple employees. The main aim is to retain staff who either do not wish to or cannot work full-time. Another widely used form of flexibility is mobile work, which is similar to a home office. It is already used regularly across all departments in the company.

Support for employees on maternity and parental leave consists of the possibility to use the benefits supporting families with children. During maternity and parental leave, employees can remain on top of their professions via tools designed for remote cooperation. These tools are ŠKODA Space, now accessible from home, educational events, ŠKODA Family encounters or webinars for parents.

Staff satisfaction

ŠKODA AUTO eagerly strives to know its employees' opinions. Like the other brands in the Group, the carmaker utilises the tool called Stimmungsbarometer which allows to collect feedback from all its internal employees in a fully anonymous digital way. The survey currently consists of 24 questions divided into 5 blocks with an evaluation scale offering 5 options ranging from Strongly agree to Strongly disagree.

By conducting the surveys annually, the company sees a positive trend in enhancing employee satisfaction throughout the years. This is fuelled mainly by the positive outcomes of the survey represented by the level of employee involvement in the follow-up process, including discussions of the results and defining measures that bring improvement to their working environment. In 2020, this was reflected in the increase of the overall satisfaction index to 88.3 points.

EMPLOYEE SATISFACTION SURVEY (SATISFACTION INDEX)

The data is relevant for Škoda AUTO a.s.

5.2 Diversity and Inclusion

ŠKODA AUTO promotes the principle of equal opportunities regardless of ethnic origin, colour, gender, disability, world view, religion, nationality, sexual orientation, social background or political views if they are based on democratic principles and tolerance towards people of different mind-sets. As a matter of principle, employees are chosen, hired and supported based on their qualifications and skills.

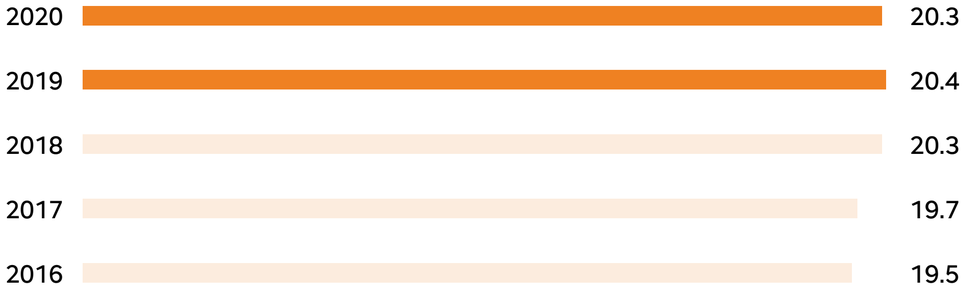
ŠKODA AUTO embraces diversity, actively encourages inclusion, and creates a safe environment that nurtures each employee's potential regardless of the individual differences. This is how the company achieves the maximum degree of productivity, innovativeness, creativity, competitiveness, and stability.

In 2019, ŠKODA AUTO signed the European Diversity Charter and joined more than 12,000 signatories in Europe. In 2020, the company became the Golden Signatory of the Diversity Charter in the Czech Republic and joined over 90 companies promoting diversity and inclusion. This enables the carmaker to further develop its equal opportunities activities and to be a role model in the Czech Republic.

ŠKODA AUTO's HR Diversity strategy builds on five principles: Gender balanced company, Origin and culture inclusion, Generation cooperation, Individual capabilities appreciation and Diverse mindset. Gender balanced company means equal starting position for all. Equal opportunities for both men and women are defined in the Code of Conduct. However, some of the behaviours might be influenced by unconscious bias. Therefore, ŠKODA AUTO is part of a Group-wide initiative, Diversity wins @Volkswagen. This training is aimed at promoting diversity and inclusion by coaching employees to cope with an unconscious bias. Two thousand direct superiors across the entire company, including the Board of Management, were trained in 2020.

ŠKODA AUTO is committed to providing maximum support for work-life balance to all its employees and the company thrives on nurturing both female talent and managers. Furthermore, keeping in touch with the employees on maternity or parental leave is the firm's priority as is reintegrating them back into work successfully.

SHARE OF WOMEN AMONG CORE STAFF (%)



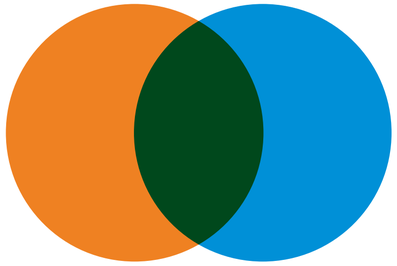
The data is relevant for Škoda AUTO a.s.

→ MORE INFORMATION IN OUR DIVERSITY REPORT 2020

The diversity index is ŠKODA AUTO's strategic KPI. It is used for monitoring and setting goals to ensure that the company stands by its values. It consists of two parts – proportion of women in management and proportion of internationalisation in management. In 2020, 13.9% of the company's management positions were held by women.

ŠKODA AUTO also supports the education of women and children in IT. In collaboration with the one-of-a-kind non-profit Czechitas, a digital academy focused on data analytics, programming courses in various programming languages and web design, the carmaker organises short-term and long-term courses for women and children who would like to strengthen their IT skills. It also helps women gain a foothold in the IT labour market.

ŠKODA AUTO has introduced a new educational program focusing on diversity for first-year apprentices in ŠKODA AUTO's vocational School of Engineering. The organised workshops were aimed at unconscious decision-making, verification, and evaluation of information sources and also presented stories of real people from minorities. This project is a new prevention tool, promoting discussion and education concerning diversity and human rights.



Gender balanced company, Origin and culture inclusion, Generation cooperation, Individual capabilities appreciation and Diverse mindset. Gender balanced company means equal starting position for all.

Human rights

High regard and respect for human rights are a top priority at ŠKODA AUTO. The company is convinced that sustainable economic operations are only possible by acting ethically and with integrity. ŠKODA AUTO is fully committed to its responsibility for human rights in the context of its business operations.

The firm affirms its commitment to the relevant international conventions and declarations. ŠKODA AUTO respects, protects and promotes all regulations in force to protect human rights and children's rights as a fundamental and general requirement throughout the world. ŠKODA AUTO respects universal human rights, even in states where national laws fall short of the level of protection provided by international standards and the company promotes the advancement of the latter. By continuously enhancing the processes, systems and by means of forward-thinking action, the carmaker strives to claim a leading role in the automotive industry with regards to corporate respect for human rights.

To prevent any breach of the obligations relating to human rights, the company uses internal rules and procedures.

ŠKODA AUTO regularly raises employee awareness and provides comprehensive education. Human rights training is part of the induction training for all new employees.

ŠKODA AUTO rejects all use of child labour and forced or compulsory labour as well as all forms of modern slavery and human trafficking and set these rules in its Code of Conduct.

→ ŠKODA AUTO GROUP CODE OF CONDUCT

International employees

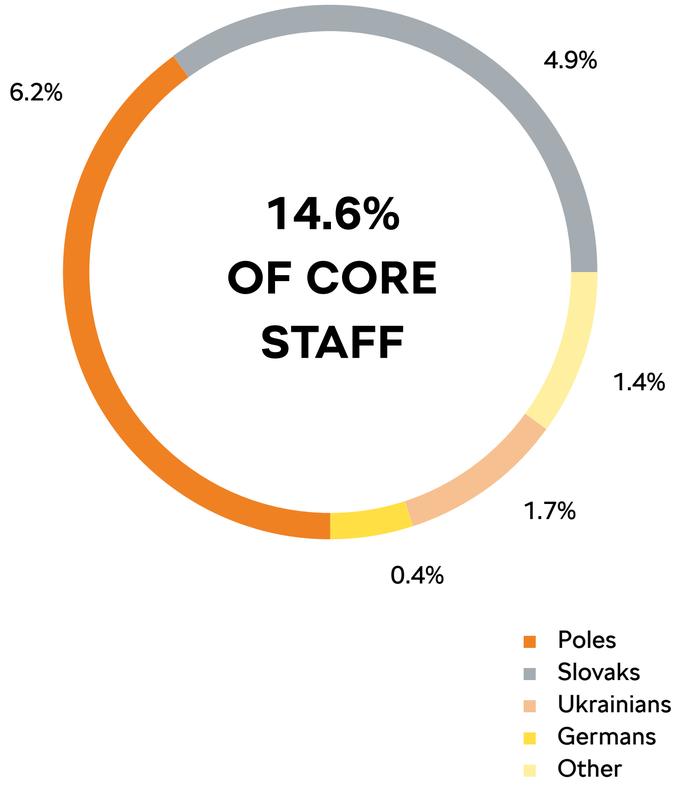
As ŠKODA AUTO delivers cars and services to over 100 markets worldwide, Origin and culture are two of its key Diversity Strategy dimensions.

By the end of 2020, ŠKODA AUTO a.s. employed over 6,900 foreign nationals in the Czech Republic, which accounts for 18.3% of all employees (including both core and agency staff). The largest groups of foreign nationals among the core staff were Polish (2,128), Slovak (1,687), and Ukrainian (578).

In 2020, the share of international employees in management roles was 15.9%. The most represented foreign nationality in the management was German (9.0%). The same applies for the senior management where 13.6% were German nationals.

In addition, the Trainee program is one of the leading schemes that helps to support international diversity at ŠKODA AUTO by welcoming fresh graduates from all over the world and helping to create a diverse mindset.

SHARE OF FOREIGN NATIONALS AMONG CORE STAFF (%)



NATIONALITY OF SENIOR MANAGEMENT IN 2020

Nationality	Count	%
Austrian	**2**	0.7%
Indian	**1**	0.3%
Czech	**242**	80.1%
German	**41**	13.6%
French	**3**	1.0%
Polish	**1**	0.3%
Russian	**1**	0.3%
Slovak	**9**	3.1%
Canadian	**1**	0.3%
English	**1**	0.3%
Total	**302**	**100.0%**

Sheltered workshops and integration of elderly

ŠKODA AUTO truly pioneers employing people with disabilities or reduced mobility in the Czech Republic. This is enabled by an employment policy set up jointly with the trade union. The company is operating six sheltered workshops in its home country plants while employing more than 400 people facing various disabilities. Sheltered workshops are gradually getting accustomed to modern ergonomic trends.

Since 2017, the project expanded to include additional job posts in sheltered workplaces and organisational units, as well as profile jobs integrated directly into the Mladá Boleslav, Kvasiny and Vrchlabí production facilities. Integration opens up new work arrangements where disabled employees work alongside other staff members. This practical example illustrates an efficient way of designing jobs roles for disabled people and enables us to keep up with the diversity goals and inclusion within ŠKODA AUTO. These activities were greatly appreciated by the Association of Employers of Disabled People in the Czech Republic in 2019.

The company runs a special program to respond to the needs of elderly long-term employees. This program offers retraining and relocation opportunities within the company to another role thus providing a guaranteed income, rehabilitation, five additional days of paid leave as well as health prevention measures, such as two-week spa stays.

NUMBER OF EMPLOYEES IN SHELTERED WORKSHOPS

2020	426
2019	394
2018	358
2017	354
2016	324

The data is relevant for Škoda AUTO a.s.

5.3 HEALTH AND SAFETY

ŠKODA AUTO has established a health and safety management system in accordance with legislative requirements, moreover it has obtained a certificate in accordance with ISO 45001: 2018 Health and safety management systems in 2019, which was then successfully vindicated during the first control audit in 2020. The system covers internal employees, agency workers, and employees of external entities.

At ŠKODA AUTO, the occupational health and safety strategy is guided by the motto "Healthy employee in a safe working environment", which is valid at all times. As part of the process and organisational documentation, the company has a system of risk identification and assessment described, as well as a system of regular health and safety inspections, management responsibilities, and records including reporting and the investigation of occupational accidents. The collective agreement, which regulates individual and collective relations between the employees and the employer, defines in Chapter F the specifics of cooperation between the company and the KOVO unions in the field of occupational health and safety.

The OHS training system is embodied in the basic organisational standard. Every year, the company performs more than 55 regular annual health and safety inspections required by law, while approximately 1/3 of them in 2019 and 2020 also underwent an internal audit in accordance with ISO 45001: 2018. In the last two years, 9 inspections were performed by the Regional Labour Inspectorate. 1 fine of CZK 12,000 was imposed.

In 2020, the number of accidents at work decreased by 4 compared to 2019, from 75 to 71. The increase in the accident index from 1.4 to 1.5 was due to a lower number of hours worked in 2020. This was caused by the spring shutdown due to the COVID-19 global pandemic.

FREQUENCY VS. SEVERITY OF INJURIES

Rate of injuries = Number of injuries per 1,000,000 working hours
Severity of injuries = Number of absence days x 100,000 / number of working hours

Data is relevant for ŠKODA AUTO a.s.

Healthcare

Employee health care is essential for ŠKODA AUTO. Together with the trade union, they focus on preventing work-related health problems of employees, but also on the generally known risks of diseases of affluence. New focus is on the “Healthy Back” program.

In 2019, the uLékaře mobile application was launched, which offers online consultations with more than 300 doctors. The company is successfully obtaining re-accreditation of medical services and partial reconstructions of the offices are taking place.

The offer of rehabilitation programs to prevent and compensate for problems from unilateral strain and forced working positions, consists of a wide range of teaching and exercise programs. During 2019, the programs expanded to the Kvasiny and Vrchlabí plants. An online reservation system was launched to simplify registration. In 2019, a record 8,724 participants took part in the rehabilitation programs.

