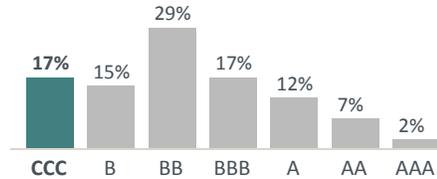


## Dieseltgate continues to pose substantial business risks

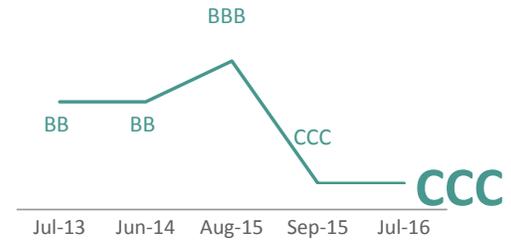
### GOVERNANCE SNAPSHOT

Board Independence %	51.7%
Significant Votes Against Management	N/A
Entrenched Board	N/A
Pay Performance Gap	N/A
Executive Pay Non-Disclosure	NO
Multiple Share Classes with Different Voting Rights	YES

### INDUSTRY RATING DISTRIBUTION



### ESG RATING HISTORY



### ESG SCORE CARD

	WEIGHT	SCORE	QUARTILE
<b>Environment</b>	<b>34.0%</b>	<b>7.1</b>	
Opportunities in Clean Tech	17.0%	6.3	●●●
Product Carbon Footprint	17.0%	7.9	●●●
Carbon Emissions	0.0%	10.0	●●
Toxic Emissions & Waste	0.0%	2.8	●
Water Stress	0.0%	8.6	●●●
<b>Social</b>	<b>38.0%</b>	<b>1.9</b>	
Product Safety & Quality	21.0%	0.5	●
Labor Management	17.0%	3.7	●●
Health & Safety	0.0%	7.2	●●
<b>Governance</b>	<b>28.0%</b>	<b>1.3</b>	
Business Ethics & Fraud	14.0%	0.0	N/A
Corporate Governance	14.0%	2.6	●
Anticompetitive Practices	0.0%	5.0	N/A

[View Corporate Governance Details Section →](#)

Key Issues ● Bottom Quartile ●●● Top Quartile

Issues that we determine do not present material risks or opportunities to companies in a given industry receive 0% weight and do not impact the overall ESG rating.

### RATING COMMENT

RATING DATE: July 08, 2016

Volkswagen's rating is unchanged at 'CCC'.

VW's manipulations of diesel vehicle emissions continue to significantly impact the company's business and future strategy. The dieseltgate scandal has raised serious concerns over the company's business ethics and governance practices. In June 2016, the company agreed to pay USD 15 billion to settle consumer lawsuits and government allegations in the US. However, pending and new lawsuits and regulatory investigations from regulators present ongoing risks. The company has set aside EUR 16.2 billion to cover potential upcoming costs. The case has jeopardized the carmaker's strategy to become the market leader in terms of size and sustainability in the auto industry.

In light of the scandal, Volkswagen announced to strengthen its clean tech strategy and to develop 30 new battery electric-car models in the next ten years. Due to its above average R&D expenses to sales ratio of 5.14% for the period FY2013-2015, Volkswagen is well positioned to implement its plans. However, at the same time, further potential costs related to the emissions manipulations could impact its ambition. In addition, with a highly unionized workforce and powerful works council, the company faces high labor risks in case dieseltgate results in restructuring activities including layoffs.

Analyst: Arne Klug

### MOST SIGNIFICANT RISKS



**Business Ethics & Fraud** - Score 0.0

July 08, 2016



**Product Safety & Quality** - Score 0.5

July 08, 2016

The company's product portfolio and sales volume suggest high exposure to regulatory and reputational risks including potential costs connected with litigation, and compliance. Our analysis finds little evidence of mitigation capacity. The company therefore appears poorly prepared to manage this risk. In the context of global industry peers, Volkswagen ranks below average.

Corporate Governance - Score 2.6 (Change ▼ -0.3)

June 24, 2016



Volkswagen is controlled by the Porsche and Piëch families who via dual class structures at both Porsche SE and VW, control 52.2% of VW's voting rights despite holding only 16.6% of the rights to cashflows. Two other shareholders, the German State of Lower Saxony and the Qatari sovereign wealth fund, hold 20% and 17% of the voting rights respectively. The vehicle emissions scandal in September 2015 saw the CEO and several other executives depart.

**MOST RECENT CONTROVERSIES** [\(View Controversies Detail Section →\)](#)

HEADLINE	ASSESSMENT	TYPE	DATE
Investigation on Deliberate Evasion of Emission Tests	Very Severe	Bribery & Fraud	June 2016
US: Recall of 217,000 Audi A4 and A6 Vehicles Over Potential Air Bag Inflator Rupture; No Injuries Reported	Minor	Product Safety & Quality	June 2016
NHTSA Inquiry on Takata Air Bags and Potential Recall	Minor	Product Safety & Quality	June 2016
Lawsuits Over Misleading Claims in Car Diesel Engine Emissions	Severe	Marketing & Advertising	May 2016
Spain: Allegations of Work Access Discrimination Against Labor Union Members and Female Employees in Volkswagen Navarra	Minor	Discrimination & Workforce Diversity	May 2016

**CEO**

Name Matthias Müller
Tenure 0 Years
Total Realized Pay 0.0
Total Summary Pay N/A

**BOARD OF DIRECTORS**



**SHAREHOLDERS**

Majority Shareholder Control (%) 52.2%
Insider Holdings (%) N/A
5% Holdings 89.2%
% Held by Largest Shareholder 52.2%

**LARGEST 10 INDUSTRY PEERS (AUTOMOBILES)**

	OPPORTUNITIES IN CLEAN TECH	PRODUCT CARBON FOOTPRINT	PRODUCT SAFETY & QUALITY	LABOR MANAGEMENT	CORPORATE GOVERNANCE	RATING AND TREND
TESLA MOTORS, INC.	●●●●	●●●●	●	●●	●●●	AAA ↔
RENAULT S.A.	●●●●	●●●●	●●●●	●	●●●	AA ↔
Bayerische Motoren Werke Aktiengesellschaft	●●●	●●	●●●	●●●●	●●	AA ↔
HONDA MOTOR CO., LTD.	●●●●	●●●●	●	●●●●	●●	A ↓
Daimler AG	●●	●●●	●●●	●●●	●●	A ↔
Fuji Heavy Industries Ltd.	●●	●●●●	●	●●●	●●●	BBB ↔
TOYOTA MOTOR CORPORATION	●●●●	●●	●●●	●●●	●	BB ↓
NISSAN MOTOR CO., LTD.	●●●●	●●	●●	●●	●●	BB ↓
FORD MOTOR COMPANY	●●●●	●	●	●●●	●	B ↔
GENERAL MOTORS COMPANY	●●●●	●	●	●●●	●	CCC ↔
Volkswagen AG	●●●	●●●	●	●●	●	CCC ↔

QUARTILE KEY: ● Bottom Quartile ●●●● Top Quartile

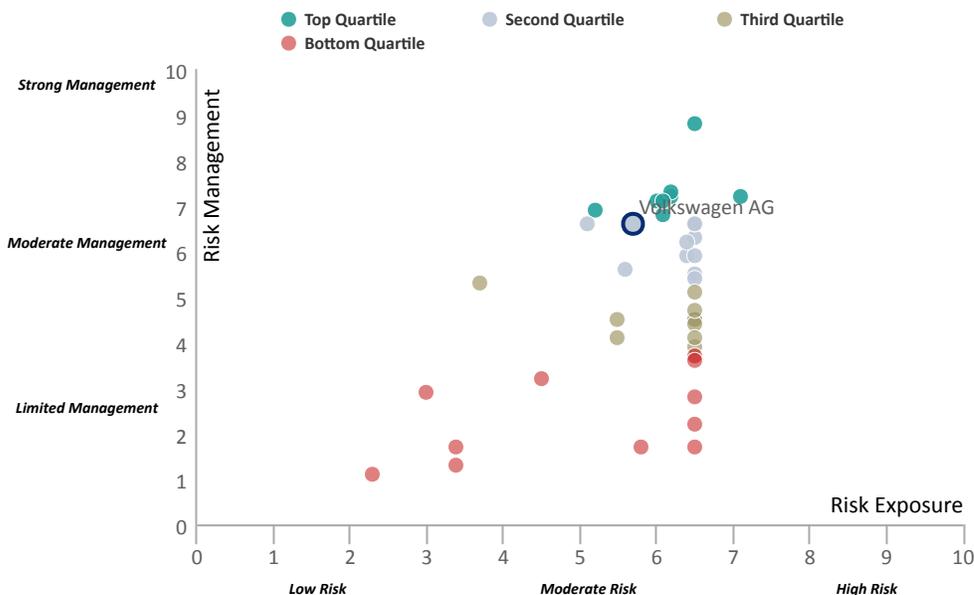
RATING TREND KEY: ↔ maintain ↑ upgrade ↑↑ two or more notch upgrade ↓ downgrade ↓↓ two or more notch downgrade



# Opportunities in Clean Tech

Score	Change (since rating)	Quartile	Weight	As of
6.3	n/a	●●●	17.0%	Jul 08, 2016

## OPPORTUNITIES IN CLEAN TECH PERFORMANCE



## KEY ISSUE SCORE DISTRIBUTION\*



## TOP 5 INDUSTRY LEADERS

TESLA MOTORS, INC.	8.1
BYD Company Limited	6.9
GENERAL MOTORS COMPANY	6.9
RENAULT S.A.	6.8
NISSAN MOTOR CO., LTD.	6.7

## BOTTOM 5 INDUSTRY LAGGARDS

Brilliance China Automotive Holdings Limited	2.7
PT Astra International Tbk	2.6
BAJAJ AUTO LIMITED.	2.5
UMW HOLDINGS BERHAD	2.4
TOFAS TURK OTOMOBIL FABRIKASI ANONIM SIRKETI	2.3

## ANALYSIS

The company's business activities suggest moderate potential to benefit from growing demand for clean technologies. Our analysis finds modest initiatives in this area. The company therefore appears moderately well positioned to capitalize on this opportunity. In the context of global industry peers, Volkswagen ranks above average.

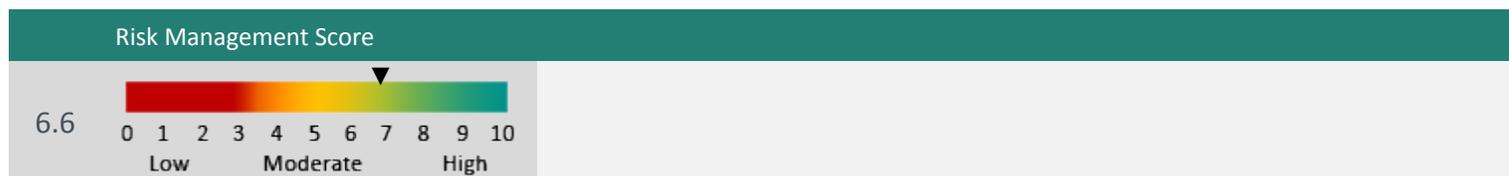
Volkswagen faces moderate opportunities to participate in clean-tech markets. We assess the level of clean tech opportunities according to the market segments in which the companies operate. Based on the company's reported revenue breakdown, business lines most commonly associated with substantial opportunities in clean tech do not account for a significant portion of its operations.

Overall, Volkswagen has modest policies and programs in place to manage these opportunities.

We have not seen evidence that the company has begun monetizing opportunities in clean tech.

## METHODOLOGY NOTE

This issue evaluates the extent to which companies take advantage of opportunities in the market for environmental technologies. Scores are based on exposure to potential opportunities based on business model and policy incentives; innovation capacity and strategic development initiatives; and revenue derived from clean technologies.

**RISK EXPOSURE****RISK MANAGEMENT****Strategy**

Targets to increase investment in clean tech: **Yes**

**Programs & Initiatives****R&D Expense**

Year	Amount (USD million)	R&D / Sales ratio
2008	5,157.23	3.26%
2009	5,513.6	3.66%
2010	9,210.9	5.42%
2011	9,390.7	4.55%
2012	11,669.3	4.59%
2013	14,036.3	5.17%
2014	13,915.0	5.65%
2015	12,949.9	5.59%

**Performance**

Score: nature of involvement in clean tech activities: **1.5**

Score: percentage of revenue derived from clean tech activities: **3.0**

**Alternative Energy****Alternative Fuels**

Fuel Cells/Hydrogen Systems: **R&D underway / exploring opportunities**

**Energy Efficiency****Fuel Economy**

Hybrid / Electric Vehicles: **Non-core involvement (revenues <20%)**

Controversies

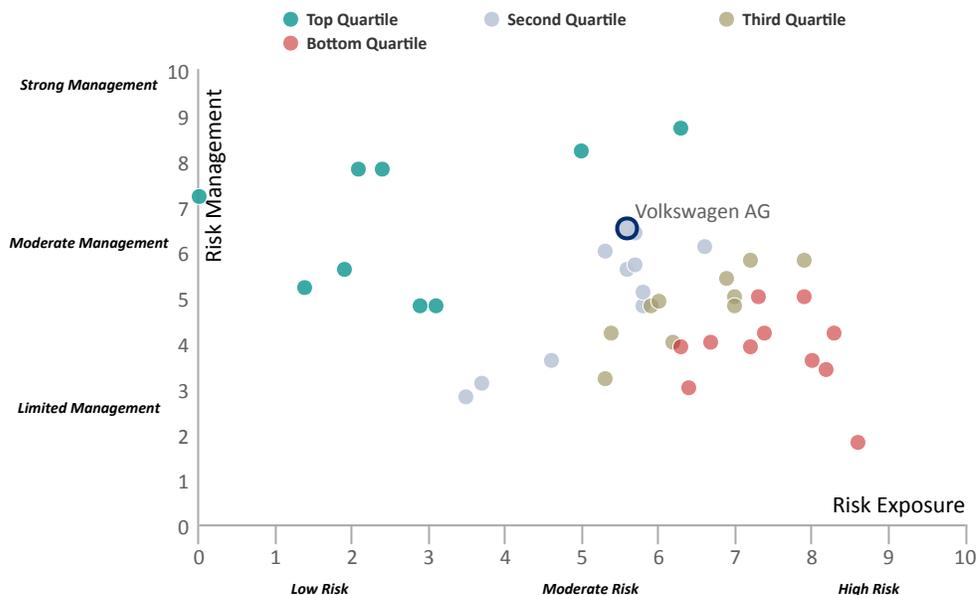
This key issue assesses how companies take advantage of their opportunities. Controversies are not covered under this heading.



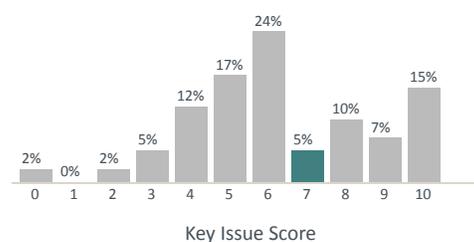
# Product Carbon Footprint

Score	Change (since rating)	Quartile	Weight	As of
7.9	n/a	●●●	17.0%	Jul 08, 2016

## PRODUCT CARBON FOOTPRINT PERFORMANCE



## KEY ISSUE SCORE DISTRIBUTION\*



## TOP 5 INDUSTRY LEADERS

BAJAJ AUTO LIMITED.	10
HARLEY-DAVIDSON, INC.	10
Hero MotoCorp Limited	10
RENAULT S.A.	10
TESLA MOTORS, INC.	10

## BOTTOM 5 INDUSTRY LAGGARDS

UMW HOLDINGS BERHAD	3.6
Chongqing Changan Automobile Co., Ltd.	2.9
Great Wall Motor Co Ltd	2.6
TOFAS TURK OTOMOBIL FABRIKASI ANONIM SIRKETI	2.2
GENERAL MOTORS COMPANY	0.2

## ANALYSIS

The company's product portfolio suggests moderate exposure to potential increased in purchasing and distribution resulting from fluctuating energy prices. Our analysis finds modest mitigation capacity. The company therefore appears well prepared to manage this risk. In the context of global industry peers, Volkswagen ranks above average.

Volkswagen faces moderate exposure to risks that rising energy costs and carbon constraints could result in higher input, production, or distributions costs for carbon-intensive products. We assess exposure to these risks based on the extent to which companies' product portfolio consists of carbon-intensive products, based on a life-cycle assessment model estimating total GHG emissions. Based on the company's reported revenue breakdown, business lines with high typical carbon intensity of products do not account for a significant portion of its operations.

Overall, Volkswagen has modest policies and programs in place to manage these risks.

Companies that are best positioned to manage this risk are undertaking initiatives to measure and reduce both the direct and indirect carbon emissions of their products throughout the value chain. These initiatives include introducing lifecycle assessment systems and implementing programs with

## METHODOLOGY NOTE

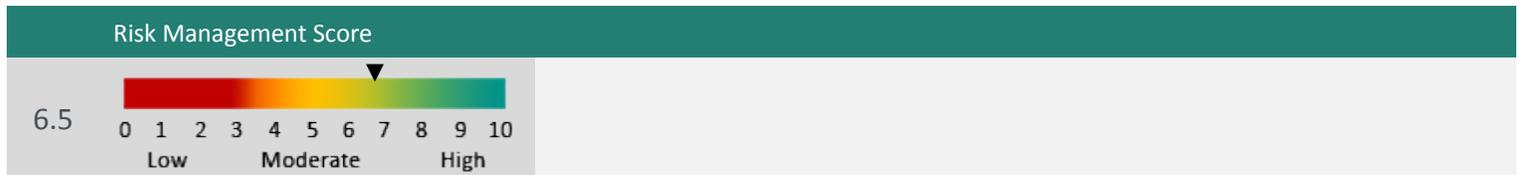
This issue evaluates the extent to which companies may face higher input or production costs for carbon-intensive products due to volatile energy costs in a carbon-constrained world. Scores are based on companies' reliance on carbon intensive products; and efforts to measure and reduce the carbon footprint of their supply chains.

suppliers to reduce carbon footprint. Volkswagen's initiatives to identify and reduce the carbon emissions associated with the production to sales cycle of its goods are comparable to common practices in the industry. Carbon reduction programs have been implemented in raw materials production, manufacturing of components and final goods, transportation and distribution centers, and retail facilities. Furthermore, Volkswagen evaluates its products' carbon footprint for all products.

**RISK EXPOSURE**



**RISK MANAGEMENT**



**Risk Management**

Evaluates its products' carbon footprint: Targets on measuring upstream carbon emissions:	<b>Carbon footprint is calculated for all products The company has already calculated the carbon footprint of its core products and production stages and has a plan for impact reduction</b>
--	---

**Company has carbon or energy reduction programs at the following stages**

Raw Materials:	<b>All or core products</b>
Manufacturing:	<b>All or core production facilities</b>
Transportation and Logistics:	<b>Improvements in fleet, routes, AND load/packaging optimization</b>
Distribution centers / Store operations:	<b>Some stores/distribution centers (anecdotal cases)</b>

**Controversies**

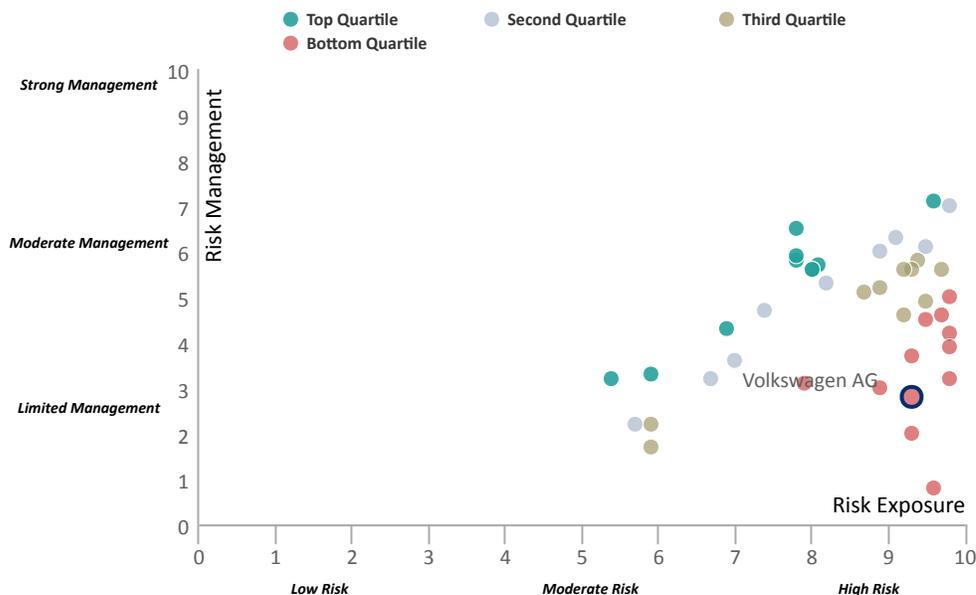
This key issue assesses carbon intensity data to determine companies' environmental impact. Controversies are not covered under this heading.



