Volkswagen Group Capital Markets Day 2017
Integrity and Compliance

Hiltrud D. Werner
Board of Management, „Integrity and Affairs“
Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.
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)
Strong integrity by cultural change at Volkswagen – we are serious about it!
Considered a cornerstone of the „TOGETHER – Strategy 2025“ (1/2)

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

Capital Markets Day, 14th of March 2017
“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.
Volkswagen Group Capital Markets Day 2017

Integrity and Compliance

Hiltrud D. Werner
Board of Management, „Integrity and Affairs“