A wide range of online exercises has begun through the ŠKOFIT program, which aims to motivate and support employees to live active and healthy lives. Regular podcasts on keeping fit are also offered. Membership in this program is becoming increasingly popular, and in 2020 the number of members increased to 992 employees. The ŠKOFIT team organises CSR challenges, which, based on the result of the challenge, donate a certain amount of money to support the selected organisation or individuals. In 2019, the company managed to donate almost CZK 177 thousand to charity.

Protecting employees from COVID-19 became the most important topic in terms of health in 2020. The ŠKODA AUTO Anti-COVID program was established with the aim of ensuring maximum protection for employees.

In the first wave of the pandemic, ŠKODA AUTO implemented more than 80 measures to protect more than 36,000 employees. These measures included the provision of protective equipment and disinfection for all employees. All employees were offered antibody testing and PCR testing was started for some employee groups, such as commuters from abroad. Antigen tests were provided, and all employees could be tested at any time.

Ergonomics in the workplace

During 2019–2020, ŠKODA AUTO focused extensively on supporting ergonomics and reducing health risks in production. New ergonomic aids are being put into production on an ongoing basis. Process-wise, improvements have been introduced in the electronic process of approving the implementation of ergonomic measures, amongst others.

The purpose of ŠKODA AUTO's activities, such as supervision of the use of ergonomic tools directly in production, was primarily to increase the employees' awareness of ergonomics and the importance of using ergonomic devices, especially balancers and manipulators. Such measures are used to reduce physical stress when handling loads. The education of the employees was carried out through individual physiotherapeutic care directly at the workplace.

In 2020, a standardised process for controlled rotation was put in place which reduced excessive and one-sided physical strain.

Psychological strain

Mental health is an integral part of our overall health, which is why ŠKODA AUTO has paid maximum attention to it in recent years.

In cooperation with the ŠKODA AUTO Endowment Fund, the Well-Being Festival took place in the spring of 2019 in Mladá Boleslav. The event was open to the general public. Its aim was to introduce ways to prevent stress and improve mental health care. The participants could try courses like yoga, meditation, music therapy and handmade jewellery.

In order to support the employees but also the general public, the website www.skodastresu.cz was launched in celebration of World Mental Health Day (10 October 2019). The website centered around the regular sharing of interesting information on mental hygiene and tips on stress management. You can further learn how to look after your mental health and where to turn for an expert advice.

All employees of the company can benefit from free counselling - in response to the COVID-19 measures, online counselling has been offered from 2020. As a result, psychological help became more accessible. At the same time, the company offered both managers and employees intensive educational programs aimed at strengthening personal resilience in the current uncertain times and working with stress in difficult situations.

ŠKODA AUTO works intensively with the Ministry of Health of the Czech Republic on the preparation of the National Plan for the Promotion of Mental Health. The company cooperates in the methodology of psychosocial risk assessment with the legislators of The National Institute of Public Health.

www.skodastresu.cz

5.4 Education of employees and students

Education at ŠKODA AUTO encompasses a wide range of trainings and courses using the newest approaches and technologies, from standard training, providing technical and mandatory knowledge that employees need to perform their work, through language skills, to IT courses. Personal development training or corporate-culture-related activities represent another essential part of ŠKODA Academy's activities.

Additionally, due to the current hygienic measures in connection with COVID-19, the company's webinar and educational video portfolio is being increasingly widened in order to help with remote learning. Most of the standard courses have already been transferred to online platforms. ŠKODA AUTO continues digitising other products where it makes sense to do so.

→ MORE INFORMATION IN OUR PRESS RELEASE

It is very important to preserve the knowledge and ensure flexible access to it. One of the platforms that primarily serves to transfer knowledge and educational content is the ŠKODA Academy media library, which is part of the company's already established system for online training. Currently, there are more than 600 educational videos on digital literacy, innovative technologies, language or academic skills and over 280 e-learning courses. To increase knowledge, all employees can also borrow books for free in the Odilo digital library.

In the 2019–2020 period, a total of 96,274 employees completed onsite courses in vocational, add-on expertise or language training. In 2019, one employee spent on average 25 hours on them, whereas one year later, it was less than 19 hours, which is due to the reduction in onsite courses. In 2020, the company's employees completed a total of 138,883 online courses, corresponding to an increase of 12,232 additional courses in comparison to 2019.

Vocational training in electromobility

In 2020, ŠKODA AUTO followed up the manufacturing of the SUPERB iV plug-in hybrid and CITIGO^{e} iV electric car with the OCTAVIA plug-in hybrid and the fully electric ENYAQ iV car. Not only are its own employees being prepared in a targeted and systematic way for new requirements related to electric vehicle production, but so are vocational school apprentices, and employees of supplier companies and agencies. In 2020, the ŠKODA Academy has, together with the assembly training centres, trained 1,166 participants in e-mobility, including external workers, agency staff and apprentices. In addition, in 2020, the company launched informative trainings to raise electromobility awareness among employees who do not work directly with electric cars. More than 3,000 people have already attended these informative trainings, which were carried out mainly on-line. Of interest are the internal "learning journeys" around the company's production halls connected to the production of electric cars and batteries, which are part of the Encourage for e-Mobility program.

Cultural, leadership development and add-on expert skills education

Employee qualification is a broad subject. In addition to expert skills, ŠKODA AUTO considers orienting oneself in the changing cultural environment, supporting leadership development and the personal growth of employees to be extremely important.

The aforementioned topics are delivered by a wide variety of programs provided by ŠKODA Academy. One example is the so-called OPEN TALKS series held with board members as well as other top management guests. These meetings create space for an open discussion with employees. The Role model program and corporate culture workshops are other education methods, whose purpose is to deliver the VW Group Principles, introduce integrity and compliance pillars and to provide inspiration for corporate culture support and development. Additionally, leadership teams are offered development activities to strengthen their leadership competencies.

ŠKODA AUTO responded to COVID-19 measures and changes in work style that required remote leadership with the #strongertogether initiative at the beginning of the pandemic. For an easier transition to an online work environment, webinars for all employees with a focus on support of remote collaboration, and mental and physical health were prepared.

The fourth in a series of planned meetings of the OPEN TALKS concept took place on Tuesday 21 July 2020.

Green Future

ŠKODA AUTO considers ecology to be an important teaching topic, which is why the company has included it in the teaching of specialised subjects, especially the Basics of Ecology and Chemistry. For example, students learn to differentiate between various types of emissions, learn about the function of catalysts, the possibilities of alternative sources, and discuss the importance of waste sorting and recycling. In addition, the principles of electromobility and modern operation of ŠKO-ENERGO were declassified.

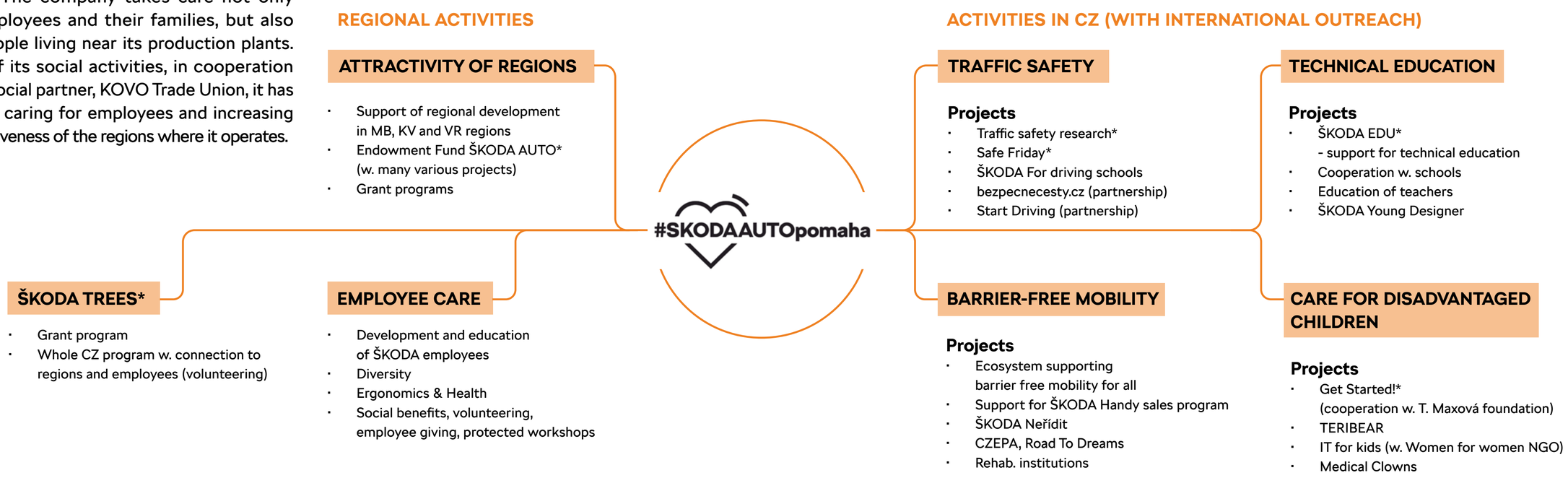
Modernising teaching space

As part of investment activities, a considerable amount also goes to modernising the training facilities and the equipment, which is used not only to further educate employees, but also by the company's vocational school apprentices. In 2019, the tool distribution facility and the CP Lab were refurbished and modernised, and the construction site for the digital studio was prepared. In connection with the electromobility development and the start of production of fully electric cars at ŠKODA AUTO, in 2020, the ŠKODA Academy reconstructed the premises for teaching electrical disciplines. In the same year, the digital studio was completed, the PC classroom was renovated, and the electrical engineering classrooms were completely reconstructed. The total amount invested in 2019 and 2020 surpassed CZK 36 million.

5.5 SOCIAL RESPONSIBILITY

The concept of social responsibility is one of the key pillars of ŠKODA AUTO's sustainability strategy. The company takes care not only of its employees and their families, but also of the people living near its production plants. As part of its social activities, in cooperation with the social partner, KOVO Trade Union, it has long been caring for employees and increasing the attractiveness of the regions where it operates.

ŠKODA – SOCIAL SUSTAINABILITY/CSR:



** so called. "lighthouse projects"*

Cooperation with ŠKODA Regions

As with every year, ŠKODA AUTO, in cooperation with the municipalities in the regions where it operates, has contributed tens of millions of crowns to improve the quality of life of the inhabitants. At the same time, it respects local specificities requiring close cooperation with all partners, especially at the level of municipalities and cities. Emphasis is being placed on projects in the field of traffic safety, technical education, social services, health care, public space and nature protection or leisure activities. These areas were among the absolute priorities of the ŠKODA regions in the past period.

The region's assistance in connection with the COVID-19 pandemic was significant. The company supported, for example, the activities of voluntary associations, social and health services or distance learning in primary schools. The support of educational activities, which the company has been focusing on for a long time, has been moved to a secure online environment. One-off financial support to individual cities totalled CZK 9 million. As a result, protective equipment and aids to prevent the spread of the disease were provided to individual cities, municipalities, organisations and institutions.

In the Vrchlabí region, the educational strategy was framed by supporting diversity - it targeted both different age categories (including the elderly) and girls in technical fields. Last but not least, the company responded to the introduction of distance learning in schools and purchased the necessary IT equipment for pupils from disadvantaged families in local primary schools. Other significant regional projects included regular support for sports and leisure activities for children and youth, significant local cultural events, including those outdoor, support for the circular economy through the Nevyhazujto.cz project or support for biodiversity. In Mladá Boleslav, priority was also given to support the transition to distance learning and has traditionally become the main partner of cultural events in the city through the general partnership with the Culture of Mladá Boleslav. Equally important was support for projects aimed at disadvantaged groups, or the support of regional sports and leisure activities for residents, where, for example, the company initiated and then significantly contributed to the implementation of a new footbridge over the river Klenice. In the Kvasiny region, it focused on supporting the mobility of social services and the development of the Rychnov nad Kněžnou Hospital through its traditional cooperation with the Medical Endowment Fund of the City of Rychnov nad Kněžnou. Several dozen beds and radiological examination devices were purchased. The call of the Civil Society Kvasiny was announced, which aims to restart the civil society by supporting the equipment and reconstruction of the facilities of regional associations and organisations, which were so beneficial during the pandemic. Many projects were also supported to improve road safety, which remains a central theme in the region.

ŠKODA AUTO Endowment Fund

In 2018, the company management decided to provide CZK 780 million to develop the attractiveness of the Mladá Boleslav region. To effectively spend these funds, the ŠKODA AUTO Endowment Fund was established, which implements and supports projects throughout the Mladá Boleslav region. Since its founding, the representatives have approved support for more than 130 regional projects, grant calls and development studies totalling almost CZK 158 million.

Public demand for the development of sustainable urban mobility led to a pilot project of shared bicycles as early as spring 2019. Bicycle sharing has become a phenomenon, and support for the project continues with ongoing modifications. At the same time, the fund focuses on the development of the cycle path networks; the current priority being the new bridge over the Jizera River. The public space was significantly revived by the opening of the Pluhárna for leisure activities. Pluhárna is a historically valuable but neglected former factory hall on the premises of the Secondary Technical School in Mladá Boleslav. The fund also significantly supported the revitalisation of the largest city park, Štěpánka, affected by the bark beetle outbreak. Through grant calls, the fund continuously supports local community projects.

The year 2020 was also marked by support for public benefit organisations. Over 37 projects have been supported through the crisis fund, which helps them cope with the negative consequences of the COVID-19 pandemic.

www.nfsa.cz

Bridge for pedestrians and cyclists over the Jizera is planned.

Technical Education

Technical education is one of ŠKODA AUTO's strategic areas. The carmaker works on specific projects with dozens of schools of all levels, has its own secondary vocational school, a company-owned university, and ŠKODA Academy, which focuses on further education of the employees. Thanks to these activities, it educates its own experts, which are in short supply on the market.