# Product Safety & Quality

Score	Change (since rating)	Quartile	Weight	As of
0.5	n/a	•	21.0%	Jul 08, 2016

## PRODUCT SAFETY & QUALITY PERFORMANCE



## KEY ISSUE SCORE DISTRIBUTION\*



## TOP 5 INDUSTRY LEADERS

Ferrari N.V.	5.7
MAHINDRA AND MAHINDRA LIMITED	5.1
TOFAS TURK OTOMOBIL FABRIKASI ANONIM SIRKETI	5
PT Astra International Tbk	4.8
GEELY AUTOMOBILE HOLDINGS LIMITED	4.6

## BOTTOM 5 INDUSTRY LAGGARDS

KIA MOTORS CORPORATION	1.1
Volkswagen AG	0.5
SUZUKI MOTOR CORPORATION	0.4
GENERAL MOTORS COMPANY	0
MITSUBISHI MOTORS CORPORATION	0

## ANALYSIS

The company's product portfolio and sales volume suggest high exposure to regulatory and reputational risks including potential costs connected with litigation, and compliance. Our analysis finds little evidence of mitigation capacity. The company therefore appears poorly prepared to manage this risk. In the context of global industry peers, Volkswagen ranks below average.

Volkswagen faces high exposure to risk of facing major product recalls or losing customer trust as a result of significant product quality concerns. We assess exposure to these risks based on the extent to which companies' product portfolios contain segments where the incidence of quality or safety problems is high or there is high associated liability. Business lines with high exposure to regulatory and reputational risks, such as Motor Vehicles and Passenger Car Bodies, represented 87.62% of Volkswagen's revenues in the most recently available fiscal year. Larger sales or production volume present more opportunities for incidents to occur along a company's supply chain or within its internal quality management programs, if quality systems are not properly implemented. Volkswagen's production volume, as represented by 2015 sales, was USD 231,699.07 million.

Overall, Volkswagen has modest policies and programs in place to manage these risks.

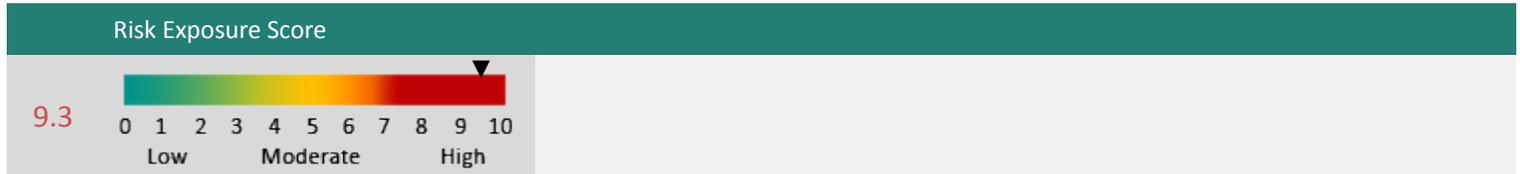
Companies that proactively manage product quality and safety by achieving certification to widely acceptable standards, undertaking extensive product quality testing, and building strong processes to track raw materials and components are best positioned to mitigate risks in this area. Volkswagen certifies some of its operations to a widely accepted product quality standard.

## METHODOLOGY NOTE

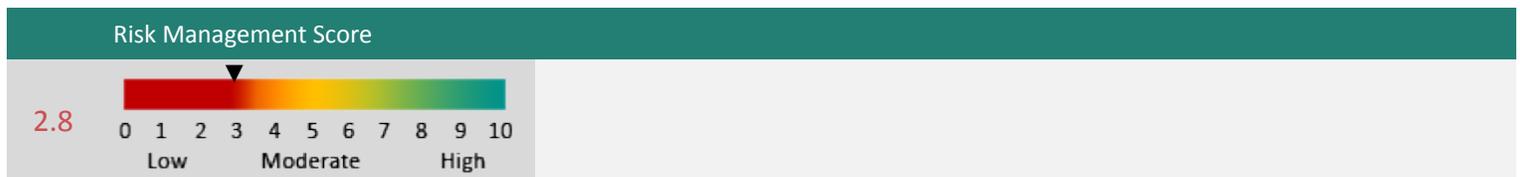
This issue evaluates the extent to which companies may face product recalls or lost customer trust due to product quality concerns. Scores are based on exposure to products with

greater incidence of safety issues; efforts to ensure product safety and quality through the supply chain, operations, and marketing; recalls, warning letters, warranty payments; and controversies.

**RISK EXPOSURE**



**RISK MANAGEMENT**



**Policies & Programs**

**Supply chain and sourcing**

Member of recognized industry-wide partnership(s) on supply chain/ contractor risk evaluation and mitigation systems: **Formal participant**

**Conducts supplier training on quality assurance**

Frequency of supplier training: **Periodic training but frequency is unknown**  
 Scope of supplier training: **Most suppliers, or all 'high risk suppliers'**

**Certification program for suppliers**

Tier 1 - Direct supplier facilities and processes certified by company employees or third-party auditors: **Yes**  
 Tier 2 - Indirect / sub supplier facilities and processes certified by company employees or third-party auditors: **Yes**  
 Tier 3 - Ingredients / raw materials checked for quality on a regular basis: **Not Disclosed**

**Manufacturing and handling**

Certifies own operations to a widely accepted product safety / quality standard (e.g. HACCP, ISO 9001, or equivalent) : **Some (over 20% and below 80%) owned facilities are certified to widely accepted standards**

Measures and reports quantitative indicators related to service quality performance or customer protection (e.g. clinical quality reports, customer surveys): **Yes**

**Conducts quality control / product safety training program for employees**

Scope of employee training: **Most (over 75%) employees are trained**

## Product testing

Scope of product testing:

Selective testing for high-profile quality/safety concerns

## Performance

## Recalls

## Product Recalls

Year (YYYY)	Severe (Class I)	Moderate (Class II)	Minor (Class III)	Number of units	Details
2014				1,866,564	
2015				666,949	
2016					

## Warranty payments

## Warranty payments

Year (YYYY)	Amount (USD millions)	Warranty payments / sales	Details
2008	6,082.0	3.8%	Obligations arising from sales, largely consisting of warranty payments
2009	6,275.0	4.2%	Obligations arising from sales, largely consisting of warranty payments
2010	6,064.0	3.6%	Obligations arising from sales, largely consisting of warranty payments
2011	6,724.0	3.3%	Obligations arising from sales, largely consisting of warranty payments
2012	7,944.0	3.1%	Obligations arising from sales, largely consisting of warranty payments
2013	9,847.0	3.6%	Obligations arising from sales, largely consisting of warranty payments
2014	8,563.0	3.5%	Obligations arising from sales, largely consisting of warranty payments
2015	8,214.0	3.55%	Obligations arising from sales, largely consisting of warranty payments

## Controversies

All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis.

## Controversy Cases

Assessment	Headline	Status	Last Updated
Severe	Lawsuits Over Misleading Claims in Car Diesel Engine Emissions	Ongoing	May 2016
Moderate	US: Lawsuit Against 10 Auto Makers Over Alleged Non-Disclosure of Poisoning Risk in Keyless Ignition Vehicles	Ongoing	August 2015
Minor	US: Recall of 217,000 Audi A4 and A6 Vehicles Over Potential Air Bag Inflator Rupture; No Injuries Reported	Concluded	June 2016
Minor	NHTSA Inquiry on Takata Air Bags and Potential Recall	Ongoing	June 2016
Minor	China: Recall of 486 Magotan Vehicles Over Sunroof Design Defects; No Injuries Reported	Concluded	May 2016
Minor	Canada: Recall of 15,039 Audi A4 Cabriolet Vehicles Over Faulty Driver Frontal Airbag Inflator; No Injuries Reported	Concluded	May 2016

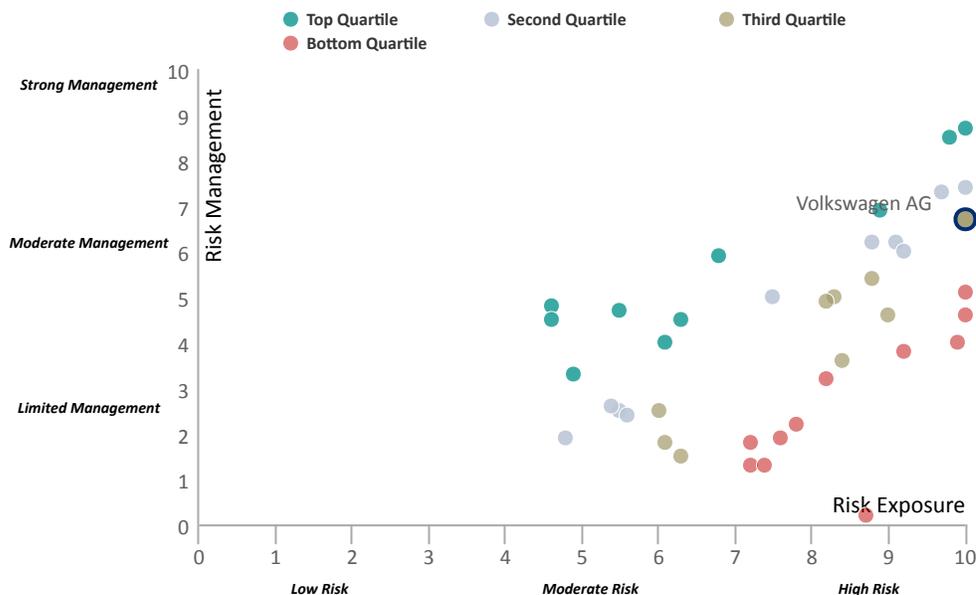
Assessment	Headline	Status	Last Updated
Minor	US: Recall of 91,000 VW Passat Sedans Over Cable Insulation Issue; No Injuries Reported	Concluded	April 2016
Minor	India: Recall of 3,877 VW Vento Sedans Over Excessive Carbon Monoxide Emissions	Concluded	April 2016
Minor	South Korea: Recall of 1,146 Passat 1.8 Sedans Over Fuel Injectors and Brake Vacuum Pumps Defect; No Injuries Reported	Concluded	March 2016
Minor	US: Recall of 5,600 e-Golf Electric Vehicles Over Battery Issue That Could Lead to Stalling; No Injuries Reported	Concluded	March 2016
Minor	Recall of 800,000 VW Touareg and Porsche Cayenne SUVs Over Pedal Issues; No Injuries Reported	Concluded	March 2016
Minor	Sweden: Recall of 13,700 VW Passat Vehicles Over Potential Electrical Problem Affecting Engine Operation While Driving; No Injuries Reported	Concluded	March 2016
Minor	Canada: Recall of 239 Audi A3 2015 Vehicles Over Faulty Seat Cover Stitching that Could Affect Side Impact Airbag Deployment; No Injuries Reported	Concluded	March 2016
Minor	North America: Recall of 1,037 VW Routan Vehicles Due to Potential Corrosion of Airbag Control Units; No Injuries Reported	Concluded	March 2016
Minor	US: Recall of 680,000 VW Vehicles Due to Defective Takata Airbags; No Injuries Reported	Concluded	February 2016
Minor	Recall of 734 VW Tiguan and Audi Q5 Vehicles Over Installed Takata Airbags; One Injury Reported	Concluded	February 2016
Minor	Recall of 67,000 VW Caddy Vans Over Defective Main Power Supply Unit Bolting; No Injuries Reported	Concluded	January 2016
Minor	China: Recall of 78,000 Volkswagen Tiguan, Magotan, and Golf Vehicles Over Steering Column Electric Module's Design Defects; No Injuries Reported	Concluded	January 2016
Minor	Russia: Recall of 614 Skoda Superb III Vehicles Over Potential T2a Connector Issues; No Injuries Reported	Concluded	January 2016
Minor	China: Recall of 58 Units of 2015 Volkswagen Beetle Due to Fuel Pump Issue; No Injuries Reported	Concluded	January 2016
Minor	US: Recall of 904 Audi A3 Cabriolet Units to Repair Airbag Issue; No Injuries Reported	Concluded	January 2016
Minor	US: Recall of 21,074 Audi A6 and A7 Vehicles Over Potential Issue With Passenger Occupant Detection System; No Injuries Reported	Concluded	January 2016
Minor	Russia: Recall of 2,166 VW Caddy Vehicles Over Wiring Assembly Defect; No Injuries Report	Concluded	December 2015
Minor	Russia: Recall of 103 Units of Audi A6, A7, and A8 Cars Over Potential Power Steering Software Issue; No Injuries Reported	Concluded	December 2015
Minor	Russia: Recall of 4,429 Volkswagen Touareg Cars Due to Potential Defect on Automatic Transmission Fluid Tube; No Injuries Reported	Concluded	November 2015
Minor	Russia: Recall of 1,906 Jetta, Golf, and Beetle Vehicles Over Potential Defect in Valve Timing Controller; No Injuries Reported	Concluded	November 2015
Minor	Brazil: Recall of 2,414 Jetta and Beetle Vehicles Over Potential Defect in Engine Camshaft Axis; No Injuries Reported	Concluded	November 2015
Minor	South Korea: Recall of 27,811 Vehicles Over Defective Clock Springs Connected to Vehicle Horns Potentially Causing Air Bag Warning Lights to Light Up; No Injuries Reported	Concluded	November 2015
Minor	US: Recall of 91,800 Vehicles Over Potential Issue With Rear Camshaft Lobe; No Injuries Reported	Concluded	November 2015
Minor	Recall of 27,640 Bentley Continental and Flying Spur Vehicles Due to Potentially Defective Battery Cable Connections; No Injuries Reported	Concluded	October 2015
Minor	Recall of 993 Jetta, Golf, and E-Golf Vehicles Over Insulation Defect in Electromagnetic Coil Inside Occupant Classification System; No Injuries Reported	Concluded	October 2015
Minor	India: Recall of 389 Volkswagen Polo Cars Over Defective Handbrake; No Injuries Reported	Concluded	October 2015
Minor	China: Recall of 78,000 Vehicles Due to Defective Airbag on Driver Side; No Injuries Reported	Concluded	September 2015
Minor	NHTSA Launches Investigation on Rupture of Takata Airbag in 2015 Tiguan Vehicle	Ongoing	August 2015
Minor	US and Canada: Recall of 461,300 Cars Over Potential Issues With Cables and Electrical Connections Leading to Non-Deployment of Driver Front Airbag; No Injuries Reported	Concluded	August 2015
Minor	China: Recall of 886 Imported SQ5 Vehicles Over Steering System Issues; No Injuries Reported	Concluded	August 2015
Minor	Recall of 5,625 Audi SQ5 Vehicles Due to Issues With Electric Power-Steering System; No Injuries Reported	Concluded	July 2015
Minor	Recall of 2,957 Tiguan Cars Due to Lack of Tyre Pressure Information in Certification Labels; No Injuries Reported	Concluded	June 2015
Minor	Australia: Recall of 1611 Amarok Vehicles Over Potential Problem With Bolts for Front Brake Calipers; No Injuries Reported	Concluded	June 2015



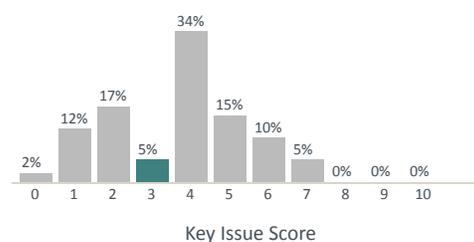
# Labor Management

Score	Change (since rating)	Quartile	Weight	As of
3.7	n/a	••	17.0%	Jul 08, 2016

## LABOR MANAGEMENT PERFORMANCE



## KEY ISSUE SCORE DISTRIBUTION\*



## TOP 5 INDUSTRY LEADERS

UMW HOLDINGS BERHAD	7.2
TOFAS TURK OTOMOBIL FABRIKASI ANONIM SIRKETI	6.9
YULON MOTOR CO.,LTD	6.2
GEELY AUTOMOBILE HOLDINGS LIMITED	6.1
Bayerische Motoren Werke Aktiengesellschaft	5.7

## BOTTOM 5 INDUSTRY LAGGARDS

Ferrari N.V.	1.3
BYD Company Limited	1.1
MITSUBISHI MOTORS CORPORATION	1.1
SUZUKI MOTOR CORPORATION	0.9
MARUTI SUZUKI INDIA LIMITED	0

## ANALYSIS

The company's concentration in labor-intensive business activities and geographic distribution of revenues suggest high exposure to potential operational disruptions, employment litigation, or reduced productivity. Our analysis finds robust mitigation capacity. The company therefore appears partially prepared to manage this risk. In the context of global industry peers, Volkswagen ranks below average.

Volkswagen faces high exposure to labor-related work stoppages (e.g., strikes and lockouts). Our model evaluates the company's risk of operational disruptions due to labor unrest or reduced productivity on account of poor job satisfaction. Business lines commonly associated with labor unrest, such as Motor Vehicles and Passenger Car Bodies and Personal Credit Institutions, represented 100.0% of Volkswagen's revenues in the most recently available fiscal year. Regions with high risk of labor unrest, such as Europe and Germany, represented 66.9% of Volkswagen's revenues in the most recently available fiscal year. The company has not undergone significant recent restructuring that resulted in large-scale layoffs. With approximately 610,076 employees, Volkswagen falls in the range of larger companies we cover, indicating greater complexity in labor management.

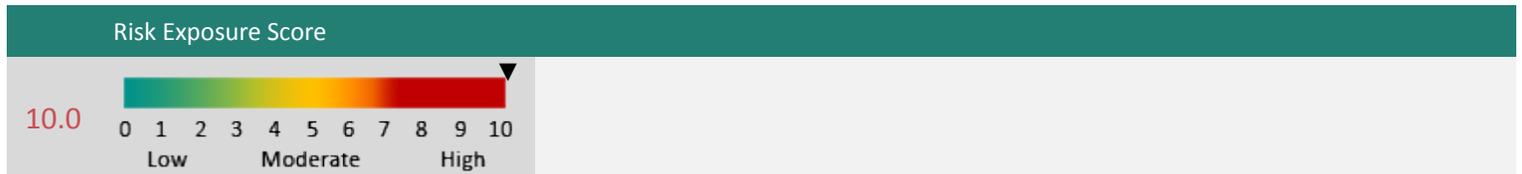
Overall, Volkswagen has strong policies and programs in place to manage these risks.

## METHODOLOGY NOTE

This issue evaluates the extent to which companies may face workflow disruptions due to labor unrest or reduced productivity due to poor job satisfaction. Scores are based on exposure to regions facing labor unrest, size of workforce, and corporate restructuring / layoffs; workforce policies, benefits, training, and employee engagement; and labor-related controversies.

Companies that have comprehensive compensation and benefits packages, provide formal employee engagement channels, as well as broad-based professional development and training opportunities, are best positioned to mitigate operational risks in this area. The company has programs to monitor employee satisfaction, which can help the organization stay ahead of morale, productivity, and turnover problems. The company offers strong professional development opportunities to its employees.

## RISK EXPOSURE



### Exposure Summary

Risk	% of Operations by Segment <sup>1</sup>	% of Operations by Geography <sup>2</sup>
Low	0.0%	0.0%
Medium	0.0%	33.1%
High	100.0%	66.9%

<sup>1</sup> This represents the portion of the company's revenues derived from lines of business that are High Risk (typically experience high levels of labor unrest, work stoppages, or related disputes), Medium Risk (typically experience moderate levels of labor unrest, work stoppages, or related disputes), and Low Risk (typically experience low levels of labor unrest, work stoppages, or related disputes).

<sup>2</sup> This represents the portion of the company's revenues derived from lines of countries or regions that are High Risk (where there is a high incidence of labor unrest such as work stoppages), Medium Risk (where there is a moderate incidence of labor unrest such as work stoppages), Low Risk (where there is a low incidence of labor unrest such as work stoppages).

