



Hiltrud D. Werner

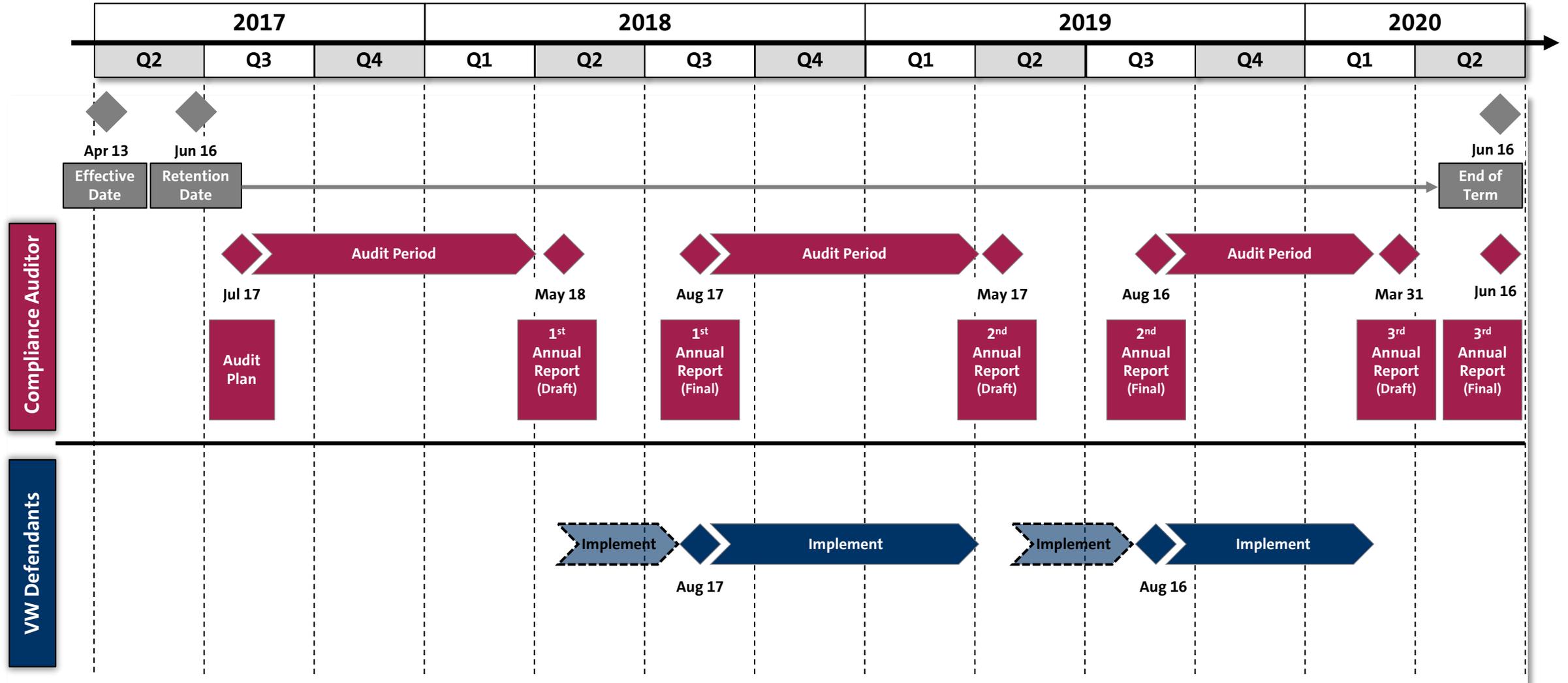
Board of Management, Responsible for Integrity and Legal Affairs

“Integrity and Compliance”