Since 2013, the company has been a partner of the Science has a Future program, which is organised by the non-profit organisation AISIS. It motivates primary school teachers, principals and education counsellors and increases the attractiveness of science and technology disciplines for their students. Over the last seven years, 246 participants from the teacher community have joined the project.

In 2019 and 2020, a unique individual survey was conducted at primary schools in the regions where ŠKODA AUTO is active, the results of which define the strengths and weaknesses of individual schools. Following this, a strategic list of projects was set up, which the school will implement with the financial support of the company. The carmaker can thus monitor whether the help is as effective as possible, and whether the teaching of disciplines such as mathematics or IT is being developed. 23 schools participated in the project in 2019 and 32 schools in 2020 and more than CZK 10 million was distributed among the schools.

Traffic Safety

Traffic safety is one of the main priorities of the social responsibility strategy. ŠKODA AUTO wants to contribute to the improvement of the traffic situation, as a leading brand on the market, by actively addressing the issues of traffic education and prevention, focusing on risk groups, incl. children, young drivers or the elderly.

Since 2018, the company has been developing the Safe Friday project. Within the last 2 years, over 4,000 children from preschools, primary and secondary schools were trained. The project is built on more than twelve years of expert experience from the unique ŠKODA AUTO Traffic Safety Research Team, which analyses the causes, circumstances and the course of accidents in detail, and evaluates how a vehicle can eliminate the ramifications of an accident even more, or how its driver or another road user can prevent it.

For a long time, ŠKODA AUTO has been the general partner of the bezpecnecesty.cz portal, which, with the use of several multimedia elements, applications and illustrative videos, offers practical information on road safety, focuses on traffic education and advises driving school students.

ROAD SAFETY INITIATIVES OF ŠKODA AUTO VOLKSWAGEN INDIA PRIVATE LIMITED (SAVWIPL)

With its Vision Zero Fatality Corridor project the company is aiming to significantly reduce and ultimately eliminate the incidence of road traffic crashes and fatalities on the 111 km long Mumbai–Pune Corridor of National Highway-48 by 2022. In New Delhi, SAVWIPL is supporting the Vision Zero Fatality initiative on an approximately 12 km stretch of Outer Ring Road that contains 4 Government-identified Black Spots. The project reduced the number of fatalities from 298 in 2017 to 206 in 2019 and rectified over 1521 of 2119 road engineering defects that were identified. The data for 2020 is being verified with the help of police, and the reduction is expected to be significant. Furthermore, 100% elimination of fatalities on one of the Black Spots was achieved through tactical urbanism redesign of the intersection.

Barrier-free mobility

The ŠKODA Handy project has been supporting people with disabilities and their families since 2010. ŠKODA Handy centres help clients to choose a suitable car, provide tailor-made financing, including specially designed insurance, help with car modifications and applications for state contributions. The company provides support to people with disabilities through a network of partners with whom it cooperates on projects that make life easier for the disabled and enable them to live more actively. Namely, it is cooperation with the Czech Association of Paraplegics (CZEPA), the association Cesta za snem, rehabilitation institutes - Kladruby, Luže Košumberk and Hrabyně, the Paraple Centre and the Fénix Brno Centre. In cooperation with the Konto bariéry, the ŠKODANEŘÍDIT project was created, which aims to financially support and motivate people with disabilities to obtain a driver‘s license - 50 people were supported as part of the project since 2019.

Care for disadvantaged children

The focus on caring for disadvantaged children is based on the long history of the company; disadvantaged youth has already been supported by Laurin & Klement. ŠKODA AUTO pushes this idea further, applies its know-how and supports children, especially in education. The company implements the below-mentioned projects as part of the long-term cooperation with the Tereza Maxová Foundation.

ROZJEDU TO!

The ROZJEDU TO! project motivates children and young people from children‘s homes to place more emphasis on education and personal development, and, at the same time, helps them to choose their future profession. Since 2013, the program has so far supported 172 children aged 11 to 15. An extension of this activity is the ŠKODA AUTO Educational Fund and the Tereza Maxová Foundation, which supports other educational activities and provides the material needs necessary for study. Since the fund was founded in 2016, 119 children have received support, many of them repeatedly in several years.

TERIBEAR MOVED PRAGUE, MLADÁ BOLESLAV AND THE WHOLE CZECH REPUBLIC

Since 2015, ŠKODA AUTO has been the general partner of the TERIBEAR charity event. Over the past two years, the company has helped to raise over CZK 22 million to help children in Prague, Mladá Boleslav, and, last year, thanks to the virtual concept of the event, also throughout the Czech Republic.

Cooperation with the non-profit organisation Clowndoctors also continued. In 2020, the company contributed CZK 400,000 to this program and provided clowns with cars for their journeys.

ŠKODA Stromky – With Love for the Czech Landscape

ŠKODA AUTO contributes to the environmental policy through several measures that emerged from the GreenFuture strategy, including the ŠKODA Stromky grant program, with the motto "One tree for every car sold in the Czech Republic".

The grant program was established in 2007. By the end of 2020, more than 1 million trees had been planted, corresponding to almost 210 hectares of new forest.

www.hlaslesa.cz

Employee Giving

ŠKODA AUTO employees traditionally engage in charitable activities such as long-term employee fundraising programs. The third round of the fundraising project was launched in 2020. For the 2020 – 2023 period, each and every employee has the option to support the activities of up to ten non-profit organisations selected by the employees themselves. ŠKODA AUTO then matches the value of the donations. 80% of the firm's contribution is credited directly to NGO accounts while one fifth is assigned to support CSR projects in Pune and Aurangabad, India. Almost 1,350 employees took part in the third fundraising round in 2020. Donations to NGOs totalled CZK 3.25 million. Altogether, taking in the contribution granted by the carmaker, the donated sum reached CZK 6.5 mil.

Two additional one-off fundraising campaigns were announced in 2020 with active financial support of the KOVO Trade Union. The first fundraising campaign carried out in spring called 'Help for healthcare professionals in fighting COVID-19' was ŠKODA AUTO's response to the strain put on the medical staff in hospitals in Mladá Boleslav, Rychnov nad Kněžnou and Semily due to the COVID-19 pandemic. The sum raised totalled CZK 1,148,672. The second fundraising campaign that took place in autumn was 'Helping the Jagriti School in Pune' with CZK 1.5 million collected and aimed at building up better housing for blind girls from the Jagriti School.

ŠKODA Grant Programs

In 2020, ŠKODA AUTO distributed almost CZK 7 million during its 8th year (in 2019 it was more than CZK 4.6 million) through seven grant programs (Traffic Education, Traffic Safety, I'm Here at Home, Region without Barriers, ŠKODA to Children, Support for technical education, ŠKODA Stromky). The programs are designed to improve the quality of life, especially in the vicinity of all three Czech plants of the carmaker, to support the community life of employees and their families, to increase traffic safety and improve technical education.

Let's Clean Up the World, Let's Clean Up the Czech Republic

Employees, representatives of KOVO unions, trainees and students of the vocational school have been actively involved in cleaning for 6 years as part of the nationwide 'Let's Clean Up the World, Let's Clean Up the Czech Republic' event, of which ŠKODA AUTO has been partner since 2015. Locations in production regions are consistently selected for these activities, i.e. in the vicinity of Mladá Boleslav, Kvasin and Vrchlabí, where hundreds of volunteers collected tens of tons of waste.

6 FACTS AND FIGURES

6.1 ECONOMICS
6.2 ENVIRONMENT
6.3 SOCIAL ACTIVITIES

6.1 ECONOMICS

VALUE ADDED GENERATED BY THE ŠKODA AUTO GROUP ACCORDING TO IFRS

Source of funds in € million	2020	2019	2018	2017	2016
Sales	17 081	19 806	17 293	16 559	13 705
Other income	671	736	387	700	427
Material costs*	-	-	-13 093	-12 103	-9 508
Material Costs and Other expenditures	-14 547	-16 331	-1 257	-1 636	-1 692
Depreciation and Amortization	-1 035	-879	-678	-858	-839
Value added	**2 171**	**3 332**	**2 652**	**2 662**	**2 092**

Appropriation of funds in € million	2020 in %	2020	2019	2018	2017	2016
to shareholders (dividends)	26.9%	583	1 164	1 124	1 258	699
to employees (wages, benefits)	65.3%	1 418	1 580	1 221	1 054	826
to the state (taxes, duties)	4.7%	102	252	225	313	297
to creditors (interest expenses)	2.6%	56	41	23	20	17
to the Company (reserves)	0.5%	11	295	60	16	252
Value Added	**100.0%**	**2 171**	**3 332**	**2 652**	**2 662**	**2 092**
Value Added - change in % 2020/2019		-34.9%				

**2020 and 2019 values are aggregated in Material Costs and Other expenditures.*
Value for the purposes of VW consolidation, subsidiaries of ŠKODA AUTO a.s. and its controlled entities. Subsidiaries ŠKODA AUTO DigiLab s.r.o., UMI Urban Mobility International Česká republika s.r.o. and ŠKODA AUTO DigiServices s.r.o. not included (immaterial).

DELIVERIES TO CUSTOMERS BY MODEL

	Change in %	ŠKODA vehicles				
	2020/2019	2020	2019	2018	2017	2016
CITIGO / CITIGO^{e} iV	**-52.0%**	**14 971**	**31 199**	**39 161**	**37 115**	**40 674**
FABIA	-43.0%	65 870	115 480	123 356	130 186	127 325
FABIA COMBI	-30.9%	39 589	57 313	67 524	76 313	127 325
FABIA total	**-39.0%**	**105 459**	**172 793**	**190 880**	**206 499**	**202 303**
RAPID	-37.8%	75 499	121 374	132 671	136 729	133 583
RAPID SPACEBACK	-79.7%	4 203	20 744	58 806	74 751	79 073
RAPID total	**-43.9%**	**79 702**	**142 118**	**191 477**	**211 480**	**212 656**
SCALA	**61.7%**	**63 181**	**39 071**	**-**	**-**	**-**
OCTAVIA	-43.8%	104 805	186 587	210 482	236 309	262 863
OCTAVIA COMBI	-13.9%	152 559	177 135	177 749	182 458	173 111
OCTAVIA total	**-29.2%**	**257 364**	**363 722**	**388 231**	**418 767**	**435 974**
SUPERB	-25.7%	40 930	55 108	86 143	94 522	81 288
SUPERB COMBI	-8.9%	45 221	49 647	51 998	56 388	57 566
SUPERB total	**-17.8%**	**86 151**	**104 755**	**138 141**	**150 910**	**138 854**
ROOMSTER	**-**	**-**	**-**	**0**	**1**	**29**
KAMIQ	**99.0%**	**128 539**	**64 597**	**27 868**	**0**	**-**
YETI	**-80.0%**	**2**	**10**	**13 063**	**69 467**	**95 540**
KAROQ	**-10.1%**	**137 223**	**152 708**	**115 725**	**6 335**	**-**
KODIAQ	**-23.4%**	**131 590**	**171 794**	**149 195**	**99 961**	**447**
ENYAQ iV	**-**	**634**	**-**	**-**	**-**	**-**
Total	**-19.1%**	**1 004 816**	**1 242 767**	**1 253 741**	**1 200 535**	**1 126 477**

DELIVERIES TO CUSTOMERS BY REGION

	Change in %	ŠKODA vehicles					Share of passenger car market (%) **	
	2020/2019	2020	2019	2018	2017	2016	2020	2019
Central Europe *	-15.7%	181 937	215 784	212 928	207 143	183 770	19.7%	17.9%
Eastern Europe	-3.2%	134 393	138 791	127 533	103 634	90 446	6.3%	5.9%
Western Europe	-16.5%	434 461	520 475	486 356	477 735	454 001	4.0%	3.6%
Overseas/Asia	-30.9%	254 025	367 717	426 924	412 023	398 260	0.5%	0.6%
Total	**-19.1%**	**1 004 816**	**1 242 767**	**1 253 741**	**1 200 535**	**1 126 477**	**1.5%**	**1.6%**

**including the Czech Republic*
***shares on passenger cars, total markets*

PRODUCTION AT ŠKODA AUTO GROUP

	Change in %	Vehicles				
	2020/2019	2020	2019	2018	2017	2016
Production at ŠKODA AUTO a.s. (Mladá Boleslav, Kvasiny)						
Production of ŠKODA vehicles	-16.7%	672 900	808 066	785 128	767 474	711 309
Production of SEAT vehicles	-23.2%	76 710	99 876	100 975	90 629	53 862
Total ŠKODA AUTO a.s. production	-17.4%	749 610	907 942	886 103	858 103	765 171
Production at SKODA AUTO INDIA PRIVATE LTD. (Aurangabad)*	*	*	*	16 364	12 393	10 367
Total ŠKODA AUTO Group production*	**-17.4%**	**749 610**	**907 942**	**902 467**	**870 496**	**775 538**

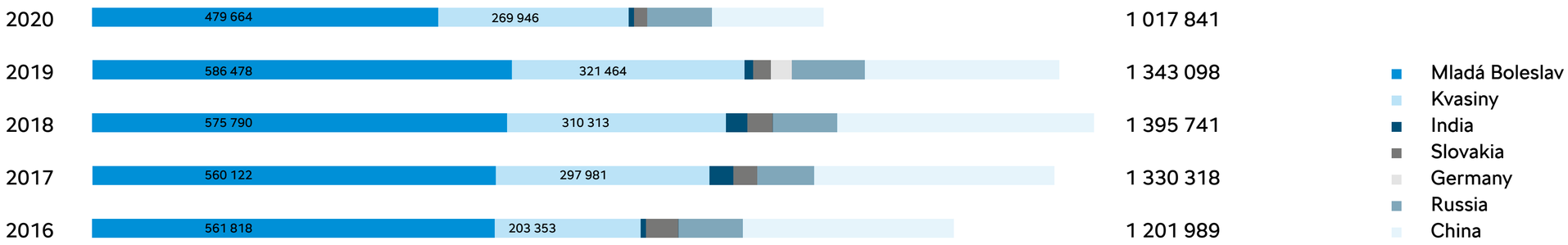
** From 2019, production in India (Aurangabad) is reported under VW Group plants, after changes in ownership structure. Detailed overview by model is available in the Annual Report, p. 52 - 53*