### Additional Exposure Indicators

#### Layoffs Events

Major Layoffs: **No**

#### Size and Composition of Workforce

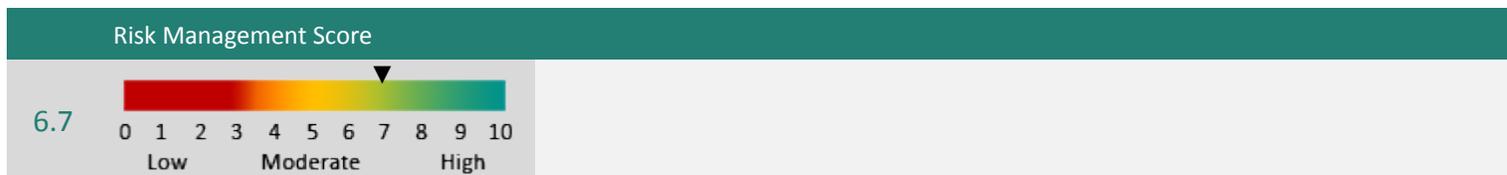
Number of employees: **610,076**

#### Number of Employees

Year	Number of employees	Part time workers (%)	Contract or temporary workers (%)	Estimated Part time/contract %
2008	357,207			
2009	368,500			
2010	399,381			
2011	501,956			
2012	549,763			
2013	563,000			

Year	Number of employees	Part time workers (%)	Contract or temporary workers (%)	Estimated Part time/contract %
2014	593,000			
2015	610,076			

## RISK MANAGEMENT



### Strategy

Percentage of total workforce covered by collective agreements:	<b>98.0%</b>
Percentage of workforce estimated or disclosed:	<b>Disclosed</b>
Evidence of collective agreements:	<b>Yes</b>
Employee stock ownership plan (ESOP) or employee stock purchase plan (ESPP):	<b>Only select number of employees eligible for ESOP and/or ESPP</b>
Variable performance-based component to pay:	<b>Strong performance-based incentive pay structure covers all employees</b>
Non-compensation benefits including pension and retirement:	<b>Evidence of non-compensation benefits but no indication of scope</b>

### Labor-related policy/code of conduct covers the following for its own workforce

Anti-Discrimination/ Diversity and inclusion:	<b>Yes</b>
Child Labor:	<b>Yes</b>
Forced Labor:	<b>Yes</b>
Freedom of Association:	<b>Yes</b>

### Performance

External recognition as employer of choice (last three years):	<b>Yes, more than one award in the last year</b>
--	--

### External recognition - details

Year	Awarding authority name	Title of the Award
2014	Top Employers Institute	Top Employers China
2014	Chinese Ministry of Education	Best Enterprise to Work for Chinese Graduates in 2014
2014	Top Employers Institute	Top Employers South Africa
2014	Times Free Press newspaper	Best Place to Work USA
2014	Great Place to Work For Institute	The 2014 Best Multinational Workplaces in Europe: 11# Volkswagen Financial
2016	Great Place to Work For Institute	Best Workplaces in Germany: more than 5,000 employees
2016	Great Place to Work For Institute	Best Workplaces in Germany: Lower Saxony-Bremen (more than 50 employees)
2016	Great Place to Work For Institute	Best Workplaces in Spain: between 250 and 499 employees
2016	Great Place to Work For Institute	Best Workplaces in Portugal: fewer than 100 employees
2016	Great Place to Work For Institute	UK's Best Workplaces: Large Category
2016	Great Place to Work For Institute	Best Workplaces in Mexico: more than 5,000 employees
2016	Great Place to Work For Institute	Best Multinational Workplaces in Europe
2016	Great Place to Work For Institute	Best Workplaces in Poland: fewer than 500 employees

Year	Awarding authority name	Title of the Award
2016	Great Place to Work For Institute	Best Medium Workplaces in Italy
2016	Great Place to Work For Institute	Best Workplaces in France: fewer than 500 employees
2016	Great Place to Work For Institute	Best Workplaces in Spain: between 250 and 499 employees
2016	Great Place to Work For Institute	UK's Best Workplaces: Large Category
2016	Great Place to Work For Institute	Best Medium Workplaces in Italy

### Strikes

Year	Location	Number of employees	Percentage of employees	Details
2015	Hannover and Wolfsburg	26,000	4.4%	
2015	Brazil	800	0.13%	
2013	South Africa	30,000	5.33%	

### Employee turnover

Year	Annual employee turnover (%)	Details
2012	0.4%	
2013	0.4%	
2014	0.4%	
2015	1.01%	Germany
2015	3.8%	Aborad

### Employee Productivity

Year	Profit per employee (USD '000)
2014	22
2015	-2

### Controversies

All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis.

### Controversy Cases

Assessment	Headline	Status	Last Updated
Severe	<b>Germany: 26,000 Workers Walk Out and Protest in Hanover and Wolfsburg Over Wage Increase Negotiations</b>	Ongoing	February 2015
Moderate	<b>Tennessee: UAW Lawsuit Filed with the NLRB Over Alleged Refusal to Create Workers' Bargaining Unit</b>	Ongoing	April 2016
Moderate	<b>Brazil: Workers On 12-Day Strike at Taubate Manufacturing Plant; Operation Resumed Following Agreement</b>	Concluded	October 2015
Minor	<b>Spain: Allegations of Work Access Discrimination Against Labor Union Members and Female Employees in Volkswagen Navarra</b>	Ongoing	May 2016
Minor	<b>Brazil: Ten-Day Strike over Dismissal of 800 Workers; Workers Re-Hired Following Agreement</b>	Concluded	January 2015



# Business Ethics & Fraud

Score	Change (since rating)	Quartile	Weight	As of
0.0	n/a	N/A	14.0%	Jul 08, 2016

## BUSINESS ETHICS & FRAUD PERFORMANCE



## TOP 5 INDUSTRY LEADERS

Bayerische Motoren Werke Aktiengesellschaft	5
DAIHATSU MOTOR CO.,LTD.	5
FORD MOTOR COMPANY	5
Ferrari N.V.	5
Fuji Heavy Industries Ltd.	5

## BOTTOM 5 INDUSTRY LAGGARDS

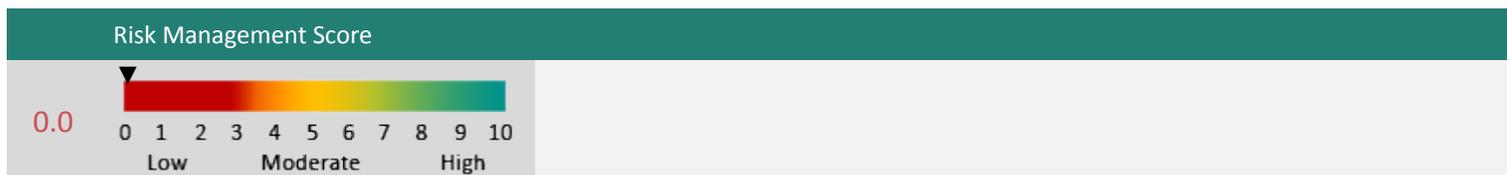
HYUNDAI MOTOR COMPANY	3.7
KIA MOTORS CORPORATION	3.7
MITSUBISHI MOTORS CORPORATION	2.5
Porsche Automobil Holding SE	2
Volkswagen AG	0

## ANALYSIS

## METHODOLOGY NOTE

This issue evaluates the extent to which companies may face regulatory or legal risks or loss of investor confidence due to ethics issues such as fraud, executive misconduct, or insider trading. Companies successfully avoiding incident score "5", while companies that have faced controversies in the last three years score lower, based on the severity and type of controversy.

## RISK MANAGEMENT



## Controversies

All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis.

## Controversy Cases

Assessment	Headline	Status	Last Updated
Very Severe	Investigation on Deliberate Evasion of Emission Tests	Ongoing	June 2016
Minor	Italy: Class Action Lawsuit Filed By Consumer Group Altroconsumo Over False Advertising On Fuel Efficiency	Ongoing	January 2016

# Corporate Governance



Score	Change (since rating)	Quartile	Weight	As of
2.6	▼ -0.3	•	14.0%	Jun 24, 2016

## ANALYSIS

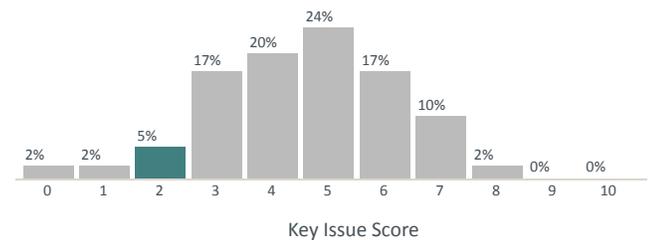
Volkswagen is controlled by the Porsche and Piëch families who via dual class structures at both Porsche SE and VW, control 52.2% of VW's voting rights despite holding only 16.6% of the rights to cashflows. Two other shareholders, the German State of Lower Saxony and the Qatari sovereign wealth fund, hold 20% and 17% of the voting rights respectively. The vehicle emissions scandal in September 2015 saw the CEO and several other executives depart.

Volkswagen is controlled via a dual class share structure by Porsche Automobil Holding SE who hold 52.2% of the voting shares. Two other shareholders, the German State of Lower Saxony and the Qatari sovereign wealth fund, hold 20% (a blocking stake) and 17% of the voting shares respectively. Institutional investors hold mainly the non-voting share class. Subsequently, governance at the company is tightly controlled by the Porsche and Piëch families who via the dual class structures at both Porsche SE and VW, control 52.2% of the voting rights of VW despite holding only 16.6% of the rights to cashflows. Following the resignation of CEO Martin Winterkorn over the vehicle emissions scandal in September 2015, the CEO of Porsche took over at Volkswagen. The vehicle emissions scandal caused the company to take a significant charge to pay fines and litigation costs. The company called in external law firm to investigate the case and announced a number of additional changes to its Management Board. Volkswagen held an EGM for 9 November 2015 to elect Hans Dieter Pötsch to the Supervisor Board. He will become Chairman, in place of the employee representative Berthold Huber, appointed as acting Chairman following the ousting of prior Chairman Ferdinand Piëch in April 2015. Due to Volkswagen's controlled status, board composition and the prevalence of related party transactions, outside investors are subject to inherently higher degrees of governance and investment risk. In evaluating the corporate governance of these companies our primary focus is on determining whether the actions of the board are excessively aligned with the interests of the controlling shareholders, a situation that even further magnifies the risks involved. In this case, the composition of the supervisory board, which lacks an independent majority and includes members of the controlling family and representatives of the company's other principal shareholder, presents a significant level of governance risk for minority public shareholders. The Supervisory Board of the two-tier board structure is comprised of a majority of non-independent directors, including four members of the controlling families. The 20-member supervisory board conforms to the German Co-determination Act - 50% (non-independent) employee-elected representatives and 50% elected by shareholders. Four are members of the Porsche and Piëch family. Pursuant to Volkswagen's articles of incorporation, Lower Saxony is entitled to appoint two supervisory board members for as long as it holds at least 15%. The remaining shareholder representatives are elected by the AGM. Two members represent Qatar Holding, Volkswagen's third largest shareholder in terms of voting power. In April 2015, Ferdinand Piëch, resigned following a short-lived clash with then CEO Martin Winterkorn, precipitated by the former chairman publicly announcing that he has "distanced" himself from the then CEO. A six-member steering committee, which had supported the CEO and includes Mr. Piëch's cousin, Wolfgang Porsche, voted for chairman's removal.

## ISSUES & RANKING

	Global Pctl Rank	Home Market Pctl Rank
<b>Overall</b>	4 <sup>th</sup> (Worst In Class)	2 <sup>nd</sup> (Worst In Class)
Board	3 <sup>rd</sup>	3 <sup>rd</sup>
Pay	90 <sup>th</sup>	94 <sup>th</sup>
Ownership & Control	49 <sup>th</sup>	17 <sup>th</sup>
Accounting	2 <sup>nd</sup>	0 <sup>th</sup>

## KEY ISSUE SCORE DISTRIBUTION \*



## TOP 5 INDUSTRY LEADERS

UMW HOLDINGS BERHAD	7.5
MARUTI SUZUKI INDIA LIMITED	7.1
BYD Company Limited	6.7
Hero MotoCorp Limited	6.7
Chongqing Changan Automobile Co., Ltd.	6.5

## BOTTOM 5 INDUSTRY LAGGARDS

Volkswagen AG	2.6
MITSUBISHI MOTORS CORPORATION	2
TOFAS TURK OTOMOBIL FABRIKASI ANONIM SIRKETI	1.7
TOYOTA MOTOR CORPORATION	0.9
Porsche Automobil Holding SE	0

The two vacancies left by their departure was quickly filled shortly thereafter by Mr. Piëch's nieces— Dr. Lousie Kiesling and Julia Kuhn-Piëch, daughter of supervisory board member Hans Michel Piëch. Unusually, an employee representative, Deputy Chairman Berthold Huber, was appointed as acting Chairman of the Supervisory Board following the abrupt departure of Mr. Piëch. Hans Dieter Pötsch, former CFO of Volkswagen, was subsequently announced as new Supervisory Board Chairman, effective 9 November 2015. As is typical in Germany, members of the Management Board, including the CEO, are appointed by the Supervisory Board rather than being elected by shareholders. In September 2015, the share price fell by approximately 40% over two days following revelations that the company had cheated on US car emission tests and then CEO, Martin Winterkorn, issued a public apology while ordering an external investigation. A few days later, Mr. Winterkorn resigned and was subsequently replaced by Matthias Müller, the CEO of Volkswagen's Porsche unit. It should be noted that Mr. Müller is being asked to overhaul a tenuous corporate governance structure from the inside, as he has worked at Volkswagen since 1977, including the past 5 years as the head of Porsche. At the same time, the company announced a significant restructuring that included a reorganization of the North American region, to be led by former Škoda chairman Winfried Vahland; the dismissal of top engineers at its Audi and Porsche brands; and management board changes, including the replacement of sales and marketing chief Christian Klingler. Acting Chairman Berthold Huber also announced the suspension of multiple employees and called the crisis a "political and moral disaster." While previous corporate scandals in Germany have seen shareholders withhold discharge from executives seen as possibly involved in scandal and have also seen shareholder resolutions to request special audits by third parties to report back to the shareholder meeting, the ownership and voting rights structure at Volkswagen leaves institutional and minority shareholders with limited tools to rebuke management. Media reports and the stock market reaction suggest that the financial impact of the scandal could be significant in relation to both fines and class action lawsuits. The company has two listed equity classes. The 'ordinary' share carries voting rights while the 'preferred' equity share has no voting rights, although has the right to a EUR 0.06 higher dividend (EUR 4.06 for the preferred shares in 2013 versus EUR 4.00 for the ordinary share) and makes up 36% of the share capital. Given the equity status of the 'preferred' share it is viewed as a control enhancing mechanism. As part of Porsche SE's contribution of its holding company operating business to Volkswagen by way of singular succession, all involved parties entered into various agreements, including indemnifications of certain financial guarantees and tax liabilities. Volkswagen is subject to German corporate law and must report its level of compliance with the German Corporate Governance Code (the "code"). Pursuant to the "comply or explain" approach in this market, the company reports non-compliance with certain of the Code recommendations – including provisions related to severance payment cap, age limits for members of the management board, independent Audit Committee chairman, disclosure regarding election recommendations, performance-related remuneration for supervisory board members, and report to the AGM about conflicts of interest that have arisen and how they would be handled. Variable remuneration includes a bonus based on business performance over the preceding two years and long-term incentives (LTIs) based on the previous four years. Bonuses are based on two-year operating profit with a minimum performance required before any payouts are made. Although bonuses are capped, the supervisory board has the discretion to increase the calculated bonus by up to 50% based on individual bonus. Discretionary elements such as this can undermine the credibility and effectiveness of a structured incentive plan. LTI awards are based on targets identified in the company's group strategy 'Strategy2018', including leader in customer satisfaction, leading employer, unit sales growth, and increase in the return on sales. Supervisory board members

receive variable compensation based on the dividend paid, typical in the German market. Based on available disclosures, PricewaterhouseCoopers AG has been Volkswagen's external auditor since 1999. While mandatory audit firm rotation will be introduced across the EU after 2016, the company has not provided any disclosure of discussions held by the Audit Committee on this issue.

Additional details and data available in the [Corporate Governance Details](#) section.

**Home Market:** 0

### **METHODOLOGY NOTE**

This issue evaluates the extent to which companies' corporate governance practices may pose risks to investors. The score is an absolute assessment of a company's governance on a universally applied 0-10 scale. Each company starts with a "perfect 10" and points are deducted based on the triggering of Key Metrics across Board, Pay, Ownership, and Accounting.

## Board

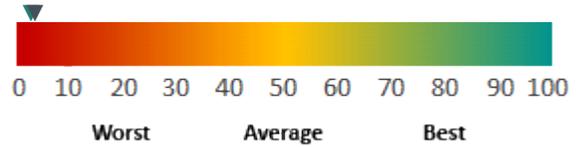
Global Percentile Rank	Home Market Percentile Rank
3 <sup>rd</sup> (Worst In Class)	3 <sup>rd</sup> (Worst In Class)

### ANALYSIS

Shareholders should be concerned by certain aspects of the Volkswagen board's policies and practices, which could have a negative impact on the board's effectiveness. We have flagged this board for potential concerns regarding that MSCI has identified high impact governance events, the presence of certain related party transactions, the absence of a compensation committee and an excessively large board.

#### BOARD PERFORMANCE VS.

▼ Global ▼ Home Market



### RISK MANAGEMENT

#### Indicators

##### Board Independence

Outside related directors:	5
Total directors:	29
Outside directors:	15
Board independence:	51.72%

##### Board Leadership

CEO Name:	Matthias Müller
Chair / CEO roles combined:	No
Company lacks an independent lead director:	Yes

##### Board Skills & Diversity

Female directors:	3
Female directors as percent of total:	10.34%

# Pay

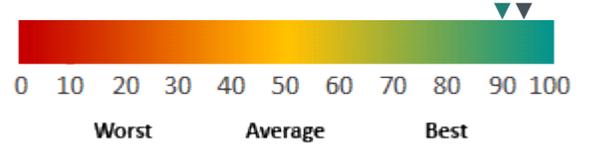
Global Percentile Rank	Home Market Percentile Rank
90 <sup>th</sup> (Above Average)	94 <sup>th</sup> (Above Average)

## ANALYSIS

Executive pay practices of the Volkswagen board appear to be generally well aligned with sustainable shareholder interests.

### PAY PERFORMANCE VS.

▼ Global ▼ Home Market



## RISK MANAGEMENT

### Indicators

#### Pay Figures

Total Realized Pay:	<b>0.0</b>
Company fails to disclose specific pay totals for executives:	<b>No</b>

#### Pay Performance Alignment

Significant vote against pay practices:	<b>No</b>
---	-----------

#### Severance & Change of Control

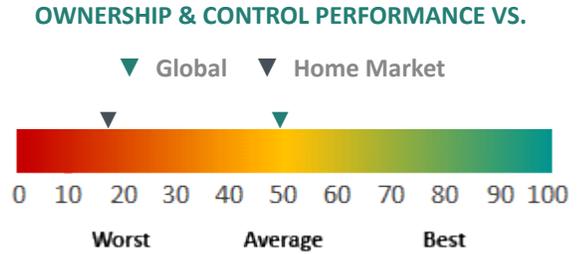
Company lacks a clawback policy:	<b>Yes</b>
----------------------------------	------------

# Ownership & Control

Global Percentile Rank	Home Market Percentile Rank
49 <sup>th</sup> (Average)	17 <sup>th</sup> (Below Average)

## ANALYSIS

The company's ownership structure and shareholder rights at Volkswagen fall within the average scoring relative to global peers.



## RISK MANAGEMENT

### Indicators

#### Committee Structure

Company lacks a fully independent audit committee:	Yes
Company lacks a fully independent compensation committee:	Yes

#### Ownership Structure

Five % Shareholders % Held:	89.2%
Controlling Shareholder (%):	52.2%
Voting Shares Held by Largest Shareholder or Block (%):	52.2%
Top Shareholders:	<b>Porsche Automobil Holding SE (Owned by Porsche and Piëch families) - 52.2%</b>
	<b>German State of Lower Saxony - 20.0%</b>
	<b>Qatar Holding LLC - 17.0%</b>
Controlling shareholder:	Yes

#### Shareholder Rights

Company has failed to adopt majority voting standards:	No
Ownership structure deviates from one share one vote:	Yes

#### Takeover Provisions

Poison pill:	No
--------------	----

## Accounting

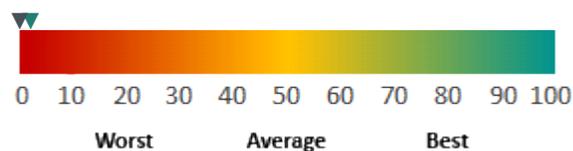
Global Percentile Rank	Home Market Percentile Rank
2 <sup>nd</sup> (Worst In Class)	0 <sup>th</sup> (Worst In Class)

### ANALYSIS

Based on the company's disclosures and other public information, accounting and financial reporting practices at Volkswagen raise concerns regarding their overall effectiveness. We have flagged this company for potential concerns regarding extreme values on revenue recognition ratios, extreme values on asset-liability valuation ratios and recent history of restatements or special charges.

#### ACCOUNTING PERFORMANCE VS.

▼ Global ▼ Home Market



### RISK MANAGEMENT

#### Indicators

##### Accounting Figures

Non-audit fees:	29.82%
Audit fees:	28,000,000.0
Audit fees (currency):	USD
Total auditor fees:	57,000,000.0
Total auditor fees (currency):	USD
Audit related fees:	12,000,000.0
Audit related fees (currency):	USD

##### Accounting Risks

Restatements or special charges in last two years:	Yes
Accounting investigations in last two years:	No
Qualified auditor opinion, most recent period:	No
Late filings:	No
Material weakness in internal controls:	No

## CORPORATE GOVERNANCE CONTROVERSIES

### Controversies

All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis.

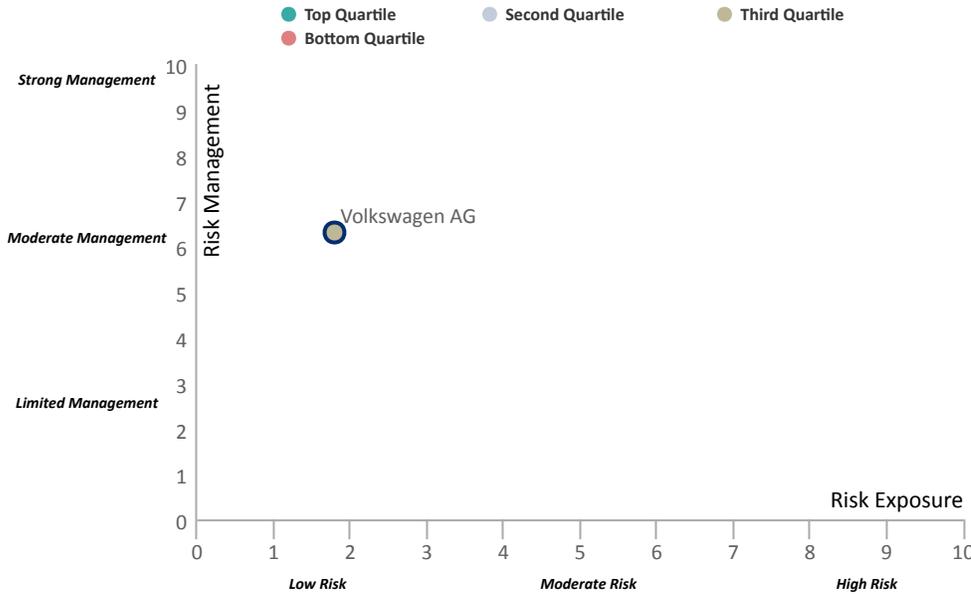
No major relevant controversies have been uncovered.



