

"Thinking globally and acting locally are the recipe for success," says Dr. Dirk Voeste, Chief Sustainability Officer for the Volkswagen Group. Porsche Consulting Magazine met with the biologist in a former soap factory in Berlin. © Porsche Consulting/Marco Prosch

Think Globally, Act Locally

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09/12/2024 This Chief Sustainability Officer is taking a different course: slow down the talking and speed up the action. His approach builds on a strong framework for the values that guide responsible ideas and actions.

Sonnenallee is a wide main street in the German capital, Berlin. A long traffic artery running through Neukölln — a district with a multicultural flair — Sonnenallee is not readily known as a place where top managers gather for corporate meetings. That, however, is precisely what attracted Dr. Dirk Voeste: a neighborhood atmosphere as opposed to a corporate climate.

Partially concealed in the narrow courtyard behind building number 67 stands what used to be a former soap factory. A steel door in the courtyard opens onto a steep stairwell to the four floors above ground.

The elevator is reserved for supplies, not people. Inside the former factory, red brick walls and an exposed ceiling evoke an industrial charm of decades long past. The sparse furnishings, a deliberate mix of different styles, are all retro pieces from German living rooms of the 1950s and 60s. This could well be a promising place to reflect and talk about sustainability and what needs to be done to improve the status of our planet. In short — back to the roots.

Dirk Voeste, who became the Chief Sustainability Officer of the Volkswagen Group in April 2023, chose this former factory together with his team. He recently invited around 100 people to discuss a new, overarching initiative at the Group's first Sustainability Forum. Most of the participants came from other companies and organizations, including sustainability experts from the different brands and functions in the Volkswagen Group. These high-level specialists kept focus among themselves: no press conferences, announcements, media attention, displays, or bulletins. The initial agenda was to exchange ideas and to work — on enabling future generations to lead good lives on our planet. Sustainability leaders from the chemical and other industries, energy providers, suppliers, and research institutes joined expert members of non-governmental organizations (NGOs) to share effective approaches and discuss the best ways forward. The emphasis was on experience, good ideas, effective strategies, and how to put them into practice.

"The planet is greater than the sum of its parts"

"I've seen a lot of very good individual sustainability initiatives," says Voeste. "But they tend to be like isolated trees, not a whole forest." What's needed is to foster the interplay, coordination, and standardization of suitable measures, in a scope as global as possible. Voeste is speaking here not only for the entire Volkswagen Group, but also above and beyond it. The guiding principle of this biologist is: "We have to give back to future generations what we've taken from the planet." Before moving to the automotive industry when he joined the Volkswagen Group in 2023, Voeste had spent many years at the giant BASF chemical corporation. He is very familiar with the ever more complex challenges facing large corporations and in collaborative means of addressing them.

The first thing he encountered at Volkswagen was a different form of diversity: 10 brands, 114 sites worldwide from São Paulo to Shanghai, and around 670,000 employees. "One of the special features of this corporation is its complexity," he notes. Despite or precisely because of that, his vision and mission are impressive: to develop and implement a shared sustainability strategy within and for the Volkswagen Group. Given the far-flung reach of the Group's many branches, this might seem outright impossible. Also because Voeste cannot just make decisions on behalf of all the brands. But nor does he want to.

That being said, Voeste does see specific opportunities that he would like to utilize further. "Each brand and each site commands enormous expertise," he observes. "If all of these experts can inspire and encourage each other, something extraordinary can arise. The whole is greater than the sum of its parts. The intent is not to impose things on everyone. Instead, value needs to be created for all involved." Does he view his role as that of directing an orchestra? "Oh, no!" comes the immediate reply. He sees himself

far more as an “integrator” within this global enterprise, whose job it is to bring people and ideas together, encourage them to learn from each other, work together toward shared goals, try out new paths, and develop further. That is the recipe for success, he says. True, he did develop an initial overall sustainability strategy in a small group, but his development team quickly expanded. “It started off with three of us presenting our ideas for discussion to the Board. A few weeks later we were holding a video conference with more than 80 colleagues from the entire Group and its brands getting engaged.”

A wide spectrum with 11 fields

The result was the sustainability strategy known as “regenerate+.” Controllability and measurability are two of its key components. This strategy forms the foundation for setting targets and for maintaining the success of the measures put in place. Twelve initial performance indicators were defined for regenerate+. One of the ambitions is to lower the level of carbon emissions. Volkswagen's overall production should be carbon neutral by 2040—which is 10 years earlier than previously planned. And the percentage of circular-economy, recycled materials in new cars for Europe and the USA should increase to 40 percent by that same year.

The regenerate+ strategy has four dimensions: nature, our people, society, and business. Within these four dimensions, a total of 11 fields of action were specified in which the Group and its brands can actively bring about substantial improvements. They include employee health, biodiversity, and electric vehicle sales. It is not always easy to ensure measurability. For biodiversity, for example, scientists have proposed hundreds of criteria ranging from surface areas and water levels to precise counts of animals and plants. Voeste and his team are looking for meta-level methods such as analyzing satellite images to determine soil and other qualities to foster a pragmatic implementation of biodiversity into business, fully recognizing that on a local basis, where biodiversity projects play a role, specific indicators are required. Therefore Voeste emphasizes, “Each site also needs a certain freedom of action, in order to address regional differences and circumstances.” Thinking globally and acting locally are the recipe for success.