PRODUCTION OF ŠKODA VEHICLES IN OTHER VW GROUP PLANTS

	Change in %	Vehicles				
	2020/2019	2020	2019	2018	2017	2016
India*	-47.4%	8 168	15 522	9 989	11 800	9 608
Slovakia	-34.5%	17 898	27 333	37 101	38 749	41 247
Germany	-100.0%	0	21 000	1 458	0	0
Russia	-13.4%	90 892	104 924	90 739	76 998	58 013
China	-43.2%	151 273	266 377	353 987	332 275	327 950
Total ŠKODA vehicles in other VW Group plants	**-38.4%**	**268 231**	**435 156**	**493 274**	**459 822**	**436 818**
TOTAL ŠKODA BRAND WORLDWIDE	**-24.3%**	**941 131**	**1 243 222**	**1 285 269**	**1 232 042**	**1 152 308**
TOTAL ŠKODA PRODUCTION WORLDWIDE, INCLUDING OTHER GROUP BRANDS	**-24.2%**	**1 017 841**	**1 343 098**	**1 395 741**	**1 330 318**	**1 212 356**

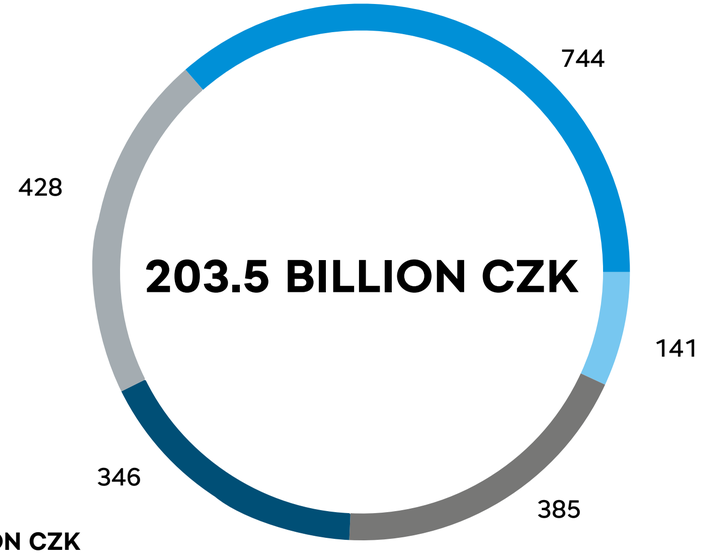
** From 2019, production in India (Aurangabad) is reported under VW Group plants, after changes in ownership structure. Detailed overview by model is available in the Annual Report, p. 52 - 53*

PRODUCTION BY LOCATION (VEHICLES)



SUPPLIER STRUCTURE OF PRODUCTION PROCUREMENT (NUMBER OF SUPPLIERS)

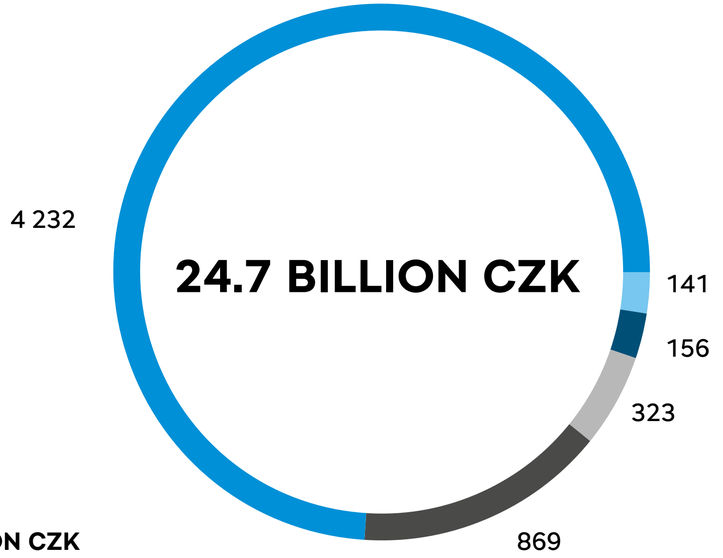
- Germany
- Czech Republic
- Western Europe (excl. Germany)
- Central & Eastern Europe (excl. Czech Rep)
- Other regions



TOTAL VOLUME: 203.5 BILLION CZK

SUPPLIER STRUCTURE OF GENERAL PROCUREMENT (NUMBER OF SUPPLIERS)

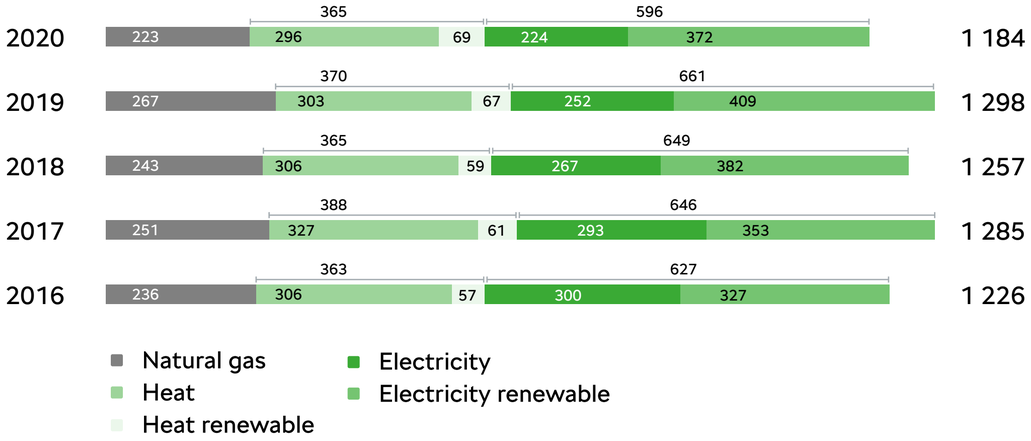
- Czech Republic
- Germany
- Western Europe (excl. Germany)
- Central & Eastern Europe (excl. Czech Rep)
- Other regions



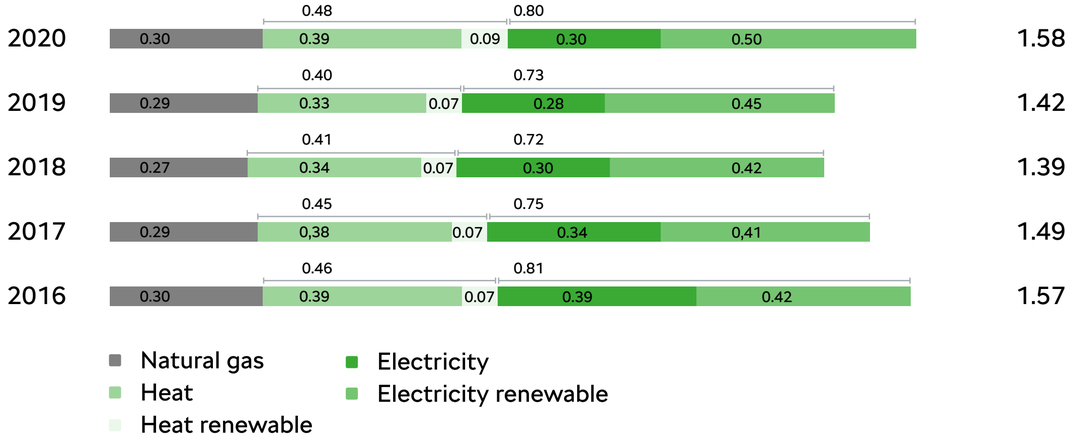
TOTAL VOLUME: 24.7 BILLION CZK

6.2 ENVIRONMENT

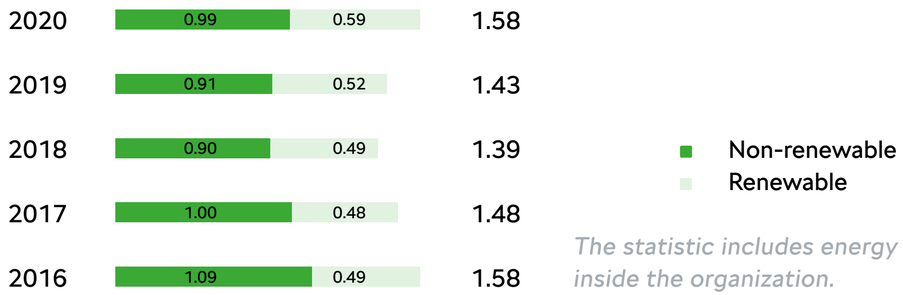
FORMS OF ENERGY – TOTAL (GWh)



FORMS OF ENERGY – VEHICLE (MWh)

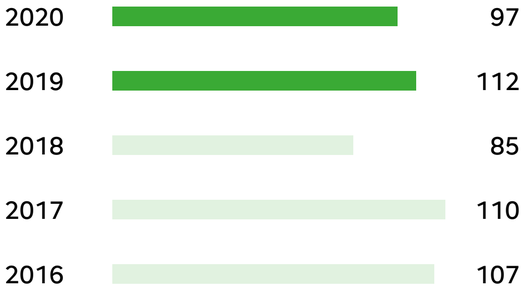


ENERGY INTENSITY – VEHICLE (MWh)

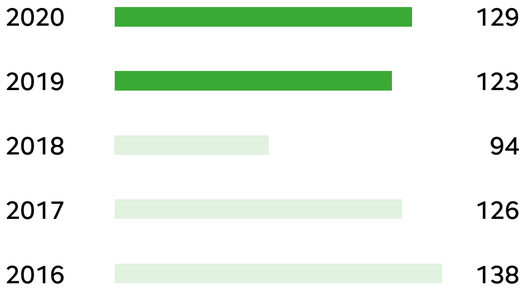


The statistic includes energy consumption inside the organization.

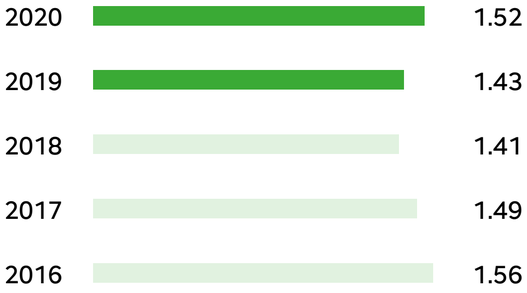
DIRECT NO_x EMISSIONS – TOTAL (t)



DIRECT NO_x EMISSIONS – VEHICLE (g)



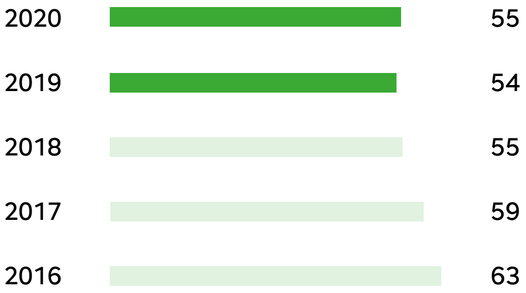
VOC EMISSIONS – VEHICLE (kg)



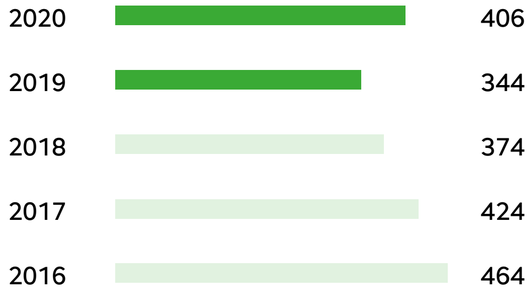
NOx - The decrease in emissions in 2020 was caused by a decrease in production due to the COVID-19 pandemic, the increase in 2019 was caused by the commissioning of new sources at a new paint shop and optimization of afterburner settings in favour of maximum VOC reduction, which is the main pollutant whose reduction is a priority.