# Carbon Emissions

Score	Change (since rating)	Quartile	Weight	As of
10.0	n/a	••	0.0%	Jul 08, 2016

## CARBON EMISSIONS PERFORMANCE



## KEY ISSUE SCORE DISTRIBUTION\*



## TOP 5 INDUSTRY LEADERS

## BOTTOM 5 INDUSTRY LAGGARDS

## METHODOLOGY NOTE

This issue evaluates the extent to which companies may face increased costs linked to carbon pricing or regulatory caps. Scores are based on exposure to GHG intensive businesses and emerging regulations; carbon reduction targets and mitigation programs; and carbon intensity over time and vs. peers.

## ANALYSIS

This issue does not present significant risks or opportunities to the company and with the assigned weight of 0% does not contribute to the overall ESG rating for the company.

MSCI ESG Research provides additional scores on a select set of ESG Issues for all companies on the MSCI World Index. Every company on the index receives scores for the following ESG Issues, regardless of whether they contribute to the overall Company ESG Rating: Carbon Emissions, Water Stress, Toxic Emissions, Labor Management, Health & Safety, Business Ethics, and Anti-Competitive Practices. Each of these issues is researched and analyzed according to ESG Research methodology regardless of assigned weight. Hence, scores for these Issues are fully comparable across all companies or industries.

## RISK EXPOSURE



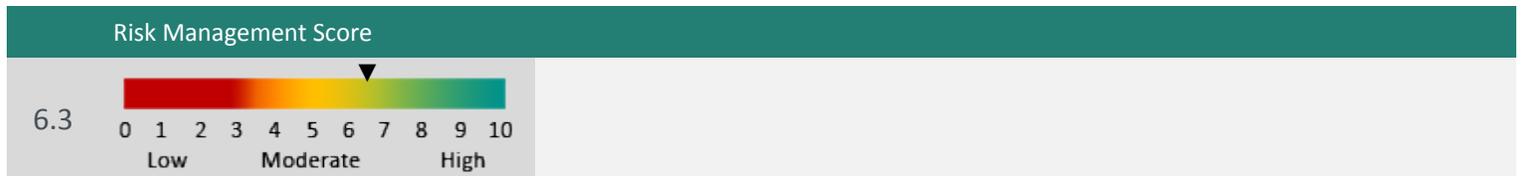
Exposure Summary

Risk	% of Operations by Segment <sup>1</sup>	% of Operations by Geography <sup>2</sup>
Low	100.0%	0.0%
Medium	0.0%	63.6%
High	0.0%	36.4%

<sup>1</sup> This represents the portion of the company's revenues derived from lines of business that are High Risk (typically highly carbon intensive), Medium Risk (typically have a moderate level of carbon intensity), and Low Risk (typically have a low level of carbon intensity).

<sup>2</sup> This represents the portion of the company's revenues derived from countries or regions that are High Risk (carbon regulations are either stringent or likely to strengthen), Medium Risk (carbon regulations are of moderate strength), and Low Risk (carbon regulations are of weak or nonexistent and unlikely to strengthen in the foreseeable future).

RISK MANAGEMENT



Performance

Carbon Emissions Performance Relative to Peers (0-10 Score, 0=worst, 10=best): **5.0**

GHG Emissions - metric tons CO<sub>2</sub>e

Year	Scope 1 Disclosed	Scope 1 Estimate Key	Scope 2 Disclosed	Scope 2 Estimate Key	Scope 1+2 Disclosed	Scope 3 (upstream)	Scope 3 (downstream)	Scope 3 (undefined)	Scope 1 Estimated	Scope 2 Estimated	Scope 1+2 Estimated	Scope 1+2 Estimate Key	GHG Emissions Details
2008		E.CSI		E.CSI					3,114,052.0	3,191,774.0	6,305,826.0	E.CSI	Jan-2016 Estimation Update
2009		E.CSI		E.CSI					2,966,305.0	3,040,339.0	6,006,644.0	E.CSI	Jan-2016 Estimation Update
2010	4,320,000.0	Reported	3,720,000.0	Reported	8,040,000.0	15,898,775.0	7,558,074.0					Reported	
2011	4,000,000.0	Reported	4,350,000.0	Reported	8,350,000.0							Reported	
2012	4,260,000.0	Reported	4,410,000.0	Reported	8,670,000.0	71,538,157.0	253,952,482.0					Reported	
2013	4,200,000.0	Reported	4,770,000.0	Reported	8,970,000.0	74,513,600.0	246,694,648.0					Reported	
2014	4,031,397.0	Reported	5,022,156.0	Reported	9,053,553.0	77,660,814.0	251,220,661.0					Reported	

GHG Emissions Intensity - metric tons CO<sub>2</sub>e / USD million sales

Year	GHG Intensity	GHG Intensity Details	GHG Intensity - Reported	GHG Intensity - Reported Details
2008	39.9			
2009	39.9			
2010	47.3			
2011	40.5			
2012	34.1			
2013	33.0			
2014	36.8			

**Targets**

Aggressiveness of the company's reduction target in the context of its current performance:

**Company sets GHG reduction targets**

**Carbon Improvement Targets**

Baseline Year	Target Year	Target Description	Target Reduction (%)
2006	2015	Reduce CO emissions for the European new car fleet to 120g CO <sub>2</sub> /km	30.0%
2006	2020	Scope 3: Use of sold products (absolute)	45.0%
2007	2013	Scope 1+2	10.0%
2010	2020	Scope 2	40.0%
2010	2020	Reduce CO <sub>2</sub> emissions per vehicle	25.0%
2010	2018	Scope 1+2	25.0%
	2020	Intensity: Cut European car fleet CO <sub>2</sub> emissions to 95 g CO <sub>2</sub> / km	

**Mitigation**

Strength of Greenhouse Gas Mitigation Strategy (0-10 Score, 0=worst, 10=best):

**7.0**

**Programs or actions to reduce the emissions intensity of core operations**

Use of cleaner sources of energy:

**Some efforts**

Energy consumption management and operational efficiency enhancements:

**Some efforts**

CDP disclosure:

**Yes**

**Controversies**

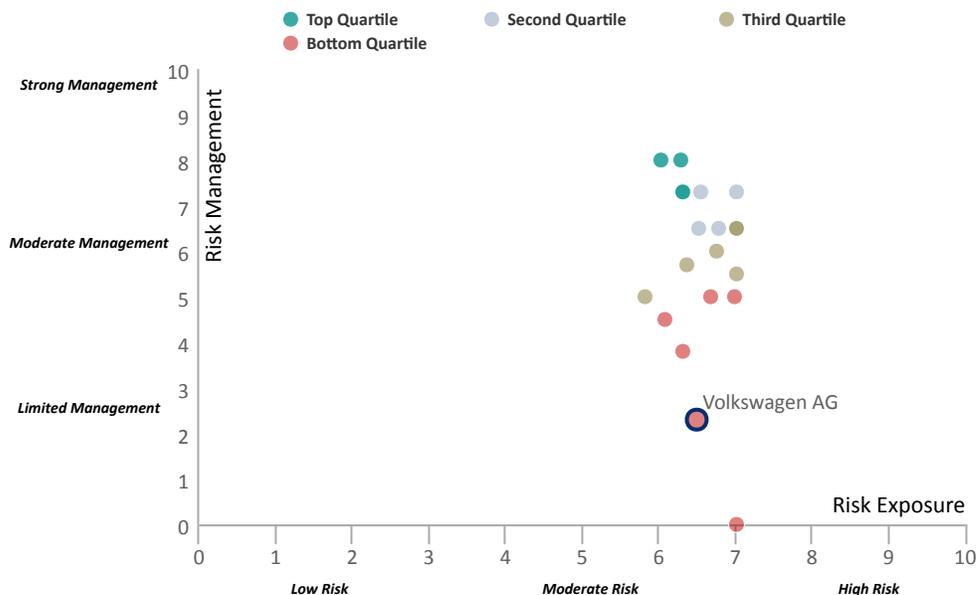
This key issue assesses carbon intensity data to determine companies' environmental impact. Controversies are not covered under this heading.



# Toxic Emissions & Waste

Score	Change (since rating)	Quartile	Weight	As of
2.8	▼ -3.9	•	0.0%	Jul 08, 2016

## TOXIC EMISSIONS & WASTE PERFORMANCE



## KEY ISSUE SCORE DISTRIBUTION\*



## TOP 5 INDUSTRY LEADERS

NISSAN MOTOR CO., LTD.	9
MITSUBISHI MOTORS CORPORATION	8.7
Bayerische Motoren Werke Aktiengesellschaft	8
ISUZU MOTORS LIMITED	8
SUZUKI MOTOR CORPORATION	8

## BOTTOM 5 INDUSTRY LAGGARDS

TOYOTA MOTOR CORPORATION	5.3
Ferrari N.V.	5
TESLA MOTORS, INC.	4.5
Volkswagen AG	2.8
Porsche Automobil Holding SE	0

## ANALYSIS

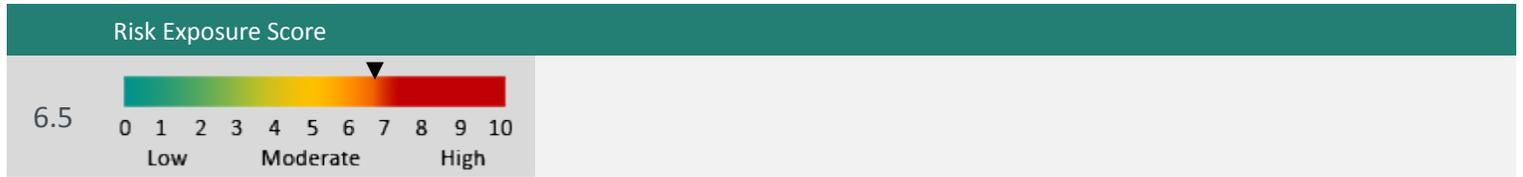
This issue does not present significant risks or opportunities to the company and with the assigned weight of 0% does not contribute to the overall ESG rating for the company.

MSCI ESG Research provides additional scores on a select set of ESG Issues for all companies on the MSCI World Index. Every company on the index receives scores for the following ESG Issues, regardless of whether they contribute to the overall Company ESG Rating: Carbon Emissions, Water Stress, Toxic Emissions, Labor Management, Health & Safety, Business Ethics, and Anti-Competitive Practices. Each of these issues is researched and analyzed according to ESG Research methodology regardless of assigned weight. Hence, scores for these Issues are fully comparable across all companies or industries.

## METHODOLOGY NOTE

This issue evaluates the extent to which companies may face liabilities associated with pollution, contamination, and the emission of toxic or carcinogenic substances. Scores are based on operations generating toxic byproducts, air pollutants, or hazardous waste; strategy, targets, and programs to reduce emissions; quantified performance; and controversies.

**RISK EXPOSURE**

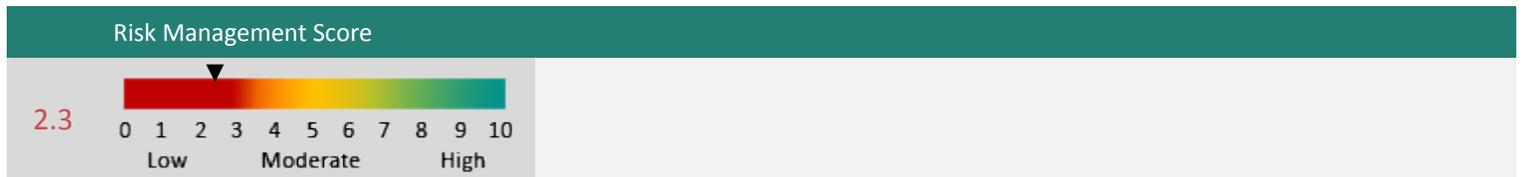


**Exposure Summary**

Risk	% of Operations by Segment <sup>1</sup>
Low	12.38%
Medium	0.0%
High	87.62%

<sup>1</sup> This represents the portion of the company's revenues derived from lines of business that are High Risk (typically generate large amounts of toxic emissions), Medium Risk (typically generate moderate amounts of toxic emissions), and Low Risk (typically generate low amounts of toxic emissions).

**RISK MANAGEMENT**



**Governance and Strategy**

Existence of Environmental Management System (EMS): **ISO 14001 or equivalent**  
 Regular environmental impact audits: **Yes**

**Targets**

Aggressiveness of Toxic Emissions Reduction Target (0-10 Score, 0=worst, 10=best): **7**

**Targets**

Baseline Year	Target Year	Target Description	Target Reduction (%)
2010	2018	Reduce waste output and VOC emissions per vehicle	25.0%

**Performance**

Toxic Releases Performance Relative to Peers (0-10 Score, 0=worst, 10=best): **5.0**

**Air Emissions: NOx Performance**

3 Year Average Intensity: **0.02**  
 Average Annual % Change in Intensity: **9.14%**

**Air Emissions: NOx Performance**

Year	Quantities	Intensity
2010	4,331.0	0.03

Year	Quantities	Intensity
2011	2,701.0	0.01
2012	4,428.0	0.02
2013	4,208.0	0.02
2014	4,017.0	0.02

#### Air Emissions: SOx Performance

3 Year Average Intensity:	<b>0.01</b>
Average Annual % Change in Intensity:	<b>89.67%</b>

#### Air Emissions: SOx Performance

Year	Quantities	Intensity
2010	2,085.0	0.01
2011	406.0	0.0
2012	2,054.0	0.01
2013	2,020.0	0.01
2014	1,211.0	0.0

#### Air Emissions: Particulate Matter Performance

3 Year Average Intensity:	<b>0.0</b>
Average Annual % Change in Intensity:	<b>18.51%</b>

#### Air Emissions: Particulate Matter Performance

Year	Quantities	Intensity
2010	172.0	0.0
2011	125.0	0.0
2012	138.0	0.0
2013	170.0	0.0
2014	232.0	0.0

#### Air Emissions: VOC Performance

3 Year Average Intensity:	<b>0.13</b>
Average Annual % Change in Intensity:	<b>-9.01%</b>

#### Air Emissions: VOC Performance

Year	Quantities	Intensity
2010	30,347.0	0.18
2011	33,927.0	0.16
2012	35,260.0	0.14
2013	35,541.0	0.13

Year	Quantities	Intensity
2014	30,347.0	0.12

#### Releases to Land: Non-hazardous Waste Performance

3 Year Average Intensity:	<b>0.36</b>
Average Annual % Change in Intensity:	<b>-11.28%</b>

#### Releases to Land: Non-hazardous Waste Performance

Year	Quantities	Intensity
2010	103,037.0	0.61
2011	98,423.0	0.48
2012	100,362.0	0.39
2013	99,120.0	0.37
2014	81,660.0	0.33

#### Releases to Land: Hazardous Waste Performance

3 Year Average Intensity:	<b>0.41</b>
Average Annual % Change in Intensity:	<b>5.5%</b>

#### Releases to Land: Hazardous Waste Performance

Year	Quantities	Intensity
2010	71,094.0	0.42
2011	82,684.0	0.4
2012	98,263.0	0.39
2013	103,819.0	0.38
2014	113,933.0	0.46

### Controversies

All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis.

### Controversy Cases

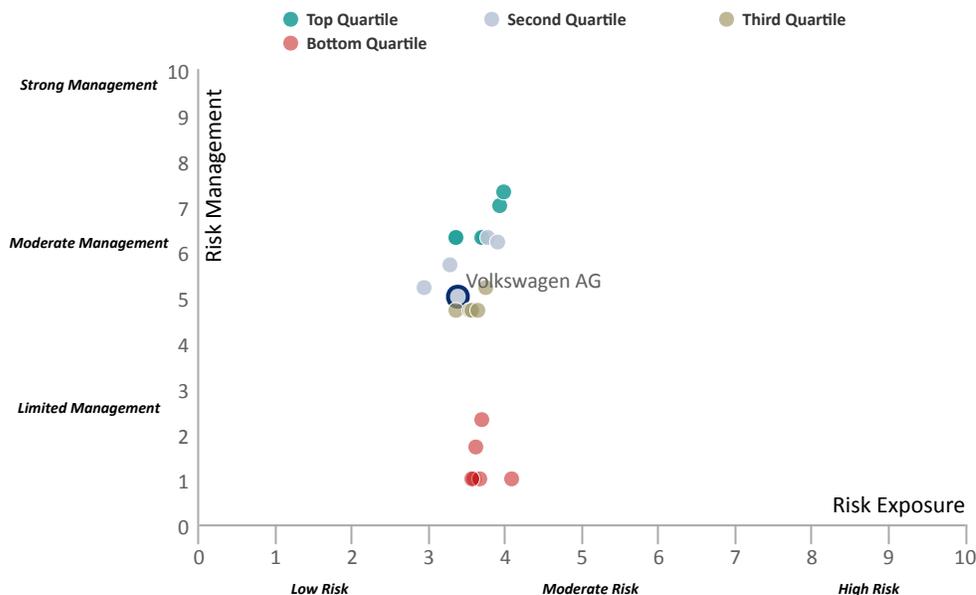
Assessment	Headline	Status	Last Updated
Very Severe	Admission of Efforts to Skirt Emissions Rules for Diesel Engine Vehicles Worldwide	Ongoing	April 2016



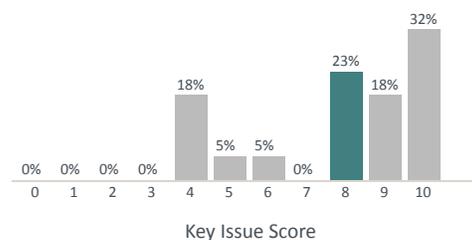
# Water Stress

Score	Change (since rating)	Quartile	Weight	As of
8.6	▼ -0.2	●●●	0.0%	Oct 01, 2015

## WATER STRESS PERFORMANCE



## KEY ISSUE SCORE DISTRIBUTION\*



## TOP 5 INDUSTRY LEADERS

Fiat Chrysler Automobiles N.V.	10
GENERAL MOTORS COMPANY	10
PEUGEOT SA	9.9
RENAULT S.A.	9.9
Mazda Motor Corporation	9.6

## BOTTOM 5 INDUSTRY LAGGARDS

MITSUBISHI MOTORS CORPORATION	5.1
DAIHATSU MOTOR CO.,LTD.	4.4
TESLA MOTORS, INC.	4.4
Porsche Automobil Holding SE	4.3
Ferrari N.V.	3.9

## ANALYSIS

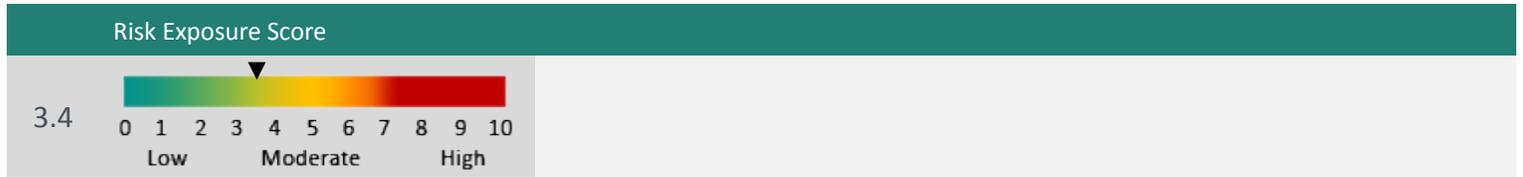
This issue does not present significant risks or opportunities to the company and with the assigned weight of 0% does not contribute to the overall ESG rating for the company.

MSCI ESG Research provides additional scores on a select set of ESG Issues for all companies on the MSCI World Index. Every company on the index receives scores for the following ESG Issues, regardless of whether they contribute to the overall Company ESG Rating: Carbon Emissions, Water Stress, Toxic Emissions, Labor Management, Health & Safety, Business Ethics, and Anti-Competitive Practices. Each of these issues is researched and analyzed according to ESG Research methodology regardless of assigned weight. Hence, scores for these Issues are fully comparable across all companies or industries.

## METHODOLOGY NOTE

This issue evaluates the extent to which companies may face water shortages affecting their ability to operate, lost access to markets due to stakeholder water conflicts, or higher water costs. Scores are based on exposure to water stressed basins and water intensive segments; water management strategy and targets; water use over time and vs. peers; and controversies.

**RISK EXPOSURE**



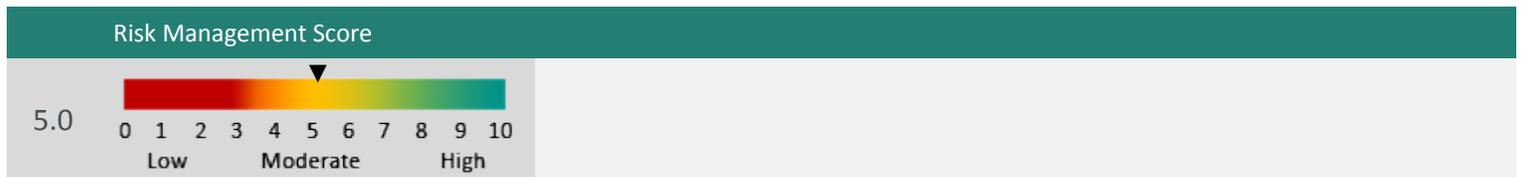
**Exposure Summary**

Risk	% of Operations by Segment <sup>1</sup>	% of Operations by Geography <sup>2</sup>
Low	12.38%	4.76%
Medium	87.62%	78.65%
High	0.0%	16.59%

<sup>1</sup> This figure represents the portion of the company's assets devoted lines of business that are High Risk (typically highly water intensive), Medium Risk (typically have a moderate level of water intensity), and Low Risk (typically have a low level of water intensity).