2nd ESG Convention of Volkswagen Group

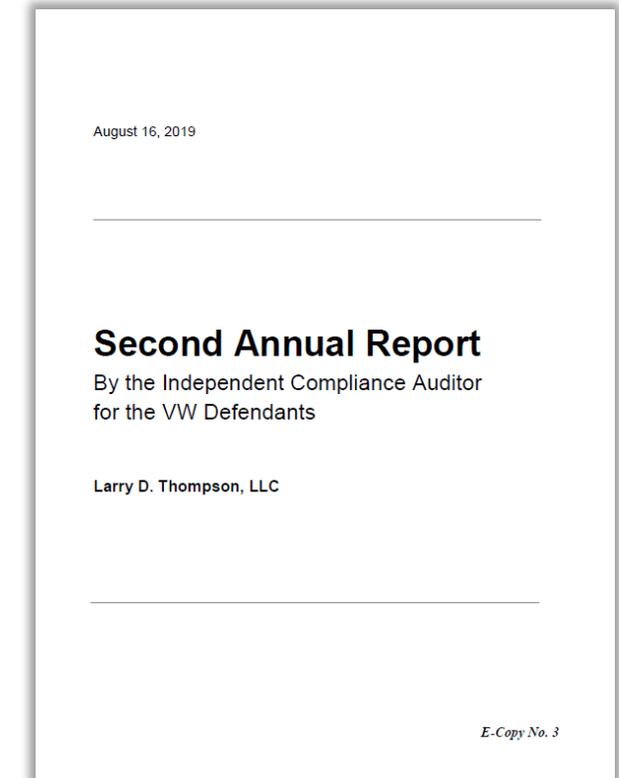
DRIVE Volkswagen Group, Berlin, September 20, 2019

3rd Partial Consent Decree | Timeline



Auditor's 2nd Annual Report | Structure

A	Introduction
B	The ICA's First Annual Report
C	The U.S. and California Consent Decrees
D	The Monitor's mandate and reporting under the Plea Agreement
E	Audit planning and methodology
F	The VW Defendants' reporting of violations
G	General obligations under the Consent Decrees
H	Recommended Actions from the ICA's First Annual Report
I	New Recommended Actions to achieve compliance
J	Injunctive relief related to the Product Development Process
K	The Whistleblower System
L	Additions to the employee survey
M	Additions to the Code of Conduct
N	Third-party EMS audits
O	The Second Annual Report by VW defendants
P	Next steps



Auditor's Recommended Actions 1st Annual Report



7 Recommended Actions (RA) and
 2 self-reported violations

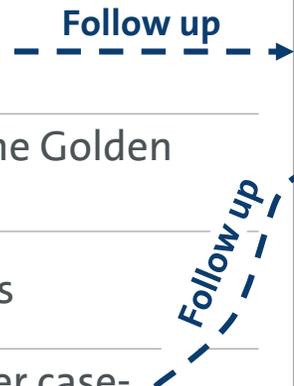
- RA 1 Design and implement additional monitoring and auditing procedures
- RA 2 Prepare an analysis of the Golden Rules implementation
- RA 3 Prepare an assessment of the impact of the Golden Rules audit reports
- RA 4 Provide Code of Conduct training statistics
- RA 5 Confirm effectiveness of the whistleblower case-tracking process
- RA 6 Provide documentation concerning California state laws and regulations
- RA 7 Distinguish between VW GOA and VW GOA Chattanooga

2nd Annual Report



5 Recommended Actions

- RA 2.1 Complete updates on Golden Rules implementation
- RA 5.1 Ensure actions to improve effectiveness of the whistleblower case-tracking process are sufficient
- RA 8 Provide data and analysis reports to the Independent Compliance Auditor
- RA 9 Develop a uniform approach to the assessments of effectiveness
- RA 10 For reported risks, perform scope analysis and ensure accuracy of countermeasure reporting



Together4Integrity | Changing VW's Integrity and Compliance Culture



CHANGE

2018

today

>200
entities

2019

2020

2021

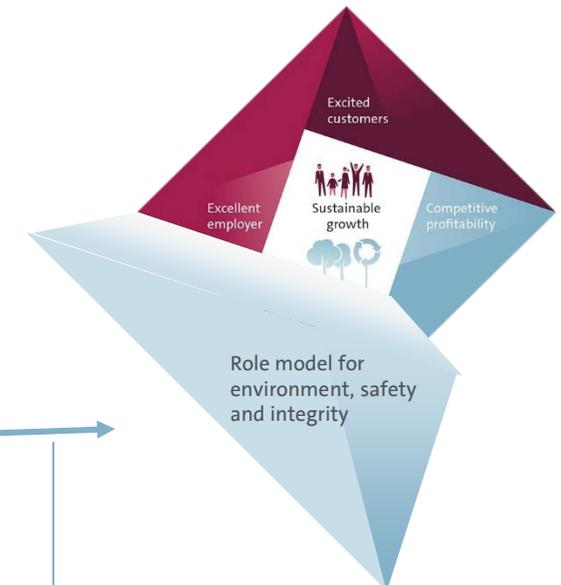
2022

2023

2024

685 entities

2025



T4I as holistic program
to change Integrity and
Compliance culture

Integrity and Compliance
on equal footing with
highest strategic priorities

Together4Integrity | Creating a Culture of Compliance and Integrity



598

Ambassadors
world-wide

approx.