VOC - decrease of absolute value caused by decrease of production due to COVID-19 pandemic, increase of relative parameter VOC/produced car was caused by lower number of produced cars (influence of basic load) and larger painted area of produced cars

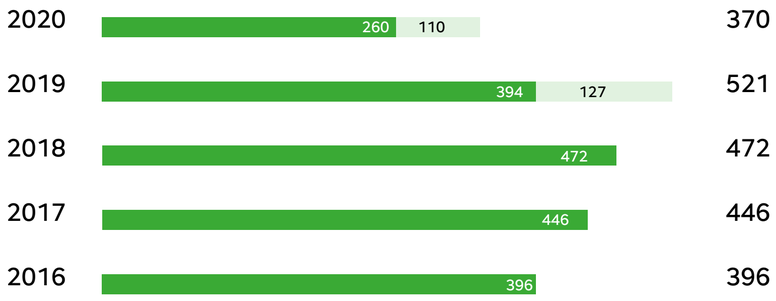
DIRECT CO_2 EMISSIONS (SCOPE 1) – VEHICLE (kg)



INDIRECT CO_2 EMISSIONS (SCOPE 2) – VEHICLE (kg)

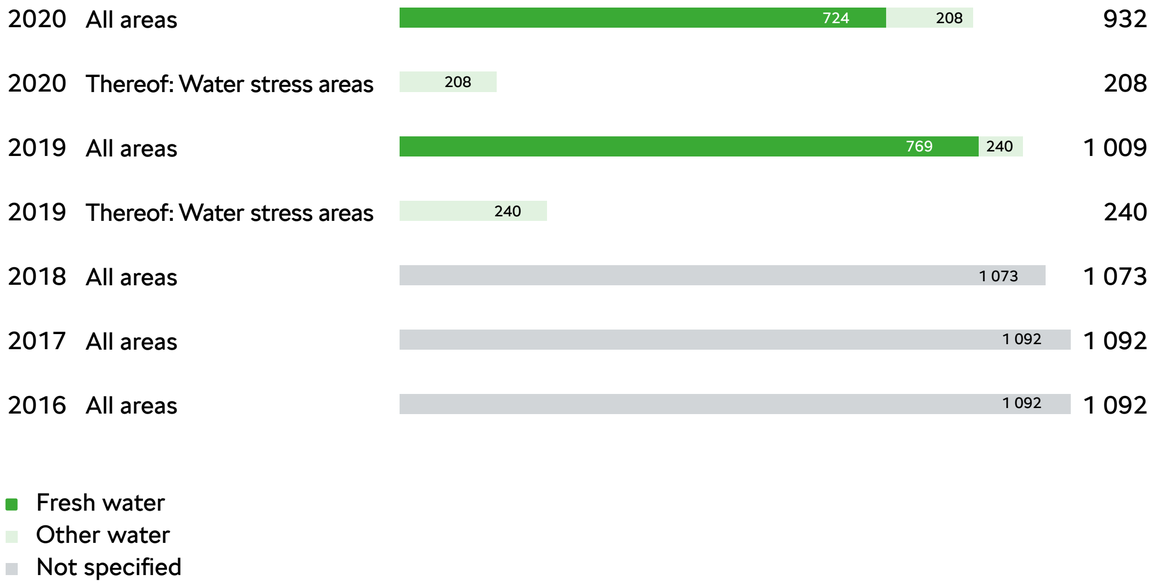


WATER CONSUMPTION - TOTAL (thousands of m³)



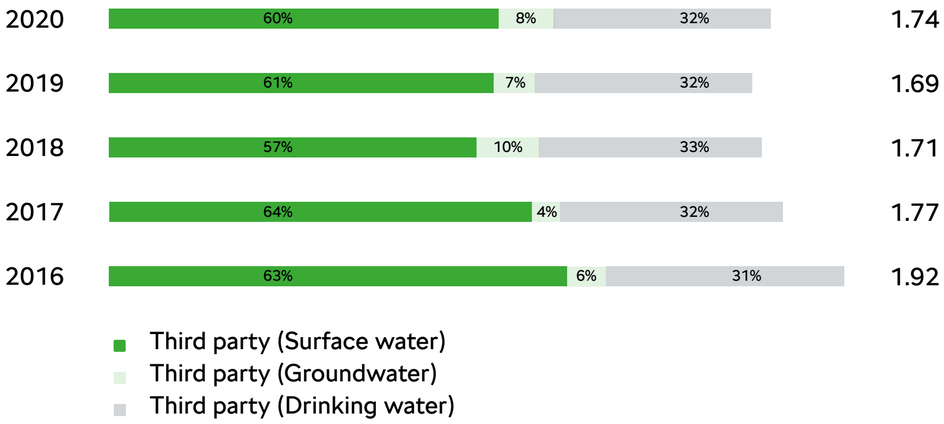
Water consumption is calculated as a difference between water withdrawal and discharge.

WATER DISCHARGE - TOTAL (thousands of m³)



100% of water discharge is third party surface water.
Discharge by destination and to areas with water stress is monitored since 2019 (new requirements of GRI 303 - Water and effluents 2018)

WATER WITHDRAWAL - VEHICLE (%, m³)



SOURCES OF INDUSTRIAL WATER AFFECTED BY WITHDRAWAL AND DISCHARGE

Name	Area of the drainage basin upstream to the withdrawal profile in km²	Long-term average flow Q_a m³/s	Watercourse important for water management	Order according to Gravelius	Protected areas at the site of water withdrawal or discharge	Environmental quality of the watercourse – type of water as per Decree 169/2006 Coll.
Jizera River	1 734.81	25.24	Yes	II.	No	47K, 48K carp water
Bělá River	59.4	1.22	Yes	IV.	No	11 L salmon water
Labe River	93.35	2.63	Yes	I.	No	2 L salmon water

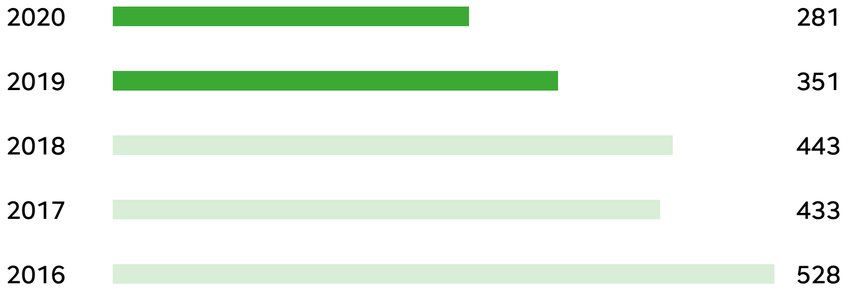
GROUNDWATER SOURCES

Name	Hydrogeological zone	Area in km²	
Podorlická křída	4222 Povodí Orlice (Orlice River Basin)	434.5	Classification is in accordance with legal water protection requirements and VÚV TGM (T.G. Masaryk Water Research Institute) and ČHMÚ (Czech Hydrometeorological Institute) databases.

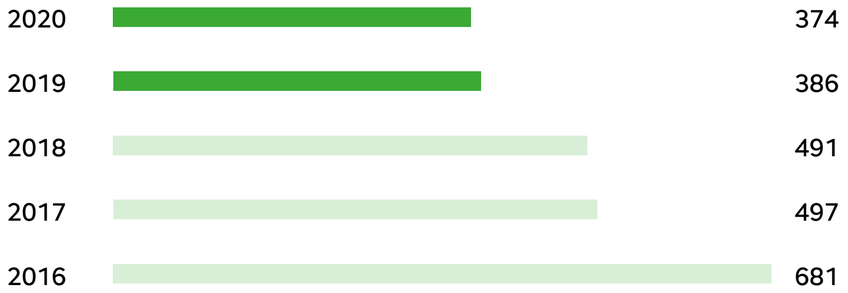
RECYCLED WATER – TOTAL (thousands of m³, % of water withdrawal)

Recycled water is used multiple times during the production process - e.g. final rinse in the paint shop or circulating water in the water test working as washer. Data also include waste water which can be reused, e.g. purified waste water is being used for irrigation.
Data on recycled water exclude water circulating in cooling systems, water used for separation of pollutants and water in systems for air humidification. Data also exclude collected rainwater.

CHEMICAL OXYGEN DEMAND – TOTAL (t)

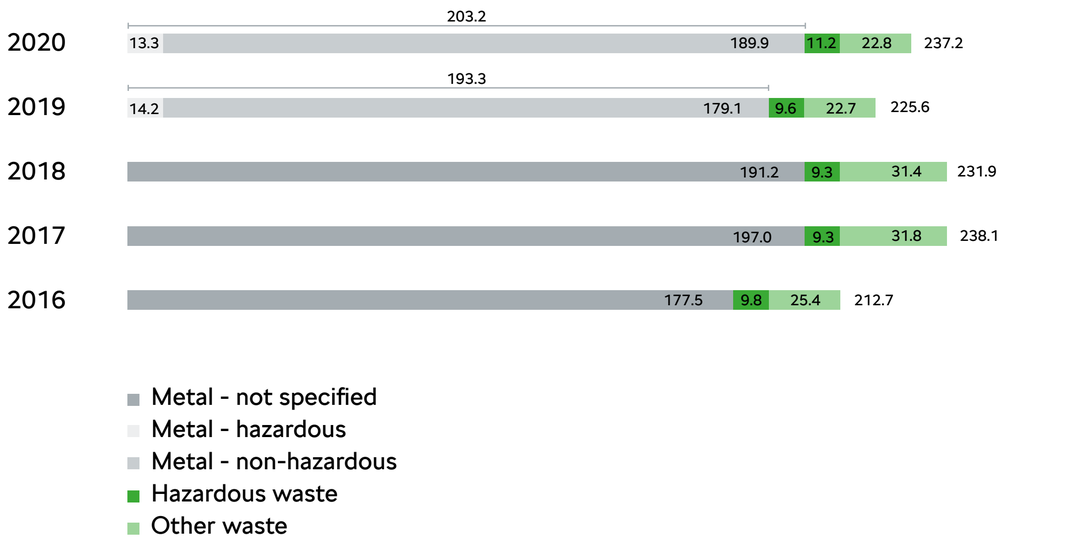


CHEMICAL OXYGEN DEMAND – VEHICLE (g)

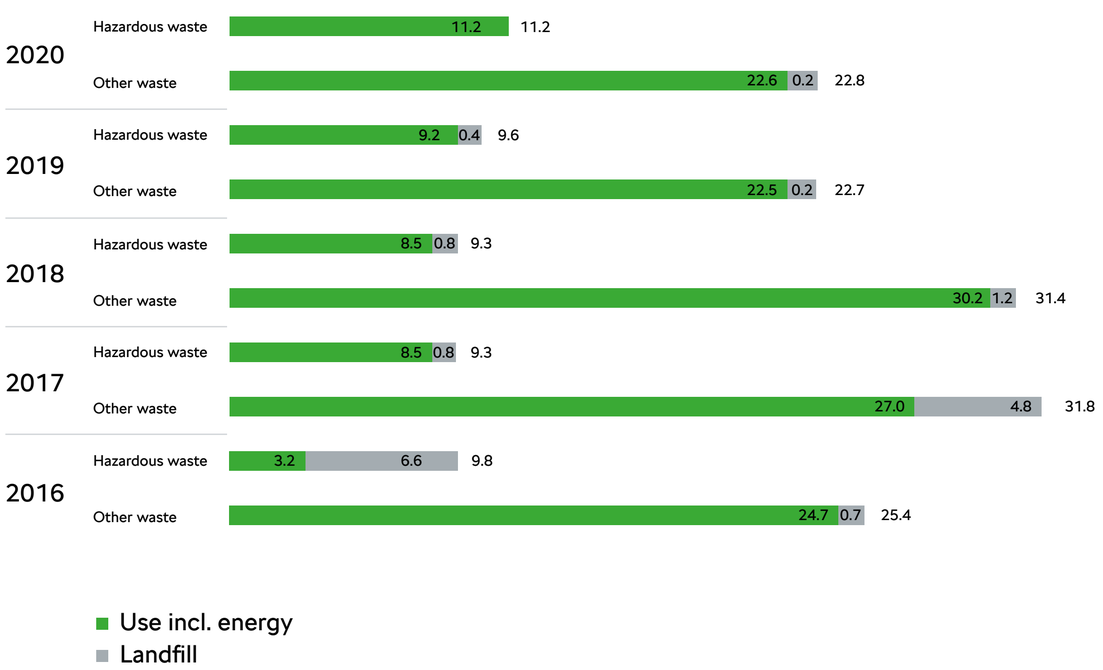


Chemical oxygen demand (COD) - the gradual reduction of this parameter until 2019 was caused mainly by a change in the nature of chemicals used in the painting process and by increasing the recycling of rinsing water in the paint shop in Mladá Boleslav, thus reducing the yield of organic substances in wastewater. The decline in 2020 was caused by a decline in production due to the COVID-19 pandemic.

WASTE GENERATED BY TYPE – VEHICLE (kg)



WASTE BY MEANS OF DISPOSAL – VEHICLE (kg)



OVERVIEW OF RELEVANT PROTECTED AREAS

Mladá Boleslav plant

Category	Name	Distance (km)	Direction	Area (ha)	Object of protection & notes
Protected landscape area	Český ráj	10	NE	18 152.3	The purpose of this area is to preserve and restore the natural environment, particularly ecosystems of wild animal and plant species, and to maintain the typical character of the landscape while developing environmentally optimal use of the land and its natural resources.
Nature reserve	Vrch Baba u Kosmonos	2.2	N	249.6	The complex forest and non-forest natural ecosystems (forest borders, edges, grassland) with high concentration of major habitats, plant and animal taxa and significant geological and geomorphological phenomena – the exposed open space and crack-seal basalt veins.
National natural monument	Radouč	1.6	W	1.5	To protect significant calcicole and thermophilic communities of argillaceous rocks with a unique occurrence of needle sunrose (Fumana procumbens) in Bohemia.
Natural monument	Bezděčín	2	SW	75.1	Protection of the critically endangered species, European ground squirrel; its population is residing in grassed areas of this natural monument.
Natural monument	Podhradská tůň	3.4	N	3.1	A landscape with significant natural and aesthetic values, especially the dead arm of the Jizera River as a remnant of the meandering of the watercourse with a characteristic ecosystem of water surface areas, floodplain forest, natural dead arm vegetation stands, including a strip of riparian and aquatic plants, while allowing for semi-intensive fish farming and sport fishing, with the requirement to maintain the equilibrium state and achieve recovery of this ecosystem.
Natural monument	Lom u Chrástu	4.3	SW	1.5	Significant paleontological deposits of Cretaceous middle Turonian fauna, which is one of the baseline supporting profiles for stratigraphy of the Czech Cretaceous layer.
Nature park	Chlum	1.5	S	1 319	Most of the territory is covered by forests – mainly oak and hornbeam forests, locally with acidophilic oak woods or herb-rich beech forests. The most abundantly represented trees are summer and winter oaks, small-leaved lime, hornbeam, sycamore maple, common ash, and common beech. The herbaceous layer contains rare or protected species of plants, such as white helleborine, common hepatica, Lily of the valley, hazelwort, hairy sedge, wood sedge (Carex sylvatica), Chinese lantern, sweet woodruff, Turk's cap lily, wood anemone, Solomon's seal, salisbury (Dryopteris pulchella), baneberry, and others. The area also harbours many insect species, such as mallow skipper, purple emperor, large poplar longhorn beetle (Saperda carcharias), several species of longhorn beetles and jewel beetles. The birds are represented by European robin, great spotted woodpecker, Eurasian nuthatch, Eurasian collared dove, Eurasian jay, common buzzard, willow warbler, European green woodpecker. Other animals include amphibians, such as common water frog, European water frog, European tree frog, and common toad.