In order to better understand all the differences, commonalities, opportunities, and obstacles, Voeste and his team put one thing into the forefront at their Sustainability Forum: listen, listen, and listen. As Volkswagen AG CEO Oliver Blume declared in an interview with the German daily newspaper Welt, “Sustainability provides the structure for the values that guide responsible actions throughout our company.” In stating this priority, Blume is taking a clear stand. As Voeste explains, many other companies treat sustainability strategies more like add-ons to their mainstream corporate strategies.

Priority on operations

Despite the current economic situation, funding is expected to be available to the regenerate+ strategy over the coming years. A Biodiversity Fund starting in 2025, for example, will support promising external projects with a total of up to 25 million euros per year. That same year will also see the launch

of a Sustainability Impact Fund with up to 20 million euros per year for additional sustainability projects. Volkswagen employees can recommend projects per year deserving of financial support. In his capacity as integrator, Voeste is just as partial to operational sustainability work. All of that promotes his cherished aim of exchanging ideas and experience. That is also the idea behind the new Sustainability Forum, which should not be a one-time event, but rather be held on an annual basis.

The Volkswagen Group's Sustainability Council, whose format was revised in the fall of 2024, will encourage additional dialogue. Here, the company is breaking new ground. The Council consists of four Practice Groups, one for each of the strategic dimensions. Each of these Practice Groups consists of three external and three internal strategic experts who jointly develop specific suggestions and provide input for their areas. They then present their results to the relevant committees, the leaders of the Group and the brands within the Volkswagen Group and report to the Board. Ideas and suggestions are thereby rapidly transmitted to the people in charge of operations. After consultation with Voeste, the Council reports to the Group Board of Management. Voeste placed a special emphasis on the selection of external and internal members. “It promotes critical and constructive dialogue,” he says in explaining his intention. “Precisely that is what we need now more than ever in order to advance our topics and take concrete steps.”

Despite all the emphasis on exchanging ideas, Voeste also intents upon putting these ideas rapidly into action. When knowledge is there, agreements are promptly made on what will follow and by when. Nevertheless, he is well aware that much of what we do today can only start showing results in the future. “In part, it’s a matter of planting trees whose shade we ourselves will not experience in our lifetime,” says the biologist, who likes using trees as metaphors. That’s also why it’s so important to take action now, he adds. And to launch developments astutely so that they can thrive. This resonates with his motto of “Inspire your environment.” And if it leads to collaboration and a self-reinforcing dynamic, he is satisfied. “When I hear, for example, that two of our Group’s brands agreed to the sustainability strategy on their own initiative, that’s the best of all worlds,” he says.

Voeste recently viewed a strategy paper for sustainable business with raw materials. It was developed by colleagues from several of the brands — for the entire Group. “The paper was almost finished. I neither commissioned it nor worked on it. And that tells me we’re on the right path,” says the integrator. When integration succeeds, some things simply run “on their own.”

Sustainability Means Taking Responsibility

Commentary

The numbers are clear: 50 percent of greenhouse gases and 90 percent of species extinctions are caused by the practices of manufacturing companies. The consequences extend far and wide. Damage from natural disasters alone, for example, has nearly quintupled in the 53 years from 1970 to 2023. The evidence is compelling: companies need to put their number one priority on how they impact the environment.

With its Corporate Sustainability Reporting Directive (CSRD), the European Union is placing the burden of reporting relevant information on companies. One drawback here is that depending on the company, the CSRD requires up to 1,200 qualitative and quantitative data points. The extraordinary complexity involved poses a serious challenge to creating an urgently needed overarching standard in the form of a practice-based norm that enables comparability and uniform biodiversity measurement — across different industries and for different countries.

Our specialists at the Porsche Consulting management consultancy bring extensive experience from a wide range of industries to bear. Among other things, they support companies from applying the right biodiversity parameters to developing pragmatic and accepted solutions. Solutions that use innovative technologies to sustainably observe, track, and analyze land transformation and the quality of local ecosystems. And that yield real results.

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Title: Dr. Dirk Voeste, Chief Sustainability Officer for the Volkswagen Group, 2024, Porsche Consulting GmbH
Subline: In the garden of the former soap factory: “We have to give back to future generations what we’ve taken from the planet,” is Dirk Voeste’s guiding principle. © Porsche Consulting/Marco Prosch

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Title: Dr. Dirk Voeste, Chief Sustainability Officer for the Volkswagen Group, 2024, Porsche Consulting GmbH
Subline: Old hardwood flooring, chipped paint, traces of factory chic: Dirk Voeste invited around 100 internal and external specialists to a Sustainability Forum at the Mitosis Lab loft in the Neukölln district of Berlin. The informal working atmosphere resembled a workshop more than a management meeting. © Porsche Consulting/Marco Prosch

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Title: Oliver Blume, Chairman of the Volkswagen AG Board of Management, 2024, Porsche AG
Subline: “Sustainability provides the structure for the values that guide responsible actions throughout our company,” says Oliver Blume, Chairman of the Volkswagen AG Board of Management. © Porsche AG

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