28,000

Leaders, managers,
and employees
participated in the
Convention

approx.

390,000

Employees across all
brands and entities
reached

29

HR processes and
instruments
include Integrity as a
relevant criterion

Volkswagen Group Essentials

**WE TAKE ON
RESPONSIBILITY FOR
THE ENVIRONMENT
AND SOCIETY.**

**WE ARE HONEST AND
SPEAK UP WHEN SOME-
THING IS WRONG.**

**WE BREAK
NEW GROUND.**

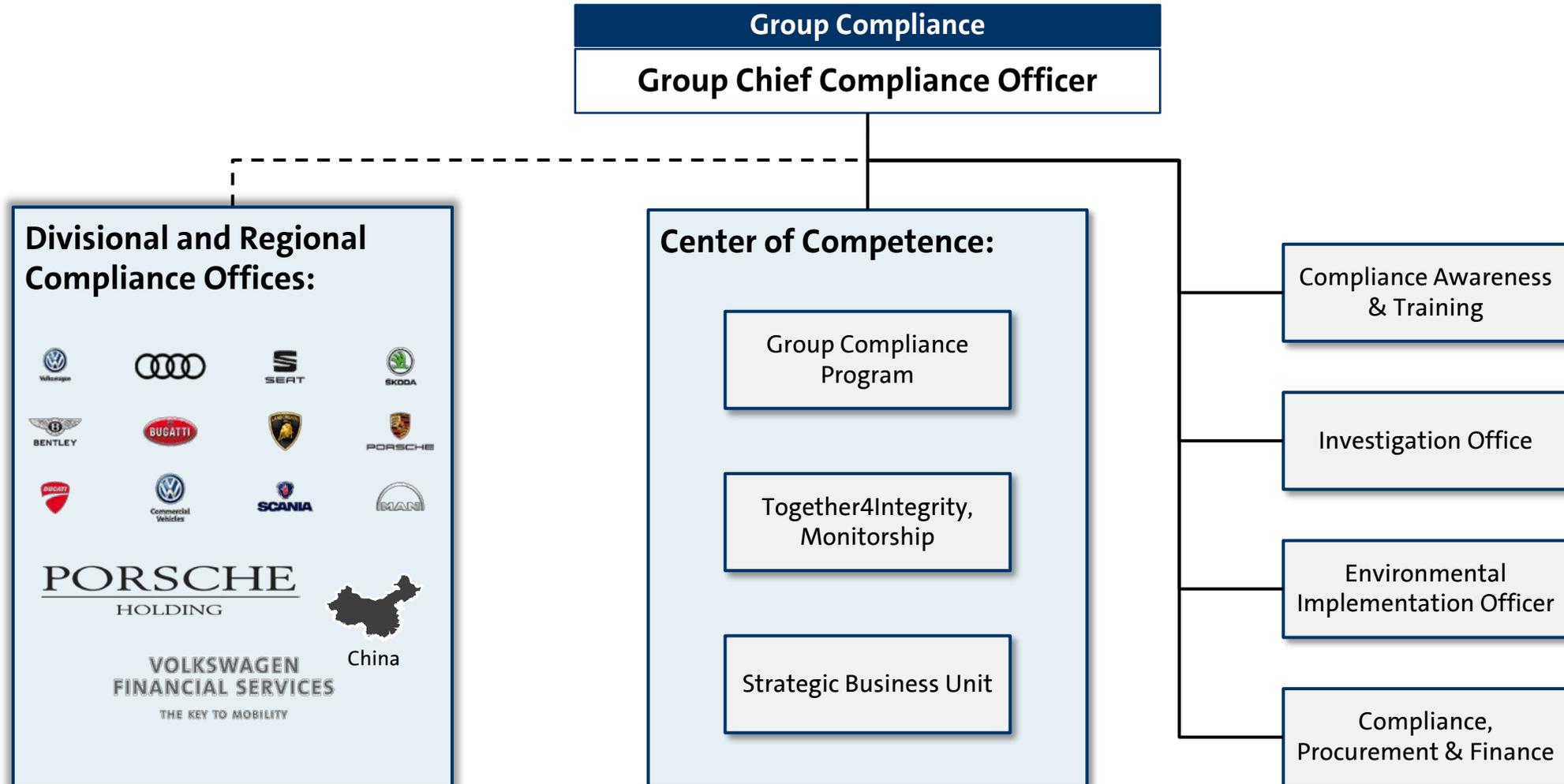
WE LIVE DIVERSITY.