Category	Name	Distance (km)	Direction	Area (ha)	Object of protection & notes
Nature park	Jabkenicko	9	SE	556	The main reason for establishment of this nature park was a continuous forest area, absence of larger settlements and a system of mainly forest ponds supplied with water from forest complexes, and thus uncontaminated with washes from the fields and wastes from the municipalities. It is a system of ponds in Jabkenický potok creek, the largest of which is Vidlák, and the system on Svatojiřský (Hladoměřský) potok creek and a variety of small ponds on forest streams. Geology: The entire area is located on upper Turonic marls that only come to the surface in the valley indentations and then in the lower deforested areas. The bedrock of the entire forest is formed by Jizera River gravels during the early Pleistocene epoch. Fauna and flora: Oak trees in Jabkenická obora. In botanical terms, this area represents poor forest communities – originally pine oak forests, now mostly converted to cultural pine forests with smaller areas of native oaks, but also non-native trees, especially spruce. More varied vegetation is located in the valley indentations, with preserved fragments of hornbeam-oak woodlands, wet alder forests in the floodplain, and wet floodplain meadows. Of paramount importance is the system of forest ponds, which serves as a refuge for a number of formerly common, now vanishing aquatic animals and plants. Fallow deer is primarily bred in the Jabkenická obora game preserve.
Nature park	Čížovky	9	SE	386	The Čížovka Nature park is a protected area, which was established in 1998 in the surrounding of the Petkovy, Domousnice and Lhotky communities. It is a little affected landscape with sparse, scattered settlements and minimal post-war construction. The protected area includes the surroundings of the Křesovský potok stream, which is a source of water for several ponds, and Křemenice hill (336 m above sea), representing the eastern end of the prominent Chloumecký hřbet landform. The landscape here is a mosaic of water areas, wetlands, meadows, remnants of old orchards, while the valley slopes are covered with forests. These habitats provide an environment for many different species of plants and animals. Fauna and flora: Animals known to occur in the area of the nature park include several species of endangered amphibians, owls, kingfisher (Alcedo atthis), white wagtail (Motacilla alba) and grey wagtail (M. cinerea), great spotted woodpecker (Dendrocopos major) and lesser spotted woodpecker (Dendrocopos minor), red-backed shrike (Lanius collurio), Eurasian coot (Fulica atra), garden warbler (Sylvia borin), sedge warbler (Acrocephalus schoenobaenus) and several species of bats (a colony of bats residing in the mill below the dam of one of the ponds). The park area harbours many interesting habitats, for example pigra, fescue and sedge meadows. Many plant species grow in the park, including marsh fern (Thelypteris palustris), shining pondweed (Potamogeton lucens), horned pondweed (Zannichellia palustris), pepper saxifrage (Silaum silaus) field wormwood (Artemisia campestris), several sedge species, such as soft-leaved sedge (Carex montana), greater tussock-sedge (Carex paniculata) and cyperus sedge (Carex pseudocyperus), common centaury (Centaurium erythraea), northern bedstraw (Galium boreale), valerian (Valeriana dioica), Kashubian vetch (Vicia cassubica), mountain parsley (Peucedanum oreoselinum), and others.

Kvasiny plant

Category	Name	Distance (km)	Direction	Area (ha)	Object of protection & notes
Protected landscape area	Orlické hory	5.5	NE	23 387	The purpose of this area is to protect the landscape, its appearance and its typical characters so that these values create a balanced environment; the distinctive features of the landscape include in particular its surface profile, including watercourses and water areas, vegetation cover and its wild fauna, as well as the layout and use of forest and agricultural land fund, settlement structure of the areas, urban structure of settlements, local vernacular architecture, and construction works of monumental or dominant character.
Nature reserve	Skalecký ráj	8	N	3.2	Forest vegetation with natural composition of tree species and rich herbaceous layer (common cowslip, wild arum, and rueleaved isopyrum Isopyrum thalictroides). The most important plant species is a rare Czech endemic orchid species Epipactis albensis, which has its global occurrence bound only to Bohemia and Moravia.
Natural monument (proposed) Special Area of Conservation (SAC)	Uhřínov-Benátky	5	NE	4.9	To support and stabilise the population of an highly endangered animal and European important species, dusky large blue, including active protection of its habitat and appropriate interventions and management of the watercourse, grasslands and other vegetation concerned to ensure stability of the population and support its further spread in the locality.
Nature park	Les Včelný	3.5	SE	235.8	A pond known as Ivanské jezero was built in the North-Eastern part of the park on the Javornický potok creek. The slopes and plateaus are covered with forest stands, dominated by coniferous trees, or with mixed stands. The original vegetation in the area was composed of oak and hornbeam woodlands. A total of about 400 plant species were identified in this area. Given the character of the habitats, forest vertebrates are 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 (ha)	Object of protection & notes
National park	Krkonoše National Park	1.1	N	36 300	Preservation and improvement of the natural environment, in particular protection or restoration of self-control functions of the natural systems, strict protection of wild fauna and flora, maintaining the typical appearance of the landscape, fulfilling scientific and educational goals, as well as the use of the national park for ecologically viable tourism and recreation, not worsening the environment, SAC site No. CZ0524044, bird region CZ0521009.
Natural monument	Lom Strážné	7	N	4.2	Calcicole and thermophilic plant communities (including specially protected species), which developed by succession after the exploitation on a very unusual bare limestone bedrock. This site harbours the largest population of common spotted orchid in the Krkonoše mountains. If the uninterrupted succession continues, emergence of additional calcicole species can be undoubtedly expected in the future. Botanical reasons of protection are further supported by geological (protection of the remaining lenses of crystalline limestone formed in the inner schist series of the Krkonoše mountains bedrock) and geomorphological reasons (protection of karst areas), as well as by protection of animal species included in the category of endangered species that live in this area (amphibians in ponds at the bottom of the quarry, reptiles on dry sites and wintering bats in the mine drainage), as well as landscape (aesthetic) reasons.
Natural monument	Herlíkovické štoly	7	N	0.003	Protection of permanent hibernacula of various species of bats in old adits.
Natural monument	Labská soutěska	7.5	N	2.8	Protection of unique evorsion structures and riffles in muscovite orthogneiss of the upper Elbe.

6.3 SOCIAL ACTIVITIES

EMPLOYEE STRUCTURE ACCORDING TO TYPE OF EMPLOYMENT AND SUBSIDIARIES

	2020	2019	2018	2017	2016
Core staff - ŠKODA AUTO Group	**34 614**	**33 975**	**33 726**	**31 714**	**28 310**
of which: ŠKODA AUTO a.s.	34 514	33 881	32 738	30 690	27 462
of which: subsidiaries*	100	94	988	1 024	848
of which: SAS	66	63	62	61	61
of which: SAIPL	n/a	n/a	896	943	787
of which: SADL	31	31	30	20	-
of which: UMI	3	-	-	-	-
of which: SADS	-	-	-	-	-
Temporary workers - ŠKODA AUTO Group	**3 262**	**3 232**	**2 789**	**2 802**	**3 467**
of which: ŠKODA AUTO a.s.	3 262	3 232	2 789	2 802	3 467
of which: subsidiaries*	-	-	-	-	-
Apprentices - ŠKODA AUTO Group	**923**	**948**	**958**	**936**	**913**
of which: ŠKODA AUTO a.s.	923	948	958	936	913
of which: subsidiaries*	-	-	-	-	-

** Subsidiaries:*
SAS = ŠKODA AUTO Slovensko s.r.o.
SAIPL = SKODA AUTO India Private Ltd., out of scope since 2019
SADL = ŠKODA AUTO DigiLab s.r.o.
UMI = UMI Urban Mobility International Česká republika s.r.o., established 31.12.2019
SADS = ŠKODA AUTO DigiServices s.r.o., acquired 2019, renamed from Smart City Lab s.r.o.
Data is valid for 31.12. of each reporting year.
Data is relevant for ŠKODA AUTO a.s.

EMPLOYEE STRUCTURE BY GENDER

		2020	2019	2018	2017	2016
Direct employees	Men	18 223	17 702	17 209	16 431	14 252
	Women	4 480	4 355	4 245	3 822	3 280
	Total	22 703	22 057	21 454	20 253	17 532
Indirect employees	Men	9 282	9 277	8 868	8 210	7 843
	Women	2 529	2 547	2 416	2 227	2 087
	Total	11 811	11 824	11 284	10 437	9 930
Apprentices	Men	815	828	842	825	806
	Women	108	120	116	111	107
	Total	923	948	958	936	913
Temporary workers	Men	2 903	2 553	1 980	2 017	2 767
	Women	359	679	809	785	700
	Total	3 262	3 232	2 789	2 802	3 467

Direct employees are production workers.
Indirect employees include overhead workers, office employees and management.
Core staff = Direct employees + Indirect employees

MANAGEMENT STRUCTURE BY GENDER

		2020	2019	2018	2017	2016
Board of Directors	men	7	7	7	7	7
	women	-	-	-	-	-
	total	**7**	**7**	**7**	**7**	**7**
Supervisory Board	men	8	8	8	7	7
	women	1	1	1	1	1
	total	**9**	**9**	**9**	**8**	**8**
Senior Management	men	273	273	284	258	235
	women	29	29	31	34	30
	total	**302**	**302**	**315**	**292**	**265**
Management total*	men	612	595	567	536	502
	women	99	98	84	82	76
	total	**711**	**693**	**651**	**618**	**578**

** includes senior management*

AGE STRUCTURE OF THE CORE STAFF

		2020	2019	2018	2017	2016
Direct employees	under 30	5 698	5 823	6 049	6 007	5 006
	30 - 50	13 462	12 913	12 341	11 448	9 974
	over 50	3 543	3 321	3 064	2 798	2 552
Indirect employees	under 30	1 690	1 888	1 822	1 457	1 251
	30 - 50	7 519	7 507	7 212	6 839	6 211
	over 50	2 602	2 429	2 250	2 141	1 890

AGE STRUCTURE OF THE MANAGEMENT

		2020	2019	2018	2017	2016
Board of Directors	under 30	-	-	-	-	-
	30 - 50	-	-	-	-	-
	over 50	7	7	7	7	7
Supervisory Board	under 30	-	-	-	-	1
	30 - 50	-	-	1	2	2
	over 50	9	9	8	6	5
Senior Management	under 30	-	-	-	-	-
	30 - 50	174	188	211	208	189
	over 50	128	114	104	84	76
Management total*	under 30	1	1	-	-	-
	30 - 50	450	468	459	444	417
	over 50	260	224	192	174	160

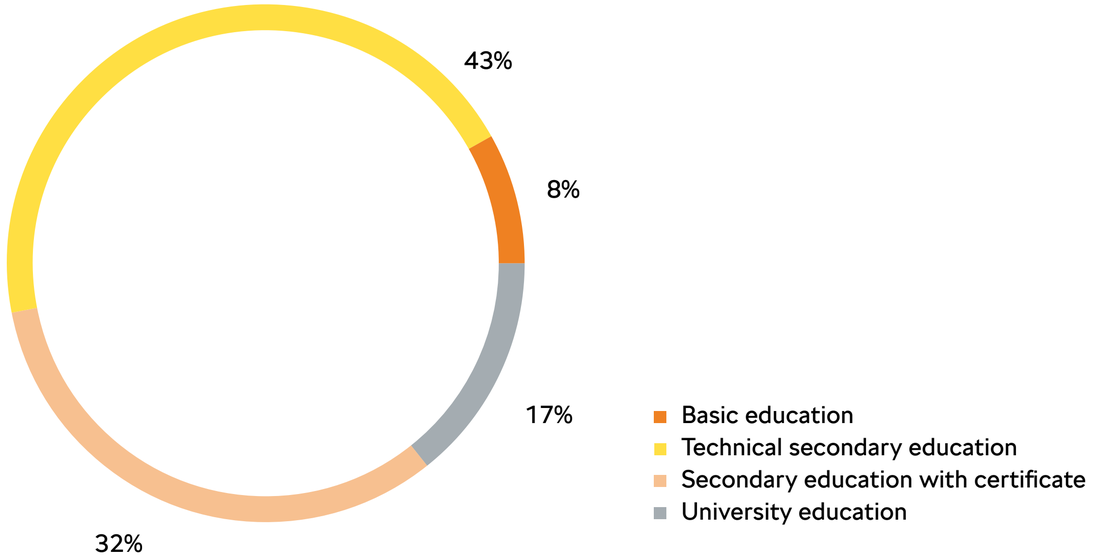
** includes senior management*

NATIONALITY STRUCTURE OF EMPLOYEES IN 2020

	Direct employees	Indirect employees	Management*	Senior management**
Czech Republic	19 674	11 174	598	242
Poland	3 182	23	3	1
Slovakia	1 885	291	22	9
Ukraine	579	32	2	-
Germany	2	124	64	41
Other	643	167	22	9

* *Management is subset of Indirect employees*
** *Senior management is subset of Management*

QUALIFICATION STRUCTURE OF THE CORE STAFF IN 2020 (%)



ANNUAL EMPLOYEE TURNOVER (%)

Calculation of turnover is based on average number of employees.