<sup>2</sup> This figure represents the portion of the company's assets or key facilities located in water basins that are High Risk (where water stress levels are high), Medium Risk (where water stress levels are moderate), and Low Risk (where water stress levels are low).

**RISK MANAGEMENT**



**Governance and Strategy**

Implementation of Water Efficient Production Processes (0-10 Score, 0=worst, 10=best):	<b>7.0</b>
Percentage of water consumption from alternative water sources (i.e. grey water, rainwater, sewage):	<b>38.57%</b>
Evidence of Using Alternative Water Sources:	<b>Yes</b>

**Targets**

**Water consumption targets**

Baseline Year	Target Year	Target Description	Target Reduction (%)
2010	2018	Reduce water consumption	25.0%

**Performance**

Water Intensity Relative to Peers (0-10 Score, 0=worst, 10=best): **0.0**

**Water Withdrawal**

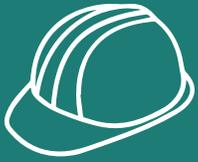
Year	Water Withdrawal (Cubic Meter)	Water Withdrawal Intensity (Cubic Meters/\$1 million Sales)
2010	37,230,000.0	219.2
2011	38,240,000.0	185.28

Year	Water Withdrawal (Cubic Meter)	Water Withdrawal Intensity (Cubic Meters/\$1 million Sales)
2012	48,610,000.0	191.24
2013	54,860,000.0	202.08
2014	56,410,000.0	229.23

## Controversies

All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis.

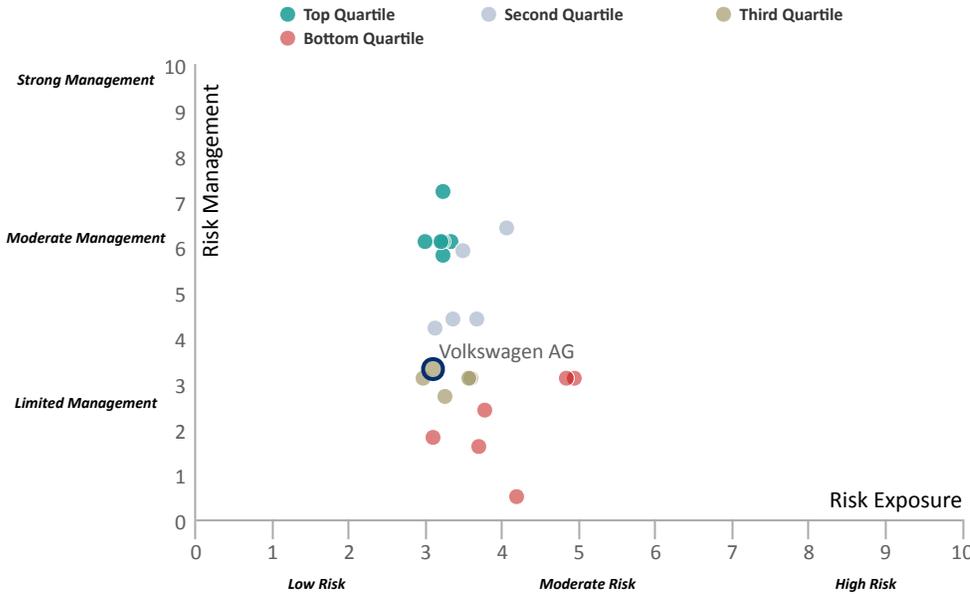
No major relevant controversies have been uncovered.



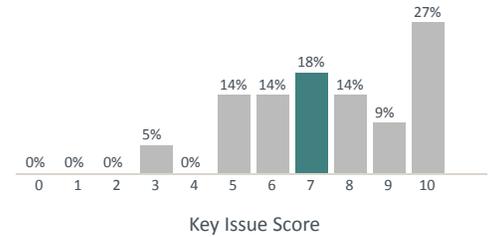
# Health & Safety

Score	Change (since rating)	Quartile	Weight	As of
7.2	▲ 1.1	●●	0.0%	Jun 27, 2016

## HEALTH & SAFETY PERFORMANCE



## KEY ISSUE SCORE DISTRIBUTION\*



## TOP 5 INDUSTRY LEADERS

Fuji Heavy Industries Ltd.	10
NISSAN MOTOR CO., LTD.	10
PEUGEOT SA	9.9
TOYOTA MOTOR CORPORATION	9.9
Mazda Motor Corporation	9.8

## BOTTOM 5 INDUSTRY LAGGARDS

TESLA MOTORS, INC.	5.6
HARLEY-DAVIDSON, INC.	5.3
Yamaha Motor Co., Ltd.	5.2
Porsche Automobil Holding SE	4.9
SUZUKI MOTOR CORPORATION	3.3

## ANALYSIS

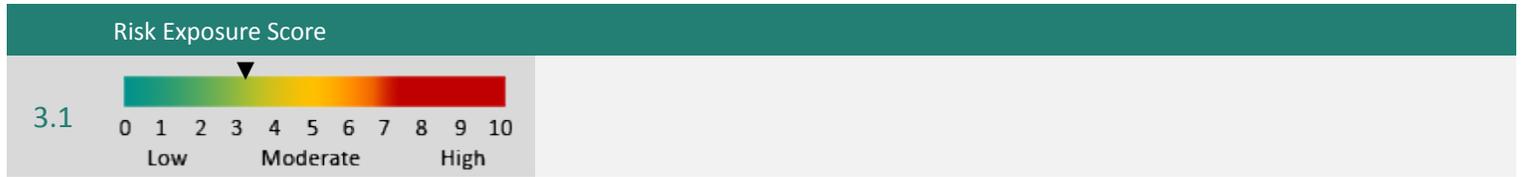
This issue does not present significant risks or opportunities to the company and with the assigned weight of 0% does not contribute to the overall ESG rating for the company.

MSCI ESG Research provides additional scores on a select set of ESG Issues for all companies on the MSCI World Index. Every company on the index receives scores for the following ESG Issues, regardless of whether they contribute to the overall Company ESG Rating: Carbon Emissions, Water Stress, Toxic Emissions, Labor Management, Health & Safety, Business Ethics, and Anti-Competitive Practices. Each of these issues is researched and analyzed according to ESG Research methodology regardless of assigned weight. Hence, scores for these Issues are fully comparable across all companies or industries.

## METHODOLOGY NOTE

This issue evaluates the extent to which companies may face employee accidents that can lead to production disruptions, litigation, and liabilities. Scores are based on exposure to businesses and geographies facing high accident rates; H&S targets and oversight; and accident rates and fatalities over time and vs. peers.

**RISK EXPOSURE**



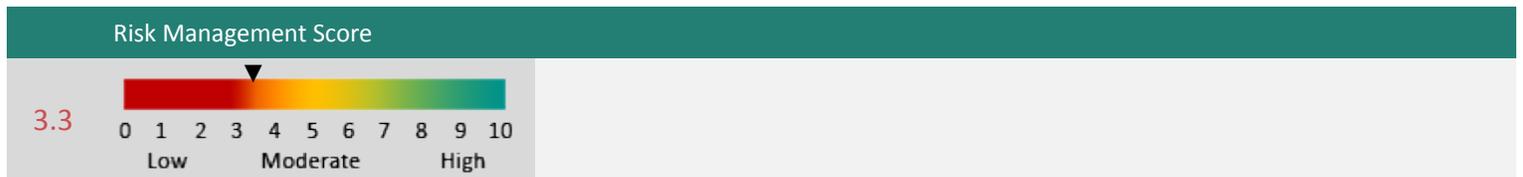
**Exposure Summary**

Risk	% of Operations by Segment <sup>1</sup>	% of Operations by Geography <sup>2</sup>
Low	12.38%	62.14%
Medium	87.62%	37.86%
High	0.0%	0.0%

<sup>1</sup> This represents the portion of the company's revenues derived from lines of business that are High Risk (typically have high worker injury rates), Medium Risk (typically have moderate worker injury rates), and Low Risk (typically have low worker injury rates).

<sup>2</sup> This represents the portion of the company's revenues derived from countries or regions that are High Risk (with high rates of worker injuries), Medium Risk (with moderate rates of worker injuries), and Low Risk (with low rates of worker injuries).

**RISK MANAGEMENT**



**Governance and Strategy**

**What executive body is responsible for H&S strategy and performance?**

CSR/Sustainability Committee/H&S task force or risk officer is responsible for H&S strategy: **Yes**

**Health & safety policy**

H&S policy is group-wide: **Yes**  
 H&S policy applies to contractors: **Yes**

**Targets**

Has the company set a target to improve H&S performance? : **There is some evidence the company has targets**

**Performance**

Performance on Health & Safety Metrics Relative to Peers (0-10 Score, 0=worst, 10=best): **0.0**

**Total Recordable Injury Rate**

Year	Total Recordable Injury Rate	Total Recordable Injury Unit	Details	Total Recordable Injury Rate (per million hours)
2009	4.0	per million hours		4.0

Year	Total Recordable Injury Rate	Total Recordable Injury Unit	Details	Total Recordable Injury Rate (per million hours)
2010	3.6	per million hours		3.6
2011	3.2	per million hours		3.2
2012	2.9	per million hours		2.9
2013	2.9	per million hours		2.9
2014	3.6	per million hours		3.6

### Fatalities

Year	Fatalities	Contractor Fatalities	Employee Fatalities	Details
2011	1			Occupational accident
2012	0			
2013	0			
2014	1			

### Controversies

All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis.

### Controversy Cases

Assessment	Headline	Status	Last Updated
Moderate	Germany: Worker Killed While Assembling Robot for New Production Line	Ongoing	July 2015



# Anticompetitive Practices

Score	Change (since rating)	Quartile	Weight	As of
5.0	▲ 0.8	N/A	0.0%	Jun 29, 2016

## ANTICOMPETITIVE PRACTICES PERFORMANCE



## TOP 5 INDUSTRY LEADERS

DAIHATSU MOTOR CO.,LTD.	5
Ferrari N.V.	5
Fiat Chrysler Automobiles N.V.	5
Fuji Heavy Industries Ltd.	5
HARLEY-DAVIDSON, INC.	5

## BOTTOM 5 INDUSTRY LAGGARDS

Porsche Automobil Holding SE	4.2
RENAULT S.A.	4.2
Bayerische Motoren Werke Aktiengesellschaft	3.7
Daimler AG	3.7
PEUGEOT SA	3.7

## ANALYSIS

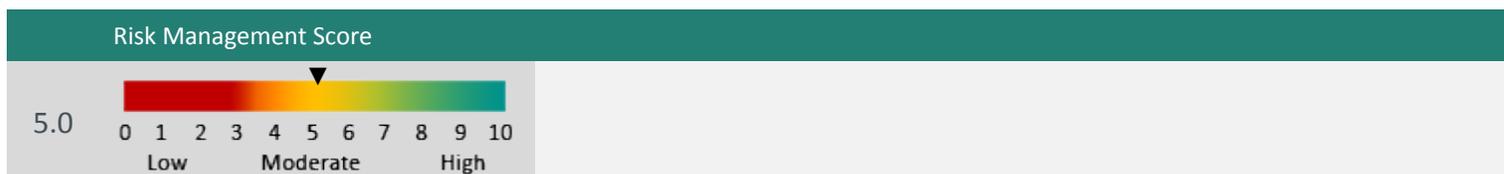
This issue does not present significant risks or opportunities to the company and with the assigned weight of 0% does not contribute to the overall ESG rating for the company.

MSCI ESG Research provides additional scores on a select set of ESG Issues for all companies on the MSCI World Index. Every company on the index receives scores for the following ESG Issues, regardless of whether they contribute to the overall Company ESG Rating: Carbon Emissions, Water Stress, Toxic Emissions, Labor Management, Health & Safety, Business Ethics, and Anti-Competitive Practices. Each of these issues is researched and analyzed according to ESG Research methodology regardless of assigned weight. Hence, scores for these Issues are fully comparable across all companies or industries.

## METHODOLOGY NOTE

This issue evaluates the extent to which companies may face regulatory risks relating to anti-competitive practices. Companies successfully avoiding incident score "5", while companies that have faced controversies in the last three years score lower, based on the severity and type of controversy.

## RISK MANAGEMENT



**Controversies**

All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis.

**Controversy Cases**

<b>Assessment</b>	<b>Headline</b>	<b>Status</b>	<b>Last Updated</b>
Minor	<b>Czech Republic: Skoda Penalized CZK 49.1 Million by State Regulator in Price Fixing Violation</b>	Concluded	June 2015

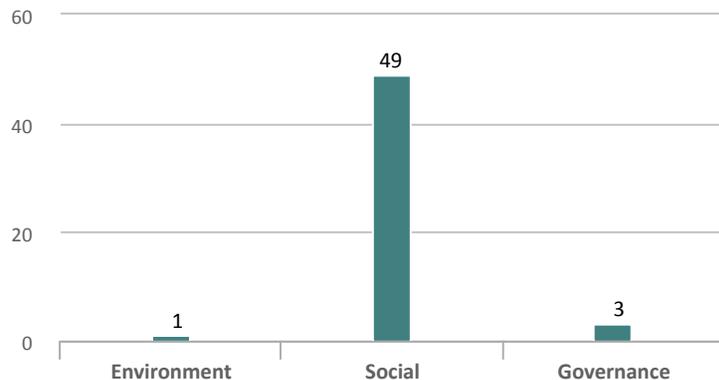
**CONTROVERSIES DETAIL**

Here you will find the narratives for all controversies relevant to the ESG Ratings issues covered for the company in addition to those controversies that do not map to the ESG Ratings issues.

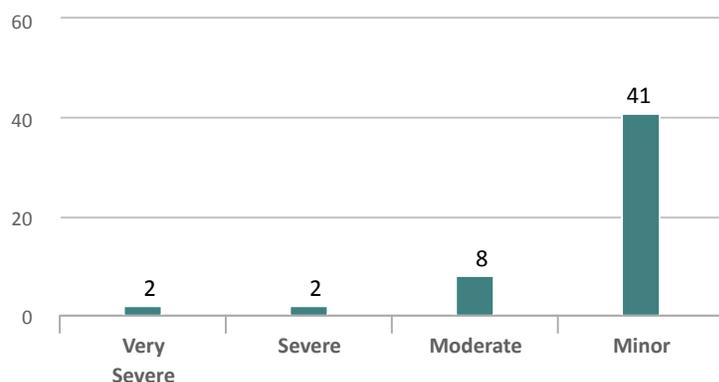
**CONTROVERSY CARD**

	MOST SEVERE CONTROVERSY	CONTROVERSY COUNT
<b>Environment</b>		
Carbon Emissions	None	0
Product Carbon Footprint	None	0
Water Stress	None	0
Toxic Emissions & Waste	Very Severe	1
Opportunities in Clean Tech	None	0
<b>Social</b>		
Labor Management	Severe	5
Health & Safety	Moderate	1
Product Safety & Quality	Severe	39
<b>Governance</b>		
Business Ethics & Fraud	Very Severe	2
Anticompetitive Practices	Minor	1
Corporate Governance	None	0

**NUMBER OF CONTROVERSIES BY PILLAR**



**NUMBER OF CONTROVERSIES BY ASSESSMENT**



**CONTROVERSIES**

- **Very Severe:** Indicates an action by a company that results in a very large impact on society and/or the environment.
- **Severe:** Indicates an action by a company that results in a large impact on society and/or the environment.
- **Moderate:** Indicates an action by a company that results in a moderate impact on society and/or the environment.
- **Minor:** Indicates an action by a company that results in a low impact on society and/or the environment.
- **None:** There is no evidence that a company is involved in any controversy.

**ENVIRONMENTAL CONTROVERSIES**

**Very Severe Controversies**

**Date:** April 2016  
**Assessment:** Very Severe  
**Status:** Ongoing

**Admission of Efforts to Skirt Emissions Rules for Diesel Engine Vehicles Worldwide**

Volkswagen AG was accused of violating the federal Clean Air Act by the US Department of Justice (DoJ) and Environmental Protection Agency (EPA). According to the agencies, the company admitted that it knowingly manufactured and sold vehicles with software allegedly designed to dodge emission tests. The software, installed in approximately half a million diesel cars sold in the U.S. since 2008, could detect if an emissions test was ongoing and would activate the vehicles' full emissions control systems. The same software turned off the controls when cars were in normal use, resulting in nitrogen oxide emissions that 10 to 40 times more than permitted under the Clean Air Act. The company subsequently disclosed that the software problem affected approximately 11 million vehicles globally.

Volkswagen's admission of efforts to violate the law involves a period of several years and occurred across large segments of the company's passenger diesel fleet. The "defeat device" software was in place as early as 2008 and employed in vehicles produced by multiple divisions such as Volkswagen Passenger, Audi, SEAT, Skoda, and others. The controversy has touched executives at the highest levels of Volkswagen's corporate structure and across multiple divisions. Volkswagen's CEO Martin Winterkorn resigned from his role, though he remained as CEO of Volkswagen's majority owner, Porsche Automobil Holding SE. Other Volkswagen executives also stepped down in the wake of the admission.

Volkswagen had reportedly told EPA and California Air Resources Board (CARB) officials that discrepancies between state-mandated emissions test results and higher actual on-the-road results were attributable to technical issues. Only after regulators threatened to withhold approval certificates for the company's 2016 Volkswagen and Audi diesel passenger vehicles did the company admit to having manipulated the results.

Nitrogen oxides are a group of pollutants that include NO<sub>2</sub>, which can cause or aggravate disease respiratory and cardiac diseases. NO<sub>2</sub> reacts in the atmosphere with other chemicals to form ozone, which at the ground level can cause respiratory inflammation. Both pollutants can result in hospitalizations and premature death, especially in more vulnerable populations such as children or the elderly.

According to an article in the Guardian, the affected Volkswagen vehicles emitted an estimated 10,392 to 41,571 tons of nitrogen oxides annually in the US, but by regulation should have emitted only 1,039 tons. Figures for the 11 million vehicles globally came to 237,000 to 948,000 tons of nitrogen oxides annually.

A subsequent article published in the New York Times projects that an estimated 106 deaths could be expected from the 46,000 tons of emissions from Volkswagen cars since 2008.

The agency announced that Volkswagen could face criminal charges and could also face civil penalties of up to USD 37,500 per vehicle for the affected US fleet, or potentially up to a total of more than USD 18 billion.

Aside from the nitrogen oxide emissions in diesel cars found to exceed legal standards, Volkswagen admitted in November 2015 that an estimated 800,000 cars, including petrol vehicles, have been detected to have irregular levels in carbon dioxide (CO<sub>2</sub>) emissions. A quarter of the affected vehicles are sold in Germany.

UPDATES: 28 Apr 2016: Volkswagen to create a new 'sustainability board' after diesel emissions scandal. (Responsible Investor)

In its annual general meeting, the company announced that it will create a 'sustainability board' to assist its current CEO Matthias Müller. The board, which will consist of 7-9 international expert members, will be a step to improve Volkswagen's risk management and internal compliance. It will also provide the management with advice on sustainability and climate protection issues.

21 Apr 2016: VW begins SEAT and Audi recall in Germany as Passat recall remains on hold. (IHS GLOBAL INSIGHT)

In Germany, Volkswagen has already begun recalling Audi and SEAT vehicle models fitted with the defeat device, while the VW Passat recalls are still on hold pending authorization from the country's Federal Motor Transport (KBA). The company has completed the recall of 8,500 Amarok pick-ups in the beginning of 2016. The recalls in Germany will be the template for Volkswagen's plans to fix the diesel emissions affair in the rest of Europe.

15 Feb 2016: Mexico: Profepa issues MXN 168mn fine against VW over emissions. (EL FINANCIERO)

Profepa, Mexico's environmental protection regulator, imposed an MXN 168.09 million (USD 8.89 million) penalty on Volkswagen Mexico over its sale of 45,494 vehicles without the noise and emissions certificates required by the local regulator.

15 Dec 2015: Environmental group sues VW for emission cheating. (ChinaDaily - BizChina)

China Biodiversity Conservation and Green Development Foundation, a Beijing-based NGO, announced that it filed a public-interest lawsuit against Volkswagen over the automaker's cheating on emissions tests and the resulting pollution from its vehicles. The lawsuit was filed at the No 2 Intermediate People's Court of Tianjin.

01 Dec 2015: Volkswagen group to recall 323,700 diesel cars in India. (BUSINESS WORLD, DIGEST)

Volkswagen Group India is set to recall 323,700 diesel cars from its Volkswagen, Skoda, and Audi brands. The cars have been found to cheat local pollution units following a government probe.

16 Nov 2015: Washington State Takes Enforcement Action Against Volkswagen. (TARGETED NEWS SERVICE)

The Washington Department of Ecology issued a formal notice to Volkswagen AG and its US subsidiaries informing the group of its violation of the Washington Clean Air Act. 46 other states are investigating the group which could result in further penalties.

16 Nov 2015: Procon multa Volkswagen em R\$ 8 mi por fraude em motores e pede recall [Procon fines Volkswagen BRL 8 million in vehicle fraud and orders recall] (Folha de Sao Paulo)

The Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) imposed a penalty amounting to BRL 50 million (USD 13 million) on Volkswagen over its vehicles' emissions.

