

Volkswagen Group Capital Markets Day 2017

Integrity and Compliance

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Strong integrity by cultural change at Volkswagen – we are serious about it! Considered a cornerstone of the „TOGETHER – Strategy 2025“ (1/2)



External advice

Implementation of „Sustainability Council – Volkswagen Group“

- ✓ International board bringing in expertise from research, academia, science and politics
- ✓ Advising Volkswagen Board members in matters of business ethics, integrity and central questions regarding future plans
- ✓ External impulse and feedback concerning our approach of cultural change to expand stakeholder dialogue as well as to constantly drive forward sustainable business development
- **Results of the dialogue:**
Affirmation of realized communication activities
- **Further activities:**
Embedding integrity in existing processes (e.g. personnel selection and personnel development)

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Activities from within

Communication campaign of integrity:

- ✓ „bottom-up“ instead of „top down“
- ✓ Active involvement of employees („What does integrity mean to you?“, „What has to stop?“)

Implementation of „Sounding Board Program“:

Voluntary integrity ambassadors in all departments and hierarchies

Task / role description:

- ✓ Showing need for actions and fields of tension
- ✓ Finding and pointing out good practice examples of integrity

Extension of the „Stimmungsbarometer“ (employee trend indicator)

On this basis we measure ourselves:

- ✓ by regular feedback from our employees as well as integrity-ambassadors,
- ✓ by the results of the MPM-study (Marketing Performance Monitoring, quarterly evaluation of the customer satisfaction)
- ✓ by the evaluation of the results of the “Stimmungsbarometer 2017”



High focus on Compliance and Risk Management activities

We have improved our group-wide whistle-blower system to increase awareness, acceptance, transparency and confidence

- ✓ **New reporting channels** were set up
- ✓ **Better protection** for whistle-blowers has been established
- ✓ **Information** on the new whistle-blower system is **internally and externally available**
- ✓ Further **communication campaign** is planned

We have improved our risk management system

- ✓ Additional **quarterly reports** on top-risks and mitigating activities established to **foster open** and active **discussion of risks throughout the group**

“Golden Rules” were derived to enhance the processes and organization of product development and product approval

A total of **31 measures** were defined in the Group Internal Audit Report. The majority of them were implemented by the end of 2016

Specific sustainable actions were proposed by Group Internal Audit for the weaknesses; so called “**Golden Rules**”

Key elements of the “**Golden Rules**” process optimization include for example:

- ✓ Introduction of **multiple controls for approvals in the product development process**
- ✓ **Reorganization within Development** for the purpose of segregated duties between Development and official Type Approval
- ✓ **Uniform process standards** and work instructions give those involved **legal certainty**
- ✓ **Regular reporting to the Group Board of Management** creates transparency in relation to the implementation status of this process optimization

Adaption of the „Golden Rules“ for other vehicle development processes within the Group

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