NEW EMPLOYEE HIRES

2020	age at hiring	men	women	total
	under 30	1 038	281	**1 319**
	30-50	761	223	**984**
	over 50	52	27	**79**
total		1 851	531	**2 382**
2019	**age at hiring**	**men**	**women**	**total**
	under 30	1 370	343	**1 713**
	30-50	1 082	378	**1 460**
	over 50	93	25	**118**
total		2 545	746	**3 291**
2018	**age at hiring**	**men**	**women**	**total**
	under 30	1 676	460	**2 136**
	30-50	1 232	504	**1 736**
	over 50	118	44	**162**
total		3 026	1 008	**4 034**
2017	**age at hiring**	**men**	**women**	**total**
	under 30	2 394	514	**2 908**
	30-50	1 828	456	**2 284**
	over 50	142	43	**185**
total		4 364	1 013	**5 377**
2016	**age at hiring**	**men**	**women**	**total**
	under 30	2 119	433	**2 552**
	30-50	1 398	403	**1 801**
	over 50	115	25	**140**
total		3 632	861	**4 493**

EMPLOYEE DEPARTURES (EXCLUDING MATERNITY LEAVE, PARENTAL LEAVE, ETC.)

2020	age at departure	men	women	total
	under 30	416	69	**485**
	30-50	514	114	**628**
	over 50	358	90	**448**
total		1 288	273	**1 561**
2019	**age at departure**	**men**	**women**	**total**
	under 30	599	80	**679**
	30-50	637	120	**757**
	over 50	267	94	**361**
total		1 503	294	**1 797**
2018	**age at departure**	**men**	**women**	**total**
	under 30	635	74	**709**
	30-50	622	109	**731**
	over 50	261	89	**350**
total		1 518	272	**1 790**
2017	**age at departure**	**men**	**women**	**total**
	under 30	757	49	**806**
	30-50	725	116	**841**
	over 50	261	77	**338**
total		1 743	242	**1 985**
2016	**age at departure**	**men**	**women**	**total**
	under 30	515	38	**553**
	30-50	453	56	**509**
	over 50	327	114	**441**
total		1 295	208	**1 503**

MATERNITY AND PARENTAL LEAVE, UNPAID LEAVE UP TO 4 YEARS OF CHILD'S AGE

	Departures		
period	Men	Women	Total
2020	6	310	316
2019	10	278	288
2018	11	242	253
2017	6	220	226
2016	6	221	227

	Returns		
period	Men	Women	Total
2020	8	179	187
2019	4	154	158
2018	6	136	142
2017	8	172	180
2016	2	166	168

	Retention		
period	Returned in prior year	Still employed at 31 December	Retention %
2020	158	138	87%
2019	142	123	87%
2018	180	153	85%

RETENTION AFTER RETURN FROM PARENTAL LEAVE

Number of employees retained represents employees that returned to work after parental leave in prior year, that were still employed at the end of reported year.

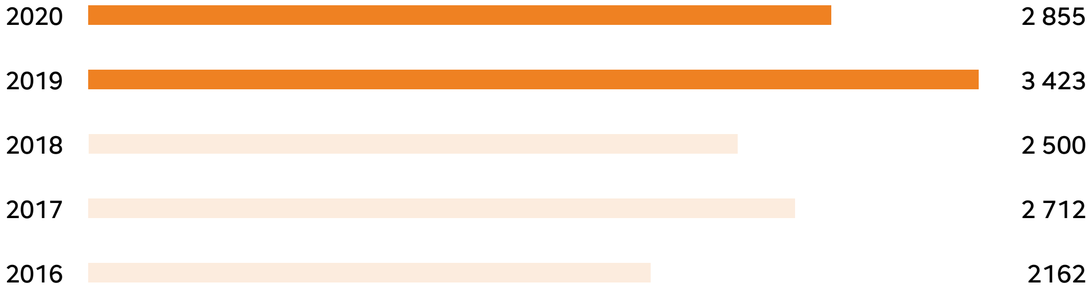
NUMBER OF RECORDABLE WORK-RELATED INJURIES

	2020	2019	2018	2017	2016
Injuries - Core staff ŠKODA AUTO a.s.	71	75	78	68	58
of which:					
with hospitalisation longer than 5 days	3	5	5	4	2
fatalities	0	0	0	0	0
Hours worked	47 731 307	53 568 666	51 455 975	47 995 619	43 233 317
Injuries - Temporary workers	18	22	18	29	23
of which:					
fatalities	0	0	0	0	0

OCCUPATIONAL INJURIES (NUMBER OF INJURIES)

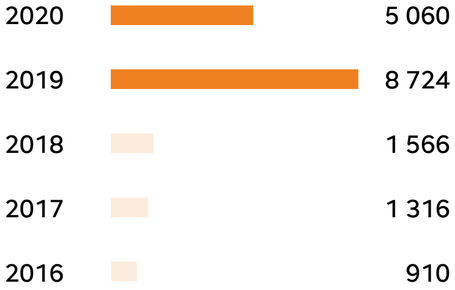
ŠKODA AUTO CHECK-UP (NUMBER OF PARTICIPANTS)

ABSENCE RESULTING FROM WORK-RELATED INJURIES (DAYS)



Data is relevant for ŠKODA AUTO a.s.

REHABILITATION PROGRAMMES (NUMBER OF PARTICIPANTS)



The increase was due to the launch of the reservation system, and also thanks to improved marketing via leaflets, posters and intranet.

VACCINATIONS AGAINST FLU (%)

Statistic on vaccinations is relevant for core employees.

AVERAGE ABSENCE RATE OF THE CORE STAFF (%)

Values represent average percentage of absence days from the total number of working days.

7 ABOUT THIS REPORT

7 ABOUT THIS REPORT

ŠKODA AUTO has been issuing its Sustainability Report every two years since 2007. The current report contains information and data for 2019 and 2020, including comparable data from previous periods for all major indicators.

For the first time, we present our commitment to the UN Sustainable Development Goals and Targets (SDGs), based on the priorities identified by a materiality analysis performed in the reporting period.

For the purposes of this report, ŠKODA AUTO Group refers to the parent company ŠKODA AUTO a.s. and its subsidiaries with majority ownership share. These include: ŠKODA AUTO Slovensko s.r.o. and ŠKODA AUTO Digilab s.r.o. (same as in previous report), and two new subsidiaries: UMI Urban Mobility International Česká republika s.r.o. (established in 2019) and ŠKODA AUTO DigiServices s.r.o. (Smart City Lab s.r.o. acquired in 2019 and renamed).

The previous report also included Skoda Auto India Private Ltd. (100% subsidiary in 2017-18) which is not in the scope for the current sustainability report due to the change of structure and ownership in 2019. (Since 2019, ŠKODA AUTO a.s. holds 8.13% share in SKODA AUTO Volkswagen India Private Ltd.)

ŠKODA AUTO a.s. publishes separate financial statements and an annual report. The financial results of ŠKODA AUTO and its subsidiaries are then consolidated on the Volkswagen Group level, together with associates in which ŠKODA AUTO a.s. holds a minority interest or exercises significant influence. The non-financial indicators of associates are also reported at the Volkswagen Group level.

The indicators relating to the manufacture of vehicles and components by joint ventures or external partners are not included in the data reported herein. The indicators for the manufacture of vehicles and components by subsidiaries and associates of Volkswagen Group are included in the Volkswagen Group Sustainability Report.

The sources of data for this sustainability report include the standardised IT data management systems of Volkswagen Group, e.g. relating to procurement, technical development, manufacturing and logistics, and ŠKODA AUTO's own information systems. The data used for the compilation of this report is contained in Volkswagen Group's sustainability report, which is subject to external assurance. Therefore, ŠKODA AUTO does not seek independent verification of its sustainability report.

The following changes were made to the report:

- Update to the new version of GRI Standards (303 - Water and Effluents 2018, 403 - Occupational Health and Safety 2018)
- Early adoption of GRI 306 - Waste 2020.

Comparative data was adjusted accordingly, to correspond with the new structure and presentation of the indicators.

We ceased to report data that is no longer relevant or applicable: emissions of SO_x (volume is negligible) and Ozone-depleting substances (zero since 2019).

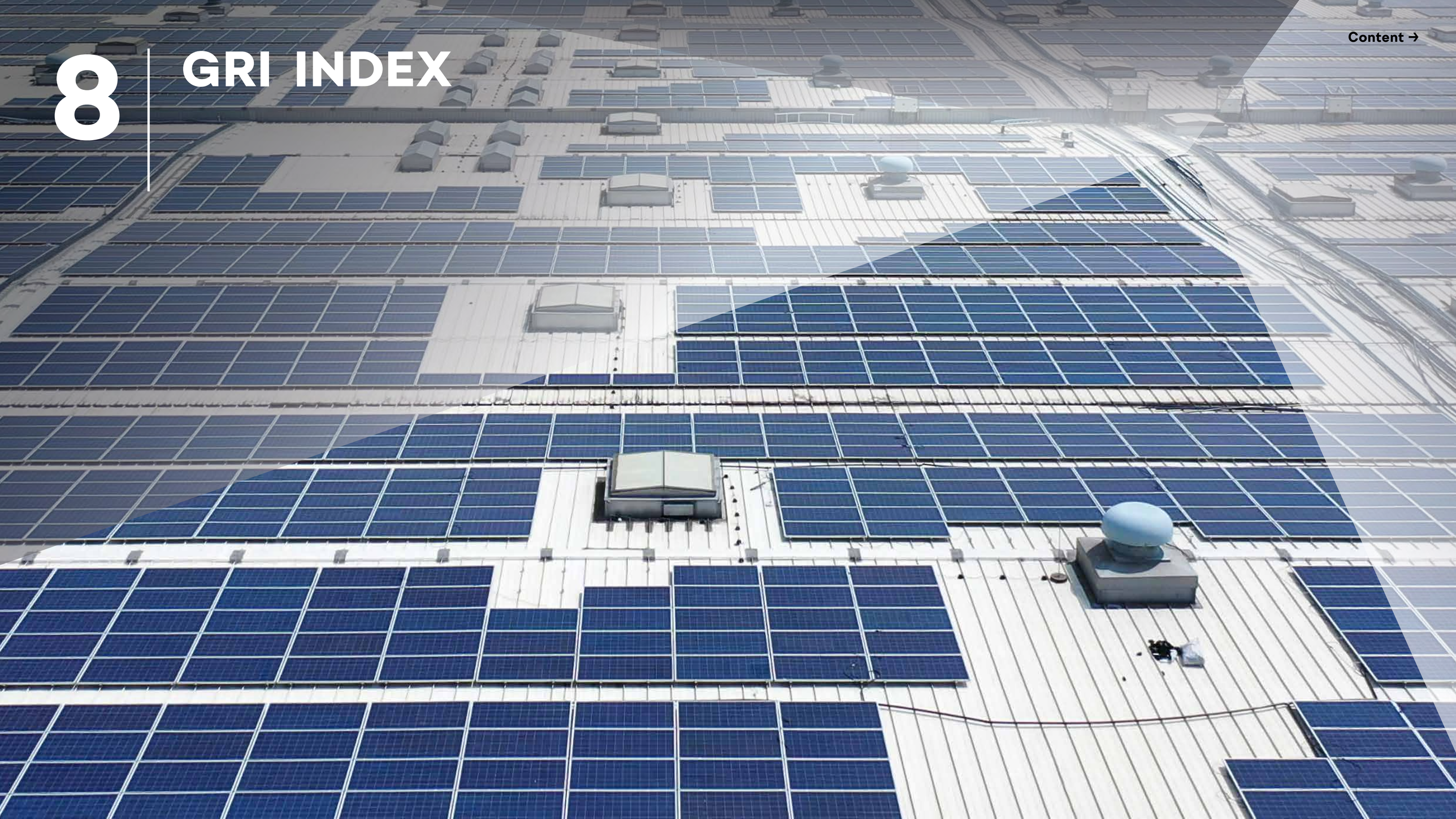
As in previous years, the report focuses on the direct impacts which occur inside the organisation (ŠKODA AUTO refers to the group, ŠKODA AUTO a.s. to the parent company). Beyond that, where possible, we also disclose our management approach to impacts occurring outside of the organisation, to which we indirectly contribute through the supply chain and the life cycle of our products.

This report has been prepared in accordance with the GRI Standards: Core option. To avoid unnecessary duplication of information, we refer in some places to the Annual Report of ŠKODA AUTO a.s.

We welcome your feedback, and we would be pleased to answer questions regarding this report or issues relating to sustainable development at ŠKODA AUTO.