04 Nov 2015: VW could face billions in car tax repayments over latest CO<sub>2</sub> scandal ; Incorrect carbon emissions data could mean thousands of cars benefited from unduly low vehicle excise duty. (THE GUARDIAN)

Volkswagen admitted that apart from the diesel engine cars earlier found to cheat NO<sub>x</sub> emissions standards, approximately 800,000 cars, including petrol vehicles, have been found to have irregularities in CO<sub>2</sub> emissions.

31 Oct 2015: Washington: VW Emissions Scandal May Cost 60 U.S. Lives, Study Claims. (US OFFICIAL NEWS)

An analysis carried out by researchers at the Massachusetts Institute of Technology (MIT) and Harvard University revealed that an estimated 60 individuals in the US could potentially die prematurely within 10 to 20 years due to emissions from affected Volkswagen vehicles. The analysis also contended that about 130 more premature deaths could be prevented if the company recalls all affected vehicles by the end of 2016. The company, however, opposed these claims, adding that it has not yet received any confirmed reports of health problems directly linked with its vehicles' emissions.

The study was published in the journal Environmental Research Letters on October 28, 2015.

29 Oct 2015: Spanish court to undertake preliminary investigation into VW Group diesel engine emissions. (IHS GLOBAL INSIGHT)

A court in Spain opened a preliminary probe into Volkswagen concerning the company's use of defeat devices in diesel engine vehicles. According to a report from Dow Jones Institutional News, the court case was filed by Manos Limpias, a Spanish civil servants' union involved in filing various corruption cases.

28 Oct 2015: VW faces emissions inquiry by Serious Fraud Office. (THE DAILY TELEGRAPH (LONDON))

The UK's Serious Fraud Office investigates Volkswagen in relation to the diesel emissions scandal. The Competition and Markets Authority is also planning to launch a probe into the company regarding the ongoing emissions issue.

09 Oct 2015: Chile decertifies 23 VW, Audi and Skoda models over emissions scandal. (AGENCE FRANCE PRESSE -- ENGLISH)

The Chilean Transport Ministry ordered to temporarily halt sales of 23 Volkswagen, Audi, and Skoda models until the issue has been corrected. Porsche Chile, the local concessionaire, announced that the defeat device is installed in approximately 1,600 vehicles in the country.

01 Oct 2015: Romania bans sale of new VW cars with rigged engines. (ASSOCIATED PRESS INTERNATIONAL)

The Romanian Automobile Register announced that an estimated 300 Volkswagen cars would be temporarily banned from registration and sale in the country.

30 Sep 2015: Swedish cars recalled in VW emissions scandal. (The Local (Sweden))

An estimated 225,000 Volkswagen cars in Sweden have been recalled following the company's admission of rigging emission tests.

29 Sep 2015: On the Environment: How Many Deaths Did Volkswagen's Deception Cause in the U.S.?. (The New York Times)

According to this New York Times article, an estimated 106 deaths could be expected from the 46,000 tons of emissions from Volkswagen cars since 2008. The projection was run by the Energy Policy Institute at the University of Chicago.

26 Sep 2015: Volkswagen emissions scandal: Switzerland bans sale of some models. (The Guardian)

Switzerland banned sales of an estimated 180,000 VW, Audi, Skoda and Seat diesel engine cars in the country following the Volkswagen emissions scandal. The ban was made by the Swiss Federal Roads Office, further adding that it affects only the unsold or yet to be registered vehicles.

23 Sep 2015: VW scandal caused nearly 1m tonnes of extra pollution, analysis shows. (The Guardian)

According to an article in the Guardian, the affected Volkswagen vehicles emitted an estimated 10,392 to 41,571 tons of nitrogen oxides annually in the US, but by regulation should have emitted only 1,039 tons. Figures for the 11 million vehicles globally came to 237,000 to 948,000 tons of nitrogen oxides annually.

20 Sep 2015: Volkswagen to investigate breach of U.S. environment rules. (Reuters)

The company launched its own external investigation regarding its breach of US EPA regulations.

20 Sep 2015: Volkswagen to Stop Sales of Diesel Cars Involved in Recall. (The New York Times)

In line with the ongoing investigation, the company announced that it will stop selling 2015 and 2016 Volkswagen and Audi models equipped with turbo diesel engines, as well as used cars fitted with the same engine.

18 Sep 2015: EPA Alleges Volkswagen Dodged Emissions Rules. (The Wall Street Journal)

The Environmental Protection Agency (EPA) accused the company of willfully circumventing current air pollution regulations by installing software that detects government emission tests in the vehicles it sold in the US since 2008. Volkswagen could be penalized USD 37,500 per vehicle, or approximately USD 18 billion for almost half a million vehicles affected. The EPA is investigating the issue along with the Department of Justice and the California Air Resources Board.

**Source:** 28 Apr 2016\_Responsible Investor

## SOCIAL CONTROVERSIES

### Severe Controversies

**Date:** May 2016

**Assessment:** Severe

**Status:** Ongoing

#### Lawsuits Over Misleading Claims in Car Diesel Engine Emissions

Volkswagen AG has been the subject of a regulatory inquiry over misleading claims on "clean diesel" engines. U.S. Environmental Protection Agency (EPA) through the U.S. Department of Justice (DOJ) accused the company of installing software that allegedly manipulates emission test results. In addition, the DoJ launched a criminal investigation of the company. The software was installed in approximately 480,000 diesel cars sold since 2008 in the United States and a total of approximately 11 million globally, according to the company.

The US government ordered the company to recall the vehicles to fix the issue, however the company has not yet developed a solution. Any fix is likely to negatively affect either the performance or the fuel efficiency of the cars. The company is expected to face numerous lawsuits by customers.

The "defeat device" as the software was known, could detect if emissions testing was taking place and would activate the vehicles' full emissions control systems. However, the same software turns off the controls when the cars are not being tested, resulting in nitrogen oxide emissions that are as much as 40 times more than permitted under the Clean Air Act. The EPA announced that the company could be penalized up to USD 37,500 per vehicle, or potentially up to a total of more than USD 18 billion.

Aside from the nitrogen oxide emissions in diesel cars found to exceed legal standards, Volkswagen admitted in November 2015 that an estimated 800,000 cars, including petrol vehicles, have been detected to have irregular levels in carbon dioxide emissions.

Investigations by the EPA, the Department of Justice, and the California Air Resources Board are currently ongoing. Volkswagen also hired a third party investigator to look into the allegations.

UPDATES: 25 May 2016: Audi Volkswagen Taiwan fined for false advertising on emissions. (TAIWAN NEWS)

The country's Fair Trade Commission imposed a TWD 5 million (USD 153,236) penalty on Audi Volkswagen Taiwan over the company's false advertisements, claiming that two of its vehicle models met EU5 and EU6 emission standards.

21 Apr 2016: Volkswagen to buy back or repair nearly 600,000 vehicles in emissions scandal. (The Guardian)

Volkswagen has agreed to buy back approximately 600,000 cars affected in the US and Canada. It has also allocated USD 1 billion as compensation for car owners. Volkswagen and US officials were given until 21 June to submit the preliminary proposal details on this framework settlement.

21 Apr 2016: VOLKSWAGEN GROUP: Institutional Investors File Emissions Suit. (CLASS ACTION REPORTER)

A group of institutional investors filed an EUR 3.25 billion (USD 3.57 billion) lawsuit against Volkswagen, alleging that its involvement in the emissions controversy has decreased share prices by a third of its original value. The lawsuit, filed at a regional court in Braunschweig, Germany, was joined by several other investors from 14 countries.

29 Mar 2016: FTC Charges Volkswagen Deceived Consumers with Its "Clean Diesel" Campaign. (US Federal Trade Commission)

The FTC filed a complaint against Volkswagen and Porsche over its deception of American consumers. It is seeking a court order that would compensate buyers of affected VW vehicles between 2008 and 2015.

15 Mar 2016: Investors sue VW in Germany for more than 3 bn euros. (AGENCE FRANCE PRESSE -- ENGLISH)

In Brunswick, Germany, a group of 278 institutional investors have filed a EUR 3 billion (USD 3.3 billion) lawsuit against Volkswagen and Porsche over the emissions-cheating scandal.

22 Jan 2016: S. Korean watchdog probing Volkswagen over advertising. (Yonhap News Agency)

South Korea's Fair Trade Commission (FTC) launched a formal probe against Volkswagen AG for allegedly sending out misleading and false advertisements to consumers, claiming that its diesel vehicles have all passed EU and US Euro 5 standard emissions tests. The antitrust watchdog added that if found guilty, Volkswagen could be penalized with up to 2% of its sales.

08 Dec 2015: Over 3,000 Koreans join class-action suit against Volkswagen. (Yonhap News Agency)

An estimated 3,200 South Koreans have now joined the class action against Volkswagen, demanding to get a full refund and to have their purchases cancelled.

27 Nov 2015: South Korea Fines VW and Orders Recall Over Emissions Scandal. (THE NEW YORK TIMES)

South Korea's Environment Ministry ordered Volkswagen to recall 125,000 cars fitted with defeat devices and to pay USD 12.3 million in penalties.

16 Nov 2015: Procon multa Volkswagen em R\$ 8 mi por fraude em motores e pede recall [Procon fines Volkswagen BRL 8 million in vehicle fraud and orders recall] (Folha de Sao Paulo)

The Consumer Protection Agency (Procon) in Sao Paulo imposed a BRL 8.3 million (USD 2.2 million) penalty on Volkswagen Brasil over its use of defeat devices in 17,057 Amarok pick-ups. The company was also ordered to issue a recall of all affected vehicles.

11 Nov 2015: Over 1,500 Koreans join class-action suit against Volkswagen. (The Korea Herald)

In South Korea, a total of 1,536 customers joined a class action filed in Seoul against Volkswagen and Audi, one of its luxury brands. The lawsuit seeks to cancel the customers' purchase and claim for full refund.

08 Nov 2015: VOLKSWAGEN TO RECALL 100,000 CARS IN INDIA. (PAKISTAN AND GULF ECONOMIST)

Volkswagen in India is set to recall 100,000 diesel engine cars in the country affected by the emissions scandal.

04 Nov 2015: VW could face billions in car tax repayments over latest CO2 scandal ; Incorrect carbon emissions data could mean thousands of cars benefited from unduly low vehicle excise duty. (THE GUARDIAN)

Volkswagen admitted that apart from the diesel engine cars earlier found to cheat NOx emissions standards, approximately 800,000 cars, including petrol vehicles, have been found to have irregularities in CO2 emissions.

29 Oct 2015: Switzerland: 600 criminal complaints filed in VW scandal. (ASSOCIATED PRESS ONLINE)

In Switzerland, federal prosecutors have now received an estimated 600 criminal complaints in relation to the emissions scandal.

28 Oct 2015: Volkswagen To Recall 500K VW, Audi Cars in U.S. Over 'Dieselgate' Emissions Scandal After Allegations of Fraud. (US OFFICIAL NEWS)

In the US, Volkswagen announced that it will recall an estimated 500,000 affected diesel-powered cars and vehicles sold in the country.

22 Oct 2015: Volkswagen recall extends to 17,057 Brazil trucks. (AGENCE FRANCE PRESSE -- ENGLISH)

Volkswagen will extend its recall to include 17,057 Amarok trucks sold in Brazil and fitted with the software.

21 Oct 2015: UOKiK Starts Probe on VW Emission Scandal. (POLISH NEWS BULLETIN)

In Poland, the Office for Competition and Consumer Protection (UOKiK) announced that an investigation is underway to check whether Volkswagen violated consumer rights with the sale of approximately 140,000 tampered vehicles.

19 Oct 2015: VW to recall 12,000 diesel vehicles in Taiwan. (IHS GLOBAL INSIGHT)

Volkswagen in Taiwan announced that 12,000 diesel vehicles affected by the emissions scandal will be recalled.

16 Oct 2015: Volkswagen to Recall 8.5 Million Vehicles in Europe. (The New York Times)

The German government ordered Volkswagen to recall 2.4 million vehicles in the country, or 8.5 million diesel vehicles across Europe, beginning 2016.

13 Oct 2015: S. Koreans to sue Volkswagen in U.S. over emissions scam. (Yonhap News Agency)

Approximately 50 Passat vehicles owners are planning to file a lawsuit against Volkswagen in both the US and South Korea over the company's deceitful claims. Since the company's admission, the total number of individuals who filed lawsuits with the Seoul Central District Court against Volkswagen AG and Audi Volkswagen Korea reached 266.

12 Oct 2015: Volkswagen to Recall 1,950 Diesel Vehicles in China. (NEWS TONIGHT)

Volkswagen announced that 1,950 diesel vehicles will be recalled in China to correct the defeat device software installed in them.

08 Oct 2015: Australian customers join class action against Volkswagen over emissions scandal ; Claims stack up after VW admits more than 90,000 cars in Australia are fitted with devices designed to disguise the amount of emissions produced. (THE GUARDIAN)

03 Oct 2015: Race is on for suits against VW ; More than 200 consolidated cases could land in one Los Angeles courtroom.. (LOS ANGELES TIMES)

There are an estimated 230 federal class-action lawsuits filed against Volkswagen by deceived customers in various courts in the US. The number of complaints is expected to increase in the coming weeks.

02 Oct 2015: VW shareholder files first suit in Germany over stock plunge. (AGENCE FRANCE PRESSE -- ENGLISH)

In Germany, a Volkswagen shareholder filed a lawsuit against the company seeking damages amounting to EUR 20,000 (USD 23,000) over VW's stock losses following its scandal.

30 Sep 2015: Two S. Korean drivers sue Volkswagen over over emissions scam. (The Korea Herald)

Two South Korean Volkswagen car owners filed a lawsuit against the company and local dealers over its recent deceitful practice and urged the defendants to annul their contracts, to return their money in full, and to pay them for damages.

29 Sep 2015: Volkswagen to refit cars affected by emissions scandal. (Reuters)

Volkswagen announced that it will repair an estimated 11 million affected vehicles worldwide and will relay the details to consumers in the coming days.

24 Sep 2015: VW faces deluge of UK legal claims over emissions tests. (The Guardian)

Volkswagen is facing legal claims from a yet unspecified number of car owners and dealerships in the UK over the company's breach of contract and misrepresentations of the vehicles' value.

22 Sep 2015: VW Emissions Scandal Spreads. (The Wall Street Journal)

A lawsuit seeking class action status was filed in a federal court in California on allegations of Volkswagen's violation of consumer rights, fraudulent concealment, and false advertising by making customers pay premiums for clean-diesel engine cars that are now part of an ongoing EPA probe.

18 Sep 2015: VW Is Said to Cheat on Diesel Emissions; U.S. Orders Big Recall. (The New York Times)

The US EPA, the CARB, and the Department of Justice announced that an investigation on Volkswagen's alleged violation of federal emission laws is ongoing. The US government ordered the company to recall approximately 482,000 affected vehicles sold in the country since 2009.

**Source:** 25 May 2016\_TAIWAN NEWS

**Date:** February 2015

**Assessment:** Severe

**Status:** Ongoing

### **Germany: 26,000 Workers Walk Out and Protest in Hanover and Wolfsburg Over Wage Increase Negotiations**

In February 2015, Volkswagen's 26,000 workers (approximately 6,000 in Hanover and 20,000 in Wolfsburg) walked out of their jobs in protest of the current stalemate in the negotiations for better wages and benefits between the company and IG Metall, the labor union representing the workers. As of the latest negotiations, Volkswagen proposed a wage increase of 2.2% and pledged to train 1,400 employees annually in 2015 and 2016. The union, however, has requested a 5.5% increase in wages for its members.

UPDATES: 17 Feb 2015: Volkswagen workers in Hanover, Wolfsburg demonstrate on Tuesday. (SEENEWS GERMANY) Volkswagen's 6,000 workers in Hanover and 20,000 in Wolfsburg walked out of their jobs in protest of the current stalemate in negotiations for better wages and benefits

**Source:** 17 Feb 2015\_SEENEWS GERMANY

## Moderate Controversies

**Date:** April 2016

**Assessment:** Moderate

**Status:** Ongoing

### **Tennessee: UAW Lawsuit Filed with the NLRB Over Alleged Refusal to Create Workers' Bargaining Unit**

The United Auto Workers (UAW) filed a lawsuit in Tennessee with the National Labor Relations Board (NLRB) following Volkswagen's alleged refusal to recognize and bargain with the union despite the UAW's favorable election by the federal labor panel.

UPDATES: 26 Apr 2016: Volkswagen Reverses Course on Union Support at Tennessee Plant. (THE NEW YORK TIMES)

21 Dec 2015: UAW brings charges against Volkswagen for refusal to bargain. (ASSOCIATED PRESS FINANCIAL WIRE)

**Source:** 26 Apr 2016\_THE NEW YORK TIMES

**Date:** January 2016  
**Assessment:** Moderate  
**Status:** Ongoing

#### **Congo: Amnesty International and African Resources Watch Allege Child Labor in the Supply Chain**

In January 2016, Amnesty International and African Resources Watch (Afrewatch) released a report alleging that one of Volkswagen's cobalt supplier, Congo Dongfang Mining International (CDM), failed to monitor their supplies, which may come from mines that use child labor, as well as expose adult workers to hazardous working conditions. The report stated that local mining owners employed child workers at the cobalt mine-pit in Tilwezembe since 2010. Amnesty and Afrewatch alleged that automakers Volkswagen and Daimler, as well as technology firms Samsung, LG, Sony, Apple, ZTE, and Lenovo failed to oversee the cobalt supply from mines in Congo to smelters/refineries and on to battery manufacturers. The supplier in question, CDM, is a subsidiary of the Chinese mineral company Zhejiang Huayou Cobalt Ltd.

UPDATES: 22 Jan 2016: Tech companies use materials mined illegally by children in Africa. (China Labor Watch)

**Source:** 22 Jan 2016\_China Labor Watch

**Date:** November 2015  
**Assessment:** Moderate  
**Status:** Ongoing

#### **Alleged Involvement in Human Rights Abuses During Brazil's Military Dictatorship**

A report on human rights abuses during Brazil's 21-year military regime published by the National Truth Commission alleged that German companies, including Volkswagen do Brasil, provided information and cooperated with the regime in repressing suspected opponents. In 1972, 20 metal workers, mostly from Volkswagen, were arrested and some were allegedly tortured. The company, along with other corporations, was allegedly involved in financing Operacao Bandeirante, a military agency that fought the dictatorship's opponents.

In September 2015, former employees and activists filed a civil lawsuit against Volkswagen seeking collective damages for 12 former workers who were tortured during the military dictatorship.

UPDATES: 04 Nov 2015: Brasil: Volkswagen estuda possibilidade de memorial & pedido de desculpas oficial por suposta colaboração com ditadura militar no país. [Brazil: Volkswagen may develop memorial for abuses during country's dictatorship after being accused of complicity] (Business & Human Rights Resource Centre (Main))

Volkswagen is negotiating with justice officials in Brazil over the company's alleged involvement in the torture of former employees during the military dictatorship. Details of the settlement and talks of creating a memorial for the victims are still ongoing.

23 Sep 2015: VW says probing alleged abuses under Brazil military. (AGENCE FRANCE PRESSE -- ENGLISH)

A civil lawsuit was filed in behalf of 12 former workers who were tortured at Volkswagen's plant during the military regime.

13 Dec 2014: Brazil's National Truth Commission alleges torture at Volkswagen do Brasil. (Deutsche Welle)

**Source:** 04 Nov 2015\_Business & Human Rights Resource Centre (Main)

**Date:** October 2015  
**Assessment:** Moderate  
**Status:** Concluded

#### **Brazil: Workers On 12-Day Strike at Taubate Manufacturing Plant; Operation Resumed Following Agreement**

Employees at Volkswagen do Brasil Ltda's manufacturing plant in Taubate City held a 12-day strike in response to the dismissal of 43 co-workers last August due to the company's cost cutting measures. The employees returned to work after reaching an agreement with Volkswagen's management to rehire the previously dismissed workers.

UPDATES: 07 Oct 2015: VOLKSWAGEN: Workers at Plant in Brazil End Strike. (TROUBLED COMPANY REPORTER -- LATIN AMERICA)

**Source:** 07 Oct 2015\_TROUBLED COMPANY REPORTER -- LATIN AMERICA

**Date:** August 2015  
**Assessment:** Moderate  
**Status:** Ongoing

#### **US: Lawsuit Against 10 Auto Makers Over Alleged Non-Disclosure of Poisoning Risk in Keyless Ignition Vehicles**

28 plaintiffs filed a proposed class action lawsuit against 10 major auto makers, including Volkswagen, in August 2015 over the companies' alleged non-disclosure of potential carbon monoxide poisoning in vehicles with keyless ignitions. The plaintiffs claimed that the gas could injure and even be fatal for some individuals who might inhale it, especially those who leave their vehicles in house garages. Aside from claiming damages, plaintiffs sought a court injunction to require auto makers to install added shut-off features to turn off unattended engines automatically. The members of the suit allege that there were 13 deaths linked with carbon monoxide poisoning, as well as other unspecified injuries.

UPDATES: 27 Aug 2015: World's biggest car makers sued over 'deadly' keyless ignitions. (The Guardian)

**Source:** 27 Aug 2015\_The Guardian

**Date:** July 2015  
**Assessment:** Moderate  
**Status:** Ongoing

#### **Germany: Worker Killed While Assembling Robot for New Production Line**

A worker who was setting up a robot for a new electric motor production line at Volkswagen's Hesse factory was killed in July 2015 after the machine started up, grabbed him, and threw him against a metal slab. He sustained severe injuries in the chest area and later died in the hospital. Volkswagen clarified that the worker was not from the company but from a machine-manufacturing firm and that the robot was not yet turned over to Volkswagen. Local authorities were still investigating the incident.