**WE ARE PROUD OF
THE WORK WE DO.**

WE NOT ME.

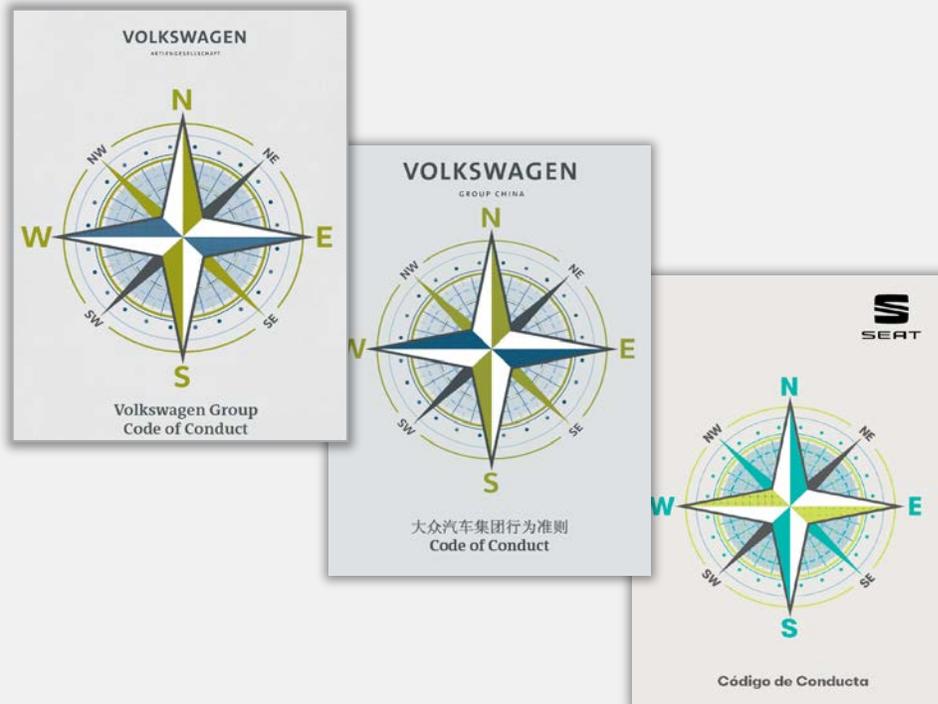
**WE KEEP
OUR WORD.**

Group Compliance Organization

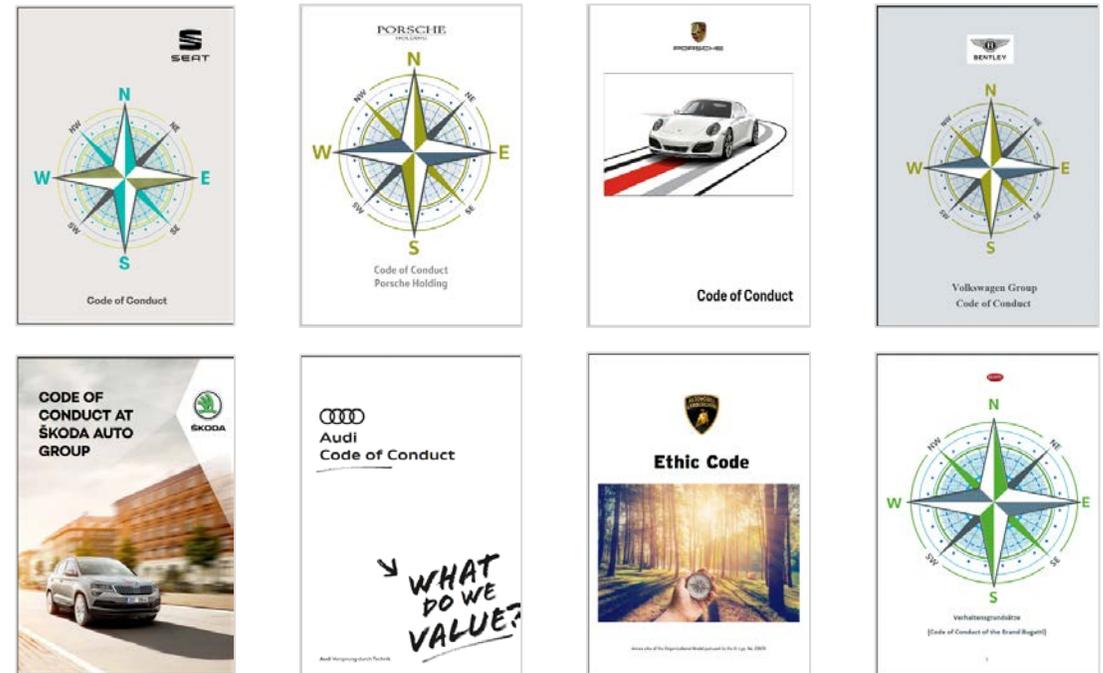


Code of Conduct ...

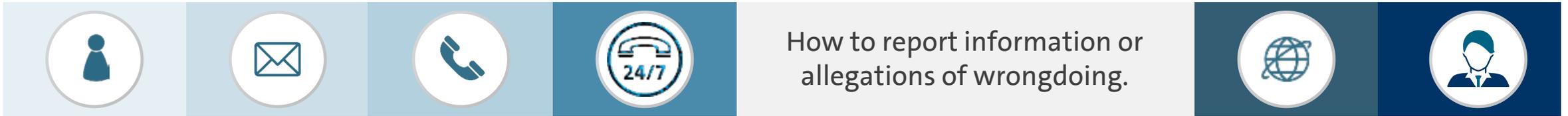
... available in various languages ...



... and group-wide



Whistleblower System



In person



24/7 hotline



Mail or email



Online reporting channel



Phone



Ombudspersons (external lawyers)



No Tolerance for Regulatory Violations

TRANSPARENT
& informed

No tolerance for regulatory violations

Statistics: Volkswagen Group informs about handling of misconduct

Since 2018, Volkswagen has published in its internal media statistics on misconduct and the resulting sanctions at the Volkswagen Group on a half-yearly basis. The aim is to show that the success of the company can only be based on fair, customer-oriented and compliant behaviour.

The following case from the Volkswagen Group makes clear that the company punishes misconduct: The company dismissed a manager for a long line of proven incidents of misconduct. For instance, he had submitted false invoices and had documents signed by colleagues who never should have been asked to do so. In addition, he went on business trips on several occasions without approval. This manager had also repeatedly borrowed a departmental



Hiltrud D. Werner, Group Board Member for Integrity and Legal Affairs.

for every employee and forms the fundamental basis for our actions in the company. If they adhere to the Code of Conduct, employees can be confident that they are doing the right thing and acting in the interests of the company. Using company assets for private purposes is a clear violation of the Group-wide binding Code of Conduct, and we will not tolerate it."