Please contact us by e-mail at:
sustainability@skoda-auto.cz

8 GRI INDEX



8 GRI INDEX

GRI STANDARD	DISCLOSURE TITLE	REFERENCES	COMMENTS
GRI 101: FOUNDATION (2016) **GENERAL DISCLOSURES** **GRI 102: GENERAL DISCLOSURES (2016)**			
Organizational profile			
102–1	Name of the organization	5–6, 108	
102–2	Activities, brands, products, and services	5–8	
102–3	Location of headquarters	6	
102–4	Location of operations	5–6, 24, 88–89	
102–5	Ownership and legal form	5–6	Sole shareholder is VOLKSWAGEN FINANCE LUXEMBURG S.A., subsidiary of VOLKSWAGEN AG.
102–6	Markets served	24, 87–88	
102–7	Scale of the organization	5–6, 8, 23, 63, 87, 88–89, 101	Data on page 23 are relevant for ŠKODA AUTO a.s. For the purposes of financial reporting according to IFRS, other entities within the Group are consolidated at the Volkswagen Group level.
102–8	Information on employees and other workers	63, 101	
102–9	Supply chain	26–27, 90	
102–10	Significant changes to the organization and its supply chain	5, 26	
102–11	Precautionary Principle or approach	27, 36–38	
102–12	External initiatives	20–21, 67, 71	
102–13	Membership of associations	21	
Strategy			
102–14	Statement from senior decision–maker	3	
102–15	Key impacts, Risks and Opportunities	13–18	Annual report: Report on risks and opportunities (p. 82–87)

GRI STANDARD	DISCLOSURE TITLE	REFERENCES	COMMENTS
Ethics and integrity			
102–16	Values, principles, standards, and norms of behavior	36–38	
Governance			
102–18	Governance structure	14	
Stakeholder engagement			
102–40	List of stakeholder groups	12	
102–41	Collective bargaining agreements	12, 63	
102–42	Identifying and selecting stakeholders	11	
102–43	Approach to stakeholder engagement	11–13	
102–44	Key topics and concerns raised	12–13, 15–18	
Reporting practice			
102–45	Entities included in the consolidated financial statements	108	Sustainability report covers only subsidiaries of ŠKODA AUTO a.s. It does not include affiliated companies which are consolidated at the Volkswagen Group level (Annual Report – Notes to the separate financial statements, section 7. Investments in associates). Structure of ŠKODA AUTO Group changed in 2019.
102–46	Defining report content and topic Boundaries	7, 13, 15, 108	
102–47	List of material topics	10, 13	
102–48	Restatements of information	–	There were no restatements.
102–49	Changes in reporting	108	Update to new GRI 303 Water and Effluents (2018), GRI 403 Health and Safety (2018) and early adoption of GRI 306 Waste (2020) from 2019 – indicators adapted to new standards, comparatives adjusted accordingly. Newly included: GRI 102–15 and 201–2 with specific focus on climate change. Ceased to report data on emissions of SOx (negligible) and ODS (no longer applicable) from 2019. Change in group structure (102–45).
102–50	Reporting period	108	1 January 2019 – 31 December 2020

GRI STANDARD	DISCLOSURE TITLE	REFERENCES	COMMENTS
102–51	Date of most recent report	–	Sustainability report for period 2017–2018 was published in July 2019.
102–52	Reporting cycle	108	2 years
102–53	Contact point for questions regarding the report	108	
102–54	Claims of reporting in accordance with the GRI Standards	108	
102–55	GRI content index	110–120	
102–56	External assurance	108	This report is not externally audited.
GRI 103: MANAGEMENT APPROACH (2016)			
103–1	Explanation of the material topic and its Boundary	12–13	Methodology for determining materiality of topics is described in chapter Dialogue with stakeholders and materiality assessment.
103–2	The management approach and its components	14 23–38: Economy and Governance 40–58: Environment 60–84: Social activities	The management approach for each specific material topic is described in detail in individual chapters.
103–3	Evaluation of the management approach	86–90: Economy and Governance 91–100: Environment 101–106: Social activities	Evaluations within specific areas are presented in the respective chapters and in the chapter Facts & Figures.
MATERIAL TOPICS **GRI 200: ECONOMIC**			
103	Management approach	23–38	
GRI 201: ECONOMIC PERFORMANCE (2016)			
103	Management approach	10, 23–24	
201–1	Direct economic value generated and distributed	86	The table presents economic value generated by the ŠKODA AUTO Group for purposes of IFRS consolidation at the Volkswagen Group level. The calculated value includes also affiliated companies that are not in scope of this report.

GRI STANDARD	DISCLOSURE TITLE	REFERENCES	COMMENTS
201–2	Financial implications and other risks and opportunities due to climate change	48	AR p. 83–84 (Legislation regarding emissions), AR p. 160–161 (Provision for covering emission expenditures)
201–4	Financial assistance received from government	21	
GRI 202: MARKET PRESENCE (2016)			
103	Management approach	60	
202–1	Ratios of standard entry level wage by gender compared to local minimum wage	64	
202–2	Proportion of senior management hired from the local community	69	
GRI 203 – INDIRECT ECONOMIC IMPACTS (2016)			
103	Management approach	4, 20, 79, 80	
203–1	Infrastructure investments and services supported	21, 25, 30, 80, 84	
203–2	Significant indirect economic impacts	28–29, 31–33, 78–80	
GRI 204: PROCUREMENT PRACTICES (2016)			
103	Management approach	26–27	
204–1	Proportion of spending on local suppliers	90	
GRI 205: ANTI-CORRUPTION (2016)			
103	Management approach	37	
205–1	Operations assessed for risks related to corruption	37	
205–2	Communication and training about anti-corruption policies and procedures	36–37, 75	
205–3	Confirmed incidents of corruption and actions taken	–	None
GRI 206: ANTI-COMPETITIVE BEHAVIOR (2016)			
103	Management approach	38	
206–1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	–	None

GRI STANDARD	DISCLOSURE TITLE	REFERENCES	COMMENTS
GRI 300: ENVIRONMENTAL			
Comparative figures for environmental indicators (years 2016 – 2018) included production in Aurangabad (Skoda Auto India Private Ltd.). Since 2019, production in India is not in the scope for Skoda Auto Group sustainability report (refer to GRI 102–45 for explanation). Aurangabad production represented 1.4 and 1.8 percent of total production in 2017 and 2018 respectively and its impact on comparability is immaterial.			
GRI 103: MANAGEMENT APPROACH (2016)			
103	Explanation of the material topic and its Boundary	41–44: Climate change 45–48: Air quality 49–57: Resources 58: Environmental compliance 58: GreenRetail	
GRI 301: MATERIALS (2016)			
103	Management approach	40, 55	
301–1	Materials used by weight or volume	55	ŠKODA OCTAVIA is used as an example.
301–2	Recycled input materials used	55	ŠKODA OCTAVIA is used as an example.
301–3	Reclaimed products and their packaging materials	57	Collected units are reported. Percentage rate is not presented due to its limited accuracy.
GRI 302: ENERGY (2016)			
103	Management approach	40, 49–52	
302–1	Energy consumption within the organization	50, 91	
302–3	Energy intensity	91	
302–4	Reduction of energy consumption	49–52	
302–5	Reductions in energy requirements of products and services	45–48	

GRI STANDARD	DISCLOSURE TITLE	REFERENCES	COMMENTS
GRI 303: WATER AND EFFLUENTS (2018)			
Update to 2018 version of Standard.			
103	Management approach	54	
303–1	Interactions with water as a shared resource	94–95	
303–2	Management of water discharge–related impacts	54, 93, 95	
303–3	Water withdrawal	54, 94	
303–4	Water discharge	93	
303–5	Water consumption	93	
GRI 304: BIODIVERSITY (2016)			
103	Management approach	53	
304–1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	97–100	
304–2	Significant impacts of activities, products, and services on biodiversity	53	The related text refers to the direct consequences of company's activities. Impacts of ŠKODA AUTO products are described in the chapter Air quality.
GRI 305: EMISSIONS (2016)			
103	Management approach	40, 41–42, 45–48, 49–53	
305–1	Direct (Scope 1) GHG emissions	51, 92	
305–2	Energy indirect (Scope 2) GHG emissions	51, 92	
305–4	GHG emissions intensity	92	
305–5	Reduction of GHG emissions	51–53	
305–6	Emissions of ozone–depleting substances (ODS)	53	Zero ODS emissions for 2019 and 2020.
305–7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	52, 92	Only NOx and VOC. SOx emissions are immaterial, data not reported since 2019.
GRI 306: WASTE (2020)			
Early adoption of 2020 version of GRI Standard.			
103	Management approach	56	
306–1	Waste generation and significant waste–related impacts	56	

GRI STANDARD	DISCLOSURE TITLE	REFERENCES	COMMENTS
306–2	Management of significant waste–related impacts	56	
306–3	Waste generated	56, 96	
306–4	Waste diverted from disposal	56, 96	Material use and Other use
306–5	Waste directed to disposal	56, 96	Energy use and Landfill
GRI 307: ENVIRONMENTAL COMPLIANCE (2016)			
103	Management approach	47–48, 58	AR p. 83–84, 160–161: Risk and provisions relating to emission targets.
307–1	Non–compliance with environmental laws and regulations	48	All limits prescribed by the valid environmental protection legislation and issued permits were met. Waste and hazardous substances management was in accordance with applicable legislation. All reporting obligations towards state administration bodies have been fulfilled.
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)			
103	Management approach	26–27	
308–1	New suppliers that were screened using environmental criteria	26–27	
GRI 400: SOCIAL			
GRI 103: MANAGEMENT APPROACH (2016)			
103–1	Explanation of the material topic and its Boundary	–	Materiality of social topics is determined mainly by the type of business activities and by interests of main stakeholders.
103–2	The management approach and its components	–	The approach for managing the main social impacts is described in detail in individual chapters.
103–3	Evaluation of the management approach	–	Results for each social topic are presented in the respective chapters and in the chapter Facts and Figures.
GRI 401: EMPLOYMENT (2016)			
103	Management approach	60–66	
401–1	New employee hires and employee turnover	103–104	
401–2	Benefits provided to full–time employees that are not provided to temporary or part–time employees	65	

GRI STANDARD	DISCLOSURE TITLE	REFERENCES	COMMENTS
401–3	Parental leave	105	
GRI 402: LABOR/MANAGEMENT RELATIONS (2016)			
103	Management approach	63, 65–66	
402–1	Minimum notice periods regarding operational changes	63	Communicated to trade unions four months in advance; employees informed at least two months in advance.
GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)			
Update to 2018 version of GRI Standard.			
103	Management approach	71–74	
403–1	Occupational health and safety management system	71	
403–2	Hazard identification, risk assessment, and incident investigation	71, 73	
403–3	Occupational health services	72–74	
403–4	Worker participation, consultation, and communication on occupational health and safety	63, 71	
403–5	Worker training on occupational health and safety	71	
403–6	Promotion of worker health	72–74, 106	
403–7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	71–74	
403–8	Workers covered by an occupational health and safety management system	71	
403–9	Work–related injuries	71, 105, 106	
GRI 404: TRAINING AND EDUCATION (2016)			
103	Management approach	75–77, 81	
404–1	Average hours of training per year per employee	75	
404–2	Programs for upgrading employee skills and transition assistance programs	62, 75–77	
404–3	Percentage of employees receiving regular performance and career development reviews	64	

GRI STANDARD	DISCLOSURE TITLE	REFERENCES	COMMENTS
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)			
103	Management approach	67–70	
405–1	Diversity of governance bodies and employees	67, 69, 70, 101–103	
405–2	Ratio of basic salary and remuneration of women to men	64	
GRI 406: NON-DISCRIMINATION (2016)			
103	Management approach	67–70	
406–1	Incidents of discrimination and corrective actions taken	38	No incidents of discrimination in the relevant period.
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (2016)			
103	Management approach	26, 63	
407–1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	26, 63	
GRI 408: CHILD LABOR (2016)			
103	Management approach	36, 68	
408–1	Operations and suppliers at significant risk for incidents of child labor	26, 68	
GRI 409: FORCED OR COMPULSORY LABOR (2016)			
103	Management approach	36, 68	
409–1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	26, 68	
GRI 410: SECURITY PRACTICES (2016)			
103	Management approach	36	
410–1	Security personnel trained in human rights policies or procedures	36, 68	
GRI 411: RIGHTS OF INDIGENOUS PEOPLES (2016)			
103	Management approach	–	
411–1	Incidents of violations involving rights of indigenous peoples	–	Not relevant for sites of ŠKODA AUTO operations.

GRI STANDARD	DISCLOSURE TITLE	REFERENCES	COMMENTS
GRI 412: HUMAN RIGHTS ASSESSMENT (2016)			
103	Management approach	68	
412–1	Operations that have been subject to human rights reviews or impact assessments	26–27, 68	
412–2	Employee training on human rights policies or procedures	68, 76	
GRI 413: LOCAL COMMUNITIES (2016)			
103	Management approach	12, 31–32, 78–84	
413–1	Operations with local community engagement, impact assessments, and development programs	21, 78–84	
GRI 414: SUPPLIER SOCIAL ASSESSMENT (2016)			
103	Management approach	26–27	
414–1	New suppliers that were screened using social criteria	26–27	
GRI 415: PUBLIC POLICY (2016)			
103	Management approach	20	
415–1	Political contributions	–	Not provided
GRI 416: CUSTOMER HEALTH AND SAFETY (2016)			
103	Management approach	35, 78, 81	
416–1	Assessment of the health and safety impacts of product and service categories	25, 35	
416–2	Incidents of non–compliance concerning the health and safety impacts of products and services	–	Annual report 2020, p. 177 (Contingent liabilities)
GRI 417: MARKETING AND LABELING (2016)			
103	Management approach	45–47	
417–1	Requirements for product and service information and labeling	45–47	
417–2	Incidents of non–compliance concerning product and service information and labeling	–	Annual report 2020, p. 177 (Contingent liabilities)

GRI STANDARD	DISCLOSURE TITLE	REFERENCES	COMMENTS
GRI 418: CUSTOMER PRIVACY (2016)			
103	Management approach	34, 36, 37	
418–1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	–	None
GRI 419: SOCIOECONOMIC COMPLIANCE (2016)			
103	Management approach	37–38	
419–1	Non–compliance with laws and regulations in the social and economic area	37–38	Annual report 2020, p. 160–161 (Non–current and current provisions), p. 177 (Contingent liabilities)

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