UPDATES: 01 Jul 2015: Assembly robot crushes worker at Volkswagen. (The Local (Germany))

**Source:** 01 Jul 2015\_The Local (Germany)

### Minor Controversies

**Date:** June 2016  
**Assessment:** Minor  
**Status:** Concluded

#### **US: Recall of 217,000 Audi A4 and A6 Vehicles Over Potential Air Bag Inflator Rupture; No Injuries Reported**

UPDATES: 04 Jun 2016: Audi US to recall certain models for airbag inflator fix. (JUST-AUTO GLOBAL NEWS)

**Source:** 04 Jun 2016\_JUST-AUTO GLOBAL NEWS

**Date:** June 2016  
**Assessment:** Minor  
**Status:** Ongoing

**NHTSA Inquiry on Takata Air Bags and Potential Recall**

UPDATES: 01 Jun 2016: Some new cars still include defective Takata airbags: report. (Reuters)  
 29 Sep 2015: Feds asks 7 more carmakers about their Takata air bags. (THE DETROIT NEWS (MICHIGAN))  
**Source:** 01 Jun 2016\_Reuters; 29 Sep 2015\_THE DETROIT NEWS (MICHIGAN)

**Date:** May 2016  
**Assessment:** Minor  
**Status:** Ongoing

**Spain: Allegations of Work Access Discrimination Against Labor Union Members and Female Employees in Volkswagen Navarra**

UPDATES: 25 May 2016: España: Empleados de Volkswagen denuncian discriminación sindical y de género en el acceso al empleo. (Business & Human Rights Resource Centre (Main))  
**Source:** 25 May 2016\_Business & Human Rights Resource Centre (Main)

**Date:** May 2016  
**Assessment:** Minor  
**Status:** Concluded

**China: Recall of 486 Magotan Vehicles Over Sunroof Design Defects; No Injuries Reported**

UPDATES: 20 May 2016: Volkswagen recalls 486 vehicles in China. (China Daily)  
**Source:** 20 May 2016\_China Daily

**Date:** May 2016  
**Assessment:** Minor  
**Status:** Concluded

**Canada: Recall of 15,039 Audi A4 Cabriolet Vehicles Over Faulty Driver Frontal Airbag Inflator; No Injuries Reported**

UPDATES: 03 May 2016: VOLKSWAGEN: Recalls Multiple Vehicle Models. (CLASS ACTION REPORTER)  
**Source:** 03 May 2016\_CLASS ACTION REPORTER

**Date:** April 2016  
**Assessment:** Minor  
**Status:** Concluded

**US: Recall of 91,000 VW Passat Sedans Over Cable Insulation Issue; No Injuries Reported**

UPDATES: 01 Apr 2016: VW recalls 91,000 Passat sedans in U.S. to fix cable insulation. (Reuters)  
**Source:** 01 Apr 2016\_Reuters

**Date:** April 2016  
**Assessment:** Minor  
**Status:** Concluded

**India: Recall of 3,877 VW Vento Sedans Over Excessive Carbon Monoxide Emissions**

UPDATES: 01 Apr 2016: VW India to recall 3,800 Vento cars over excessive emissions. (IHS GLOBAL INSIGHT)  
**Source:** 01 Apr 2016\_IHS GLOBAL INSIGHT

**Date:** March 2016  
**Assessment:** Minor  
**Status:** Concluded

**South Korea: Recall of 1,146 Passat 1.8 Sedans Over Fuel Injectors and Brake Vacuum Pumps Defect; No Injuries Reported**

UPDATES: 31 Mar 2016: South Korean transport ministry orders unrelated recalls of BMW, VW, and Maserati vehicles. (IHS GLOBAL INSIGHT)  
**Source:** 31 Mar 2016\_IHS GLOBAL INSIGHT

**Date:** March 2016  
**Assessment:** Minor  
**Status:** Concluded

**US: Recall of 5,600 e-Golf Electric Vehicles Over Battery Issue That Could Lead to Stalling; No Injuries Reported**

UPDATES: 28 Mar 2016: Volkswagen recalls 5,600 U.S. electric vehicles for stalling issue. (Reuters)  
**Source:** 28 Mar 2016\_Reuters

**Date:** March 2016  
**Assessment:** Minor  
**Status:** Concluded

**Recall of 800,000 VW Touareg and Porsche Cayenne SUVs Over Pedal Issues; No Injuries Reported**

UPDATES: 24 Mar 2016: Volkswagen recalls Touaregs and Porsches in latest hit to reputation. (The Guardian)  
**Source:** 24 Mar 2016\_The Guardian

**Date:** March 2016  
**Assessment:** Minor  
**Status:** Concluded

**Sweden: Recall of 13,700 VW Passat Vehicles Over Potential Electrical Problem Affecting Engine Operation While Driving; No Injuries Reported**

UPDATES: 23 Mar 2016: Sweden: Volkswagen cars recalled. (NORDISK INDUSTRI)  
**Source:** 23 Mar 2016\_NORDISK INDUSTRI

**Date:** March 2016  
**Assessment:** Minor  
**Status:** Concluded

**Canada: Recall of 239 Audi A3 2015 Vehicles Over Faulty Seat Cover Stitching that Could Affect Side Impact Airbag Deployment; No Injuries Reported**

UPDATES: 15 Mar 2016: VOLKSWAGEN GROUP: Recalls Audi A3 2015 Models Due to Injury Risk. (CLASS ACTION REPORTER)  
**Source:** 15 Mar 2016\_CLASS ACTION REPORTER

**Date:** March 2016  
**Assessment:** Minor  
**Status:** Concluded

**North America: Recall of 1,037 VW Routan Vehicles Due to Potential Corrosion of Airbag Control Units; No Injuries Reported**

UPDATES: 08 Mar 2016: Kia, FCA, VW, GM recall vehicles in North America. (IHS GLOBAL INSIGHT)  
**Source:** 08 Mar 2016\_IHS GLOBAL INSIGHT

**Date:** February 2016  
**Assessment:** Minor  
**Status:** Concluded

**US: Recall of 680,000 VW Vehicles Due to Defective Takata Airbags; No Injuries Reported**

UPDATES: 10 Feb 2016: VW Recalls 680,000 Cars in U.S. Over Airbag Issue. (The New York Times)

**Source:** 10 Feb 2016\_The New York Times

**Date:** February 2016  
**Assessment:** Minor  
**Status:** Concluded

**Recall of 734 VW Tiguan and Audi Q5 Vehicles Over Installed Takata Airbags; One Injury Reported**

UPDATES: 08 Feb 2016: -Volkswagen Group recalls VW Tiguan and Audi Q5. (AUTO BUSINESS NEWS)

**Source:** 08 Feb 2016\_AUTO BUSINESS NEWS

**Date:** January 2016  
**Assessment:** Minor  
**Status:** Concluded

**Recall of 67,000 VW Caddy Vans Over Defective Main Power Supply Unit Bolting; No Injuries Reported**

UPDATES: 27 Jan 2016: VW recalls 67,000 Caddy vans ; VW recalls 67,0.... (BUSINESS WORLD (DIGEST))

**Source:** 27 Jan 2016\_BUSINESS WORLD (DIGEST)

**Date:** January 2016  
**Assessment:** Minor  
**Status:** Concluded

**China: Recall of 78,000 Volkswagen Tiguan, Magotan, and Golf Vehicles Over Steering Column Electric Module's Design Defects; No Injuries Reported**

UPDATES: 21 Jan 2016: VW to recall 78,000 vehicles in China, Chrysler to recall 2,334. (IHS GLOBAL INSIGHT)

**Source:** 21 Jan 2016\_IHS GLOBAL INSIGHT

**Date:** January 2016  
**Assessment:** Minor  
**Status:** Concluded

**Russia: Recall of 614 Skoda Superb III Vehicles Over Potential T2a Connector Issues; No Injuries Reported**

UPDATES: 18 Jan 2016: Volkswagen recalls 614 Skoda Superb III cars sold in Russia. (TASS News Agency)

**Source:** 18 Jan 2016\_TASS News Agency

**Date:** January 2016  
**Assessment:** Minor  
**Status:** Ongoing

**Italy: Class Action Lawsuit Filed By Consumer Group Altroconsumo Over False Advertising On Fuel Efficiency**

UPDATES: 15 Jan 2016: Italian consumer group to appeal rejected VW emissions class action suit. (IHS GLOBAL INSIGHT)

25 Feb 2015: Class Actions Launched Against Fiat and Volkswagen Scams - EU Must Change Fuel Consumption Tests. (TARGETED NEWS SERVICE)

**Source:** 15 Jan 2016\_IHS GLOBAL INSIGHT

**Date:** January 2016  
**Assessment:** Minor  
**Status:** Concluded

**China: Recall of 58 Units of 2015 Volkswagen Beetle Due to Fuel Pump Issue; No Injuries Reported**

UPDATES: 11 Jan 2016: VW pulls 58 units of 2015 Beetle from shelves. (CHINA DAILY)

**Source:** 11 Jan 2016\_CHINA DAILY

**Date:** January 2016  
**Assessment:** Minor  
**Status:** Concluded

**US: Recall of 21,074 Audi A6 and A7 Vehicles Over Potential Issue With Passenger Occupant Detection System; No Injuries Reported**

UPDATES: 04 Jan 2016: -Audi recalls 21,074 vehicles in US. (AUTO BUSINESS NEWS)

**Source:** 04 Jan 2016\_AUTO BUSINESS NEWS

**Date:** January 2016  
**Assessment:** Minor  
**Status:** Concluded

**US: Recall of 904 Audi A3 Cabriolet Units to Repair Airbag Issue; No Injuries Reported**

UPDATES: 04 Jan 2016: -Volkswagen Group of America recalls Audi A3 Cabriolet. (AUTO BUSINESS NEWS)

**Source:** 04 Jan 2016\_AUTO BUSINESS NEWS

**Date:** December 2015  
**Assessment:** Minor  
**Status:** Concluded

**Russia: Recall of 2,166 VW Caddy Vehicles Over Wiring Assembly Defect; No Injuries Report**

UPDATES: 30 Dec 2015: Volkswagen recalls almost 2,200 Caddy mini-vans from Russia due slight technical defect. (ITAR-TASS)

**Source:** 30 Dec 2015\_ITAR-TASS

**Date:** December 2015  
**Assessment:** Minor  
**Status:** Concluded

**Russia: Recall of 103 Units of Audi A6, A7, and A8 Cars Over Potential Power Steering Software Issue; No Injuries Reported**

UPDATES: 11 Dec 2015: Volkswagen Group Rus to recall 103 Audi A6, A7 and A8 cars in Russia. (ITAR-TASS)

**Source:** 11 Dec 2015\_ITAR-TASS

**Date:** November 2015  
**Assessment:** Minor  
**Status:** Concluded

**Russia: Recall of 4,429 Volkswagen Touareg Cars Due to Potential Defect on Automatic Transmission Fluid Tube; No Injuries Reported**

UPDATES: 27 Nov 2015: Volkswagen Group Rus recalls almost 4,500 Volkswagen Touareg from Russia. (ITAR-TASS)

**Source:** 27 Nov 2015\_ITAR-TASS

<p><b>Date:</b> November 2015</p> <p><b>Assessment:</b> Minor</p> <p><b>Status:</b> Concluded</p>	<p><b>Russia: Recall of 1,906 Jetta, Golf, and Beetle Vehicles Over Potential Defect in Valve Timing Controller; No Injuries Reported</b></p> <p>UPDATES: 19 Nov 2015: Volkswagen to recall almost 2,000 Jetta, Golf, Beetle cars in Russia. (ITAR-TASS)</p> <p><b>Source:</b> 19 Nov 2015_ITAR-TASS</p>
<p><b>Date:</b> November 2015</p> <p><b>Assessment:</b> Minor</p> <p><b>Status:</b> Concluded</p>	<p><b>Brazil: Recall of 2,414 Jetta and Beetle Vehicles Over Potential Defect in Engine Camshaft Axis; No Injuries Reported</b></p> <p>UPDATES: 18 Nov 2015: Volkswagen convoca recall de modelos Jetta e Fusca no Brasil. (Correio Braziliense)</p> <p><b>Source:</b> 18 Nov 2015_Correio Braziliense</p>
<p><b>Date:</b> November 2015</p> <p><b>Assessment:</b> Minor</p> <p><b>Status:</b> Concluded</p>	<p><b>South Korea: Recall of 27,811 Vehicles Over Defective Clock Springs Connected to Vehicle Horns Potentially Causing Air Bag Warning Lights to Light Up; No Injuries Reported</b></p> <p>UPDATES: 11 Nov 2015: Volkswagen, Nissan, Mercedes-Benz, Maserati to recall 28,197 cars in Korea. (The Korea Herald)</p> <p><b>Source:</b> 11 Nov 2015_The Korea Herald</p>
<p><b>Date:</b> November 2015</p> <p><b>Assessment:</b> Minor</p> <p><b>Status:</b> Concluded</p>	<p><b>US: Recall of 91,800 Vehicles Over Potential Issue With Rear Camshaft Lobe; No Injuries Reported</b></p> <p>UPDATES: 04 Nov 2015: Volkswagen Issues Voluntary Recall. (TARGETED NEWS SERVICE)</p> <p><b>Source:</b> 04 Nov 2015_TARGETED NEWS SERVICE</p>
<p><b>Date:</b> October 2015</p> <p><b>Assessment:</b> Minor</p> <p><b>Status:</b> Concluded</p>	<p><b>Recall of 27,640 Bentley Continental and Flying Spur Vehicles Due to Potentially Defective Battery Cable Connections; No Injuries Reported</b></p> <p>UPDATES: 27 Oct 2015: VW's luxury brand Bentley recalls cars ; Faulty battery cable connections are to blame for the recall, company says. (TELEGRAPH.CO.UK)</p> <p><b>Source:</b> 27 Oct 2015_TELEGRAPH.CO.UK</p>
<p><b>Date:</b> October 2015</p> <p><b>Assessment:</b> Minor</p> <p><b>Status:</b> Concluded</p>	<p><b>Recall of 993 Jetta, Golf, and E-Golf Vehicles Over Insulation Defect in Electromagnetic Coil Inside Occupant Classification System; No Injuries Reported</b></p> <p>UPDATES: 19 Oct 2015: -Volkswagen recalls 993 vehicles. (AUTO BUSINESS NEWS)</p> <p><b>Source:</b> 19 Oct 2015_AUTO BUSINESS NEWS</p>
<p><b>Date:</b> October 2015</p> <p><b>Assessment:</b> Minor</p> <p><b>Status:</b> Concluded</p>	<p><b>India: Recall of 389 Volkswagen Polo Cars Over Defective Handbrake; No Injuries Reported</b></p> <p>UPDATES: 09 Oct 2015: VW recalls 389 units of Polo model in India. (FREE PRESS JOURNAL (INDIA))</p> <p><b>Source:</b> 09 Oct 2015_FREE PRESS JOURNAL (INDIA)</p>
<p><b>Date:</b> September 2015</p> <p><b>Assessment:</b> Minor</p> <p><b>Status:</b> Concluded</p>	<p><b>China: Recall of 78,000 Vehicles Due to Defective Airbag on Driver Side; No Injuries Reported</b></p> <p>UPDATES: 15 Sep 2015: VW to recall 78,000 imported cars over airbag issues, announces Sagitar vehicle replacement scheme. (IHS GLOBAL INSIGHT)</p> <p><b>Source:</b> 15 Sep 2015_IHS GLOBAL INSIGHT</p>
<p><b>Date:</b> August 2015</p> <p><b>Assessment:</b> Minor</p> <p><b>Status:</b> Ongoing</p>	<p><b>NHTSA Launches Investigation on Rupture of Takata Airbag in 2015 Tiguan Vehicle</b></p> <p>UPDATES: 17 Aug 2015: U.S. regulators probe June rupture of new VW with Takata airbag. (Reuters)</p> <p><b>Source:</b> 17 Aug 2015_Reuters</p>
<p><b>Date:</b> August 2015</p> <p><b>Assessment:</b> Minor</p> <p><b>Status:</b> Concluded</p>	<p><b>US and Canada: Recall of 461,300 Cars Over Potential Issues With Cables and Electrical Connections Leading to Non-Deployment of Driver Front Airbag; No Injuries Reported</b></p> <p>UPDATES: 14 Aug 2015: Volkswagen recalls 461,300 cars in U.S., Canada to fix air bags. (Reuters)</p> <p><b>Source:</b> 14 Aug 2015_Reuters</p>
<p><b>Date:</b> August 2015</p> <p><b>Assessment:</b> Minor</p> <p><b>Status:</b> Concluded</p>	<p><b>China: Recall of 886 Imported SQ5 Vehicles Over Steering System Issues; No Injuries Reported</b></p> <p>UPDATES: 06 Aug 2015: FAW-Volkswagen to recall 886 vehicles in China. (CHINA DAILY)</p> <p><b>Source:</b> 06 Aug 2015_CHINA DAILY</p>
<p><b>Date:</b> July 2015</p> <p><b>Assessment:</b> Minor</p> <p><b>Status:</b> Concluded</p>	<p><b>Recall of 5,625 Audi SQ5 Vehicles Due to Issues With Electric Power-Steering System; No Injuries Reported</b></p> <p>UPDATES: 30 Jul 2015: US: Volkswagen Group of America recalls 5,625 Audi vehicles. (JUST-AUTO GLOBAL NEWS)</p> <p><b>Source:</b> 30 Jul 2015_JUST-AUTO GLOBAL NEWS</p>

**Date:** June 2015  
**Assessment:** Minor  
**Status:** Concluded

**Recall of 2,957 Tiguan Cars Due to Lack of Tyre Pressure Information in Certification Labels; No Injuries Reported**

UPDATES: 17 Jun 2015: Volvo, Volkswagen, Daimler recall vehicles in North America. (IHS GLOBAL INSIGHT)

**Source:** 17 Jun 2015\_IHS GLOBAL INSIGHT

**Date:** June 2015

**Assessment:** Minor  
**Status:** Concluded

**Australia: Recall of 1611 Amarok Vehicles Over Potential Problem With Bolts for Front Brake Calipers; No Injuries Reported**

UPDATES: 15 Jun 2015: -Volkswagen Australia recalls Amarok. (AUTO BUSINESS NEWS)

**Source:** 15 Jun 2015\_AUTO BUSINESS NEWS

**Date:** June 2015

**Assessment:** Minor  
**Status:** Concluded

**Czech Republic: Skoda Penalized CZK 49.1 Million by State Regulator in Price Fixing Violation**

The Czech Republic's Anti-Competitive Regulator (UHOS) imposed a penalty of CZK 49.1 million (USD 1.94 million) on Volkswagen subsidiary Skoda due to its price fixing and anti competitive practices.

UPDATES: 01 Jun 2015: Skoda fined for margin-fixing in domestic market. (IHS GLOBAL INSIGHT)

**Source:** 01 Jun 2015\_IHS GLOBAL INSIGHT

**Date:** January 2015

**Assessment:** Minor  
**Status:** Concluded

**Brazil: Ten-Day Strike over Dismissal of 800 Workers; Workers Re-Hired Following Agreement**

Assembly line workers at Volkswagen's plant in Sao Paulo, Brazil ended their strike following a new wage deal with the company and the reinstatement of 800 workers dismissed in January 2015 due to cost-cutting measures. At least 13,000 employees joined the strike protesting about the layoffs. As part of the agreement, employees would receive annual wage increases of up to one percent plus inflationary adjustments, instead of one-time bonuses offered in 2014. The company also committed to cut costs through other means which includes voluntary buyouts and the termination of third-party contracts.

UPDATES: 19 Jan 2015: Strike ends at Brazil VW factory as 800 workers get jobs back. (Reuters)

6 Jan 2015: Brazil Volkswagen workers strike, paralyze production. (Associated Press International)

**Source:** 19 Jan 2015\_Reuters

## GOVERNANCE CONTROVERSIES

### Very Severe Controversies

**Date:** June 2016  
**Assessment:** Very Severe  
**Status:** Ongoing

**Investigation on Deliberate Evasion of Emission Tests**

The U.S. Department of Justice (DoJ), the U.S. Environmental Protection Agency (EPA), and the California Air Resources Board (CARB) launched an investigation of Volkswagen AG over allegations that the car manufacturer had, since 2008, knowingly and deliberately violated existing state and federal environmental regulations. The regulators alleged that the company violated pollution regulations by installing software in diesel engine passenger cars that provided false results during laboratory conducted emissions testing. The software activated emissions controls to lessen the vehicles' nitrogen oxides (NOx) emissions during state-required emissions testing, and turned off the controls during normal driving. Unchecked, NOx emissions from the affected vehicles could be as much as 40 times higher than permitted under the Clean Air Act. In addition, the DoJ launched a criminal investigation of the company.

The company is alleged to have made willful efforts to skirt the law, and the case has touched executives at the highest levels of the corporate structure and across multiple divisions. Following a meeting of the Executive Committee of the Supervisory Board, Volkswagen's chief executive Martin Winterkorn resigned. The R&D heads of Porsche and Audi and other high level executives have resigned or been dismissed in the wake of the allegations.

Volkswagen allegedly told EPA officials that the difference in state-mandated emissions test results and higher actual on-the-road emissions results were not willfully done to deceive officials but were just technical issues. The company finally admitted to having manipulated the results when the agency pressured it, under threat of withholding approval certificates for its new 2016 Volkswagen and Audi diesel engine passenger vehicles.

Since the company admitted wrongdoing and the news of the US investigation emerged, regulators in other countries have likewise launched probes to find out if the same fraudulent act was committed in their respective jurisdictions, as was the case in Canada, Germany, Italy, France, India, South Korea, Mexico, Taiwan, Australia, and the UK.

In the US, Volkswagen faces potential fines of up to USD 37,500 per vehicle, or potentially more than USD 18 billion for the half a million vehicles affected and sold in the US since 2009. The company has announced that an estimated 11 million diesel engine vehicles may be affected worldwide and that an estimated EUR 6.5 billion (USD 7.3 billion) would be set aside to cover the costs of emission compliance for the cars affected.

Aside from the nitrogen oxide emissions in diesel cars found to exceed legal standards, Volkswagen admitted in November 2015 that an estimated 800,000 cars, including petrol vehicles, have been detected to have irregular levels in carbon dioxide (CO2) emissions. A quarter of the affected vehicles are sold in Germany. Vehicle tax rates in countries such as the UK and Germany are based on the vehicles' CO2 emissions, and the company's latest admission could mean that it would need to repay CO2-related tax credits to various governments in Europe.

UPDATES: 09 Jun 2016: VW Manager in Germany Is Said to Have Pushed for Removing Evidence. (The New York Times)

A Volkswagen manager allegedly ordered employees to delete documents and remove evidence in August 2015, a month before the emissions scandal broke out. In accordance with German privacy laws, prosecutors did not disclose his name nor his job description.

09 Jun 2016: Prosecutors say Volkswagen sold vehicles with unauthorized exhaust pipes. (The Korea Herald)

Prosecutors in South Korea are looking into Volkswagen's alleged sale of approximately 50,000 vehicles with unauthorized exhaust pipes and the company's move to arbitrarily change auto parts without first securing an authorization from the Korean Ministry of Environment. The investigation is also trying to establish a possible link between Volkswagen's unauthorized parts and the emissions scandal.

01 Jun 2016: Prosecutors confiscate hundreds of Volkswagen vehicles. (The Korea Herald)

South Korean prosecutors have confiscated 950 vehicles manufactured with the new engine model over an ongoing investigation into the company's compliance of emission regulations. The vehicle models- Audi A1, A3, and Golf- have passed Euro 6 emission standards but are still suspected of emitting gases that exceed allowed levels.

13 May 2016: Audi VW accused of rigging fuel efficiency. (THE KOREA HERALD)

Prosecutors raided Audi Volkswagen Korea's headquarters office as well as two of its public relations agencies over the company's alleged rigging of its fuel-efficiency test results. A discrepancy was recently discovered between the test results sent from the company's headquarters in Germany and those sent to the Korean government in 2013 and 2014.

28 Apr 2016: Volkswagen to create a new 'sustainability board' after diesel emissions scandal. (Responsible Investor)

In its annual general meeting, the company announced that it will create a 'sustainability board' to assist its current CEO Matthias Müller. The board, which will consist of 7-9 international expert members, will be a step to improve Volkswagen's risk management and internal compliance. It will also provide the management with advise on sustainability and climate protection issues.

21 Apr 2016: VOLKSWAGEN GROUP: Deleted Emission Evidence, Ex-Employee Claims. (CLASS ACTION REPORTER)

A former technology employee filed a whistle blower lawsuit against Volkswagen, alleging that he was illegally dismissed on Dec. 6, 2015 after he expressed his refusal to participate in deleting electronic information and to report it to a supervisor. He also alleged that the company continued to delete evidence three days after the US EPA exposed the diesel emissions scandal on Sept. 18, 2015 and despite a restraining order from the US Department of Justice. On top of potentially violating the Michigan Whistle Blowers' Protection Act, the company could be facing obstruction of justice through the destruction and deletion of evidence.

13 Apr 2016: VW Cuts Bonuses Amid Diesel Emissions Scandal. (The New York Times)

Volkswagen's top managers would be getting their bonuses cut significantly as the company continues to struggle against its diesel emissions scandal. The 2015 bonus cuts would apply to Volkswagen's management board, including the CEO, and its chairman, who was the company's Chief Financial Officer last year.

19 Feb 2016: VW Korea raided over cheating scandal. (KOREA TIMES)

South Korea's Seoul Central District Prosecutors' Office raided Audi Volkswagen Korea's office and seized documents and computer files as part of an ongoing investigation into the car maker's use of defeat devices. This raid came a month after the country's Ministry of Environment filed complaints against VW Korea's executive director and Audi's head of overseas sales due to the automaker's alleged failure to provide a detailed report of the emissions fraud and how it plans to correct it.

12 Jan 2016: Sweden opens fraud investigation against Volkswagen. (AGENCE FRANCE PRESSE -- ENGLISH)

Sweden's anti-corruption prosecutor launched an "aggravated fraud" investigation against Volkswagen over the company's manipulation of emissions tests. There are about 225,000 Volkswagen cars of various models imported to the country.

04 Jan 2016: U.S. Sues Volkswagen in Diesel Emissions Scandal. (The New York Times)

The US Department of Justice filed a federal court lawsuit in Detroit against Volkswagen AG several months after the automaker admitted cheating on emissions tests in approximately 11 million vehicles sold worldwide.

17 Dec 2015: Volkswagen Loans Investigated by E.U. Anti-Fraud Office. (The New York Times)

The European Anti-Fraud Office launched a preliminary investigation to check whether the loans granted to Volkswagen by the European Investment Bank (EIB) had links with the automaker's production of devices and engines that manipulated emissions level testing. The EIB issued Volkswagen loans amounting to EUR 9.5 billion (approximately USD 10.4 billion) since 2000, with the intention of reducing the company's environmental impact through the production of fuel-efficient and lower-emission engines.

11 Dec 2015: VW revises scope of one problem ; Automaker says issue with 800,000 cars only affects a fraction of them. (INTERNATIONAL NEW YORK TIMES)

Volkswagen announced that there are approximately 36,000 vehicles detected to have irregularities with CO2 emissions, a fraction of the 800,000 affected vehicles it disclosed in November 2015.

25 Nov 2015: Business Briefing; VW Is Focus of Inquiry by Germany Over Taxes. (THE NEW YORK TIMES)

Volkswagen estimates that it would need to repay EUR 2.2 billion (USD 2.3 billion) to European governments that granted the company tax credits following its latest admission to manipulating carbon dioxide emissions in its cars sold in Europe.

18 Oct 2015: Police Raid Volkswagen's French Headquarters. (The Wall Street Journal)

Volkswagen AG's offices in Viller-Cotterêts and another near Paris were raided by French police and seized computer hardware as part of the ongoing emissions investigation.

15 Oct 2015: UPDATE 2-Italian prosecutors investigate local Volkswagen, Lamborghini managers. (Reuters)

Italian prosecutors conducted searches in both the Volkswagen and Lamborghini offices in Verona and were investigating some managers of both companies in connection with the emissions scandal.

14 Oct 2015: New Volkswagen Chief for North America, Winfried Vahland, Resigns. (The New York Times)

Winfried Vahland, who was recently appointed in Sept. 25 as Chief for North America, resigned from his post over a disagreement on how to structure the company's operations.

08 Oct 2015: VW offices raided in emissions probe. (Deutsche Welle)

Three prosecutors and some State of Lower Saxony criminal investigators raided Volkswagen offices in Wolfsburg and other locations in line with the ongoing emissions software investigation.

01 Oct 2015: In Reversal, German Prosecutors Say Volkswagen's Former C.E.O. Isn't Under Investigation. (The New York Times)

German prosecutors announced that there is no formal investigation against former Volkswagen CEO Martin Winterkorn, a just a few days after a statement that the prosecutors themselves released.

28 Sep 2015: German Prosecutors Investigating Winterkorn, Volkswagen's Ex-C.E.O. (The New York Times)

German prosecutors launched an investigation against VW's former CEO, Martin Winterkorn, over allegations and complaints that he was responsible for the controversy the company is currently faced with. The German government has likewise ordered the company to come up with a plan on how to modify the affected diesel engine cars by October 7.

27 Sep 2015: SA regulator to probe VW ; NRCS to look into fixing of emissions data. (SUNDAY TRIBUNE (SOUTH AFRICA))

In South Africa, the National Regulator for Compulsory Specifications (NRCS ) announced that it already started looking into VW's cars in the country.

25 Sep 2015: Volkswagen poised to appoint Porsche's Matthias Müller as boss. (The Guardian)

European and US authorities widen their investigation into Volkswagen's scandal. A multi-state investigation by 27 US state attorneys was also launched against the company.

25 Sep 2015: VW scandal: staff suspended as car giant appoints new CEO. (The Guardian)

Matthias Müller, head of Volkswagen AG's Porsche unit, was elected by the company's supervisory board as the new CEO after Martin Winterkorn's resignation two days earlier. A few employees working in engine development have been suspended by the company until the controversy is resolved.

25 Sep 2015: VW affair triggers Norwegian fraud probe. (The Local (Norway))

Norway has launched its probe on Volkswagen's cars in the country.

25 Sep 2015: India to probe Volkswagen scandal for possible irregularities. (THE TIMES OF INDIA (TOI))

India has likewise launched an investigation into Volkswagen and requested the Automotive Research Association of India (ARAI) to verify if any of the cars dodged emission tests.

24 Sep 2015: FED:ACCC launches probe into VW scandal. (AAP NEWSFEED)

The Australian Competition and Consumer Commission (ACCC) also announced that an investigation over the car maker's emissions in the country is also underway.

23 Sep 2015: Press Release- Statement from the Executive Committee of Volkswagen AG's Supervisory Board. (Volkswagen AG)

Following a meeting of the Executive Committee of the Supervisory Board, Volkswagen announced that its CEO Martin Winterkorn has resigned and that search for new personnel is underway. It also confirmed that 1.) there would be further personnel consequences in the coming days 2.) it will voluntarily submit a complaint to the State Prosecutors' Office in Brunswick and 3.) it suggested the creation of a special committee to lead its external probe, to be decided on the Supervisory Board meeting on Friday, Sep 25.

23 Sep 2015: VW says scandal extends worldwide; 11 million diesel vehicles may be affected, many in core European market. (INTERNATIONAL NEW YORK TIMES)

The company announced that an estimated 11 million diesel engine vehicles may be affected worldwide and that an estimated EUR 6.5 billion (USD 7.3 billion) would be set aside to cover the costs of emission compliance for the cars affected. Volkswagen's stock market value has swiftly declined by EUR 25 billion in just two days of trading.

23 Sep 2015: Taiwan's EPA investigates Volkswagen. (TAIWAN NEWS)

Taiwan's Environmental Protection Agency launched an investigation to find out if Volkswagen's unit in the country sold vehicles that are affected by the emissions scandal.

23 Sep 2015: Mexico investigates VW emissions. (AGENCE FRANCE PRESSE -- ENGLISH)

Mexico's Office for Environmental Protection (PROFEPA) has also announced an investigation to check whether Volkswagen vehicles in the country also violate current emissions standards.

22 Sep 2015: Italy opens probe over VW emissions scandal. (AGENCE FRANCE PRESSE -- ENGLISH)

The Italian government initiated an investigation to know if any of the affected diesel engine vehicles were sold in the country.

22 Sep 2015: Britain calls for investigation over Volkswagen emissions. (AGENCE FRANCE PRESSE -- ENGLISH)

Britain has also called for the European Commission to immediately launch an investigation into vehicle emissions tests.

22 Sep 2015: French carmakers back call for 'Europe-wide' probe after VW scandal. (AGENCE FRANCE PRESSE -- ENGLISH)

The French government has launched a probe in the country to check for emissions compliance among other auto makers in Europe. Backed by French car makers, it called for a Europe-wide probe to check vehicle emissions systems following Volkswagen's controversy.

22 Sep 2015: VW misled U.S. officials on pollution for a year; Carmaker's stock plunges after executives admit to cheating on smog tests. (INTERNATIONAL NEW YORK TIMES)

For over a year, Volkswagen allegedly told EPA officials that the difference in state-mandated emissions test results and higher actual on-the-road emissions results were not willfully done to deceive officials but were just technical issues. The company only recently admitted to having manipulated the results when the agency pressured it, under threat of withholding approval certificates for its new 2016 Volkswagen and Audi diesel vehicles.

22 Sep 2015: VW Emissions Scandal Spreads. (The Wall Street Journal)

Germany's deputy environment minister announced that Volkswagen should provide a complete and accurate report in response to the allegations the auto maker is facing in the US. The European Commission had also contacted the company and US officials regarding the probe, but announced that it is still too early to launch its own investigation. South Korea also announced that emission testing for affected vehicle models sold in the country is scheduled for mid-October.

18 Sep 2015: VW Is Said to Cheat on Diesel Emissions; U.S. Orders Big Recall. (The New York Times)

The US EPA, the CARB, and the Department of Justice announced that an investigation on Volkswagen's alleged violation of federal emission laws is ongoing. The US government ordered the company to recall approximately 482,000 affected vehicles sold in the country since 2009.

18 Sep 2015: EPA, CALIFORNIA NOTIFY VOLKSWAGEN OF CLEAN AIR ACT VIOLATIONS. (STATES NEWS SERVICE)

The US Environmental Protection Agency (EPA) sent a notice of violation (NOV) to Volkswagen over allegations that the car manufacturer violated the Federal Clean Air Act by deliberately installing a software in its diesel cars that provided erroneous emissions data. Separately, California's Air Resources Board sent an In-Use Compliance Letter to the company. Both agencies have launched an investigation on emissions in Volkswagen's diesel cars.

**Source:** 09 Jun 2016\_The New York Times

### Moderate Controversies

**Date:** March 2016

**Assessment:** Moderate

**Status:** Ongoing

#### Unaoil Scandal: Alleged Involvement in Bribery

MAN Turbo, a subsidiary of Volkswagen AG and of Porsche Automobil Holding SE, is among dozens of companies connected to Unaoil, a Monaco-based consulting firm allegedly involved in widespread and routine corruption in the Middle East, Asia, and Africa, particularly in the energy sector. In March 2016, Fairfax Media and The Huffington Post published a series of reports detailing illicit payments made by Unaoil on behalf of its clients. The Age, a Fairfax Media newspaper, examined hundreds of thousands of Unaoil emails and other files dated from 2003 to 2012, which were leaked to them by an anonymous source. The documents indicated that Unaoil executives facilitated the bribery of government officials, their close associates, and other companies. Unaoil clients were reportedly complicit to the company's practices. The controversy is considered one of history's the biggest corporate bribery scandal to date, particularly in the energy sector. Various government agencies have since launched investigations into the matter including the U.S. Department of Justice and Federal Bureau of Investigation; Britain's UK's National Crime Agency and the Serious Fraud Office; Australia's Federal Police; Monaco's police; and Iraq's Integrity Commission; among others. While Unaoil denied the allegations of bribery, it did not challenge the veracity of the leaked documents.

According to The Age report, MAN Turbo benefited from the leaked information and corruption and that its former executive was recorded in online voice discussions leaking sensitive files and discussing illegal deals.

UPDATES: 30 Mar 2016: UNAOIL: The Bribe Factory. (The Age and The Huffington Post)

**Source:** 30 Mar 2016\_The Age and The Huffington Post

**Date:** November 2014

**Assessment:** Moderate

**Status:** Ongoing

#### China: Investigation of PR Director Over Alleged Bribery and Corruption Involvement

The PR director of Volkswagen and FAW, its joint venture in China, was under investigation for allegedly receiving bribes from dealers and advertising companies. He was the sixth director at FAW-VW to be investigated over corruption accusations since 2012.

UPDATES: 19 Nov 2014: FAW-VW PR director under investigation for corruption. (IHS Global Insight)

**Source:** 19 Nov 2014\_IHS Global Insight



# Corporate Governance Details

Included in this section is the MSCI ESG GovernanceMetrics report, providing in-depth corporate governance data and analysis

## CONTENTS

SECTION	COMPONENTS
<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Governance Summary &amp; Analysis</li> <li>• Pillar Summaries</li> <li>• Material Governance Events</li> </ul>
<b>BOARD</b>	<ul style="list-style-type: none"> <li>• KeyMetrics</li> <li>• Peer Analysis</li> <li>• Board Statistics</li> <li>• Board of Directors</li> </ul>
<b>PAY</b>	<ul style="list-style-type: none"> <li>• KeyMetrics</li> <li>• Peer Analysis</li> <li>• Executive Pay</li> <li>• Compensation Committee</li> <li>• CEO Pay Figures</li> </ul>
<b>OWNERSHIP &amp; CONTROL</b>	<ul style="list-style-type: none"> <li>• KeyMetrics</li> <li>• Peer Analysis</li> <li>• Ownership Information</li> <li>• Equity Insiders</li> <li>• Takeover Defenses</li> </ul>
<b>ACCOUNTING</b>	<ul style="list-style-type: none"> <li>• KeyMetrics</li> <li>• Peer Analysis</li> <li>• Audit Committee</li> <li>• Auditor and Fees</li> </ul>
<b>DIRECTOR VOTES</b>	
<b>SHAREHOLDER/MANAGEMENT PROPOSALS</b>	
<b>RELATED PARTY TRANSACTIONS</b>	
<b>GOVERNANCE STANDARDS</b>	
<b>DIRECTOR BIOGRAPHIES</b>	

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

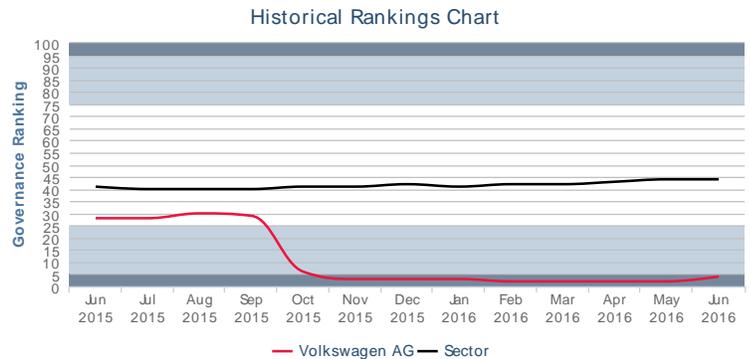
Components	Global Pctl Rank	Home Market Pctl Rank	Impact
<b>GOVERNANCE</b>	<b>4<sup>th</sup></b>	<b>2<sup>nd</sup></b>	
Board	3 <sup>rd</sup>	3 <sup>rd</sup>	56.6 %
Pay	90 <sup>th</sup>	95 <sup>th</sup>	8.7 %
Ownership & Control	49 <sup>th</sup>	17 <sup>th</sup>	13.1 %
Accounting	2 <sup>nd</sup>	1 <sup>st</sup>	21.7 %

Country: Germany

Home Market: Germany

Sector: Cyclical Consumer Goods / Services

Data as of Jun 22, 2016



## Governance Summary

Volkswagen is controlled by the Porsche and Piëch families who via dual class structures at both Porsche SE and VW, control 52.2% of VW's voting rights despite holding only 16.6% of the rights to cashflows. Two other shareholders, the German State of Lower Saxony and the Qatari sovereign wealth fund, hold 20% and 17% of the voting rights respectively. The vehicle emissions scandal in September 2015 saw the CEO and several other executives depart.

## Governance Analysis

Volkswagen is controlled via a dual class share structure by Porsche Automobil Holding SE who hold 52.2% of the voting shares. Two other shareholders, the German State of Lower Saxony and the Qatari sovereign wealth fund, hold 20% (a blocking stake) and 17% of the voting shares respectively. Institutional investors hold mainly the non-voting share class. Subsequently, governance at the company is tightly controlled by the Porsche and Piëch families who via the dual class structures at both Porsche SE and VW, control 52.2% of the voting rights of VW despite holding only 16.6% of the rights to cashflows. Following the resignation of CEO Martin Winterkorn over the vehicle emissions scandal in September 2015, the CEO of Porsche took over at Volkswagen. The vehicle emissions scandal caused the company to take a significant charge to pay fines and litigation costs. The company called in external law firm to investigate the case and announced a number of additional changes to its Management Board. Volkswagen held an EGM for 9 November 2015 to elect Hans Dieter Pötsch to the Supervisor Board. He will become Chairman, in place of the employee representative Berthold Huber, appointed as acting Chairman following the ousting of prior Chairman Ferdinand Piëch in April 2015.

Due to Volkswagen's controlled status, board composition and the prevalence of related party transactions, outside investors are subject to inherently higher degrees of governance and investment risk. In evaluating the corporate governance of these companies our primary focus is on determining whether the actions of the board are excessively aligned with the interests of the controlling shareholders, a situation that even further magnifies the risks involved. In this case, the composition of the supervisory board, which lacks an independent majority and includes members of the controlling family and representatives of the company's other principal shareholder, presents a significant level of governance risk for minority public shareholders.

The Supervisory Board of the two-tier board structure is comprised of a majority of non-independent directors, including four members of the controlling families. The 20-member supervisory board conforms to the German Co-determination Act - 50% (non-independent) employee-elected representatives and 50% elected by shareholders. Four are members of the Porsche and Piëch family. Pursuant to Volkswagen's articles of incorporation, Lower Saxony is entitled to appoint two supervisory board members for as long as it holds at least 15%. The remaining

Governance KeyMetrics	Flag	Impact
<b>Governance - Board</b>		
Other High Impact Governance Events	🚩	14.5 %
Independent Chair	🚩	1.5 %
Independent Lead Director	🚩	1.5 %
Related Party Transactions	🚩	14.5 %
Audit Committee Independence	🚩	2.9