Current statistics
Dismissals and warnings

In the 51 companies of the Volkswagen Group with more than 1,000 employees each, there were 903 last warnings issued and 204 employees were dismissed for non-compliant behaviour in the first quarter of 2019. At these companies there are about

427,000 employees. There were various reasons for the sanctions:

- Working time (e.g. unauthorised absence): 106 terminations
- Property delicts/fraudulent activity, including instigation: 24 terminations
- Discrimination / mobbing / stalking: 1 termination
- Non-observance of owed job performance: 21 terminations
- Disturbance of labour peace (e.g. assault, threats or insults): 8 terminations
- Violation of alcohol and drugs prohibition: 30 terminations

- Accepting of undue advantage, corruption, conflict of interests: 1 termination
- Fraud against third parties incl. instigation (e.g. agencies, customers): 1 termination
- Violation of privacy policy and secrecy provisions: 1 termination
- Violation of work safety regulations: 1 termination
- Other violations of labour law regulations (this category includes violations of the Code of Conduct, traffic rules on company premises or unauthorised secondary employment): 10 terminations

Volkswagen AG magazine 360°, June 2019

Statistics for Q1/2019

51 companies of Volkswagen Group with more than 1,000 employees; in total approx. **427,000 employees:**

903 last warnings

204 employees dismissed

Thereof, for example:

Breach of working time: 106

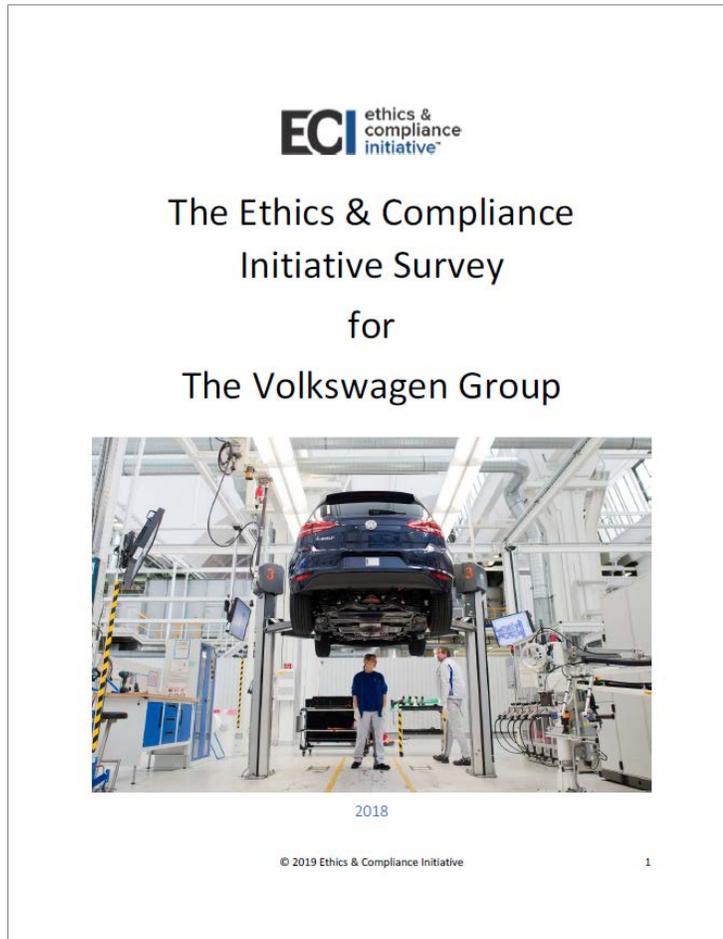
Property offenses / fraudulent actions: 6

Disruption of company peace: 3

Unexcused absences: 24

Violations of alcohol/drugs ban: 5

The Ethics & Compliance Initiative Survey



45

Questions

24,148

Participants
from VW AG, AUDI and VW GoA

100

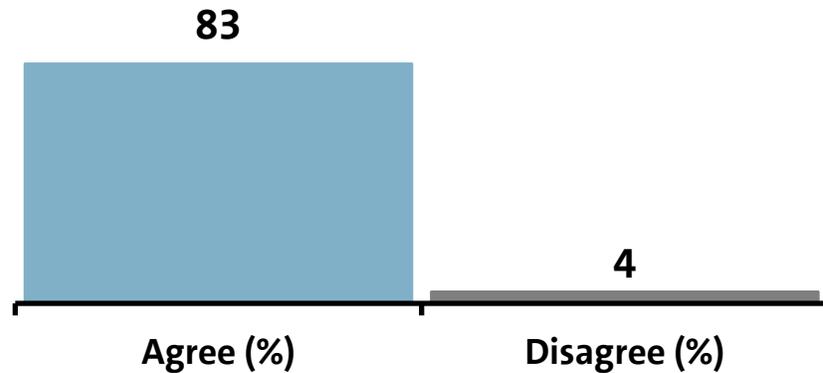
Survey items

38%

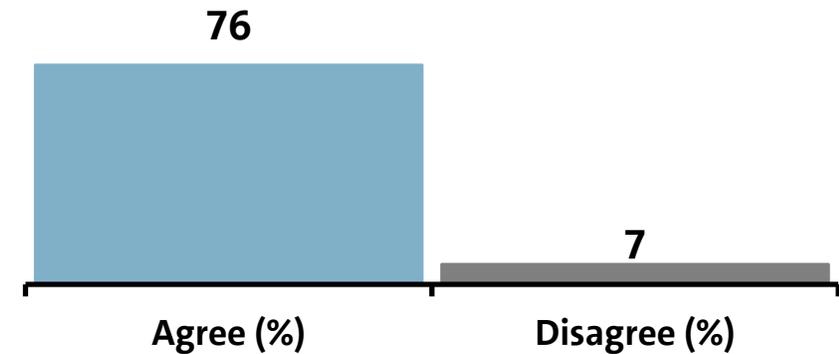
Response Rate

ECI Survey | Improving as a Company

“I feel empowered to share ideas to help my company address issues related to product safety.”



“I feel empowered to share ideas to help my company address environmental and emissions issues.”



“Overall, employees agree that they can contribute to improving the Company and that the Company is moving in the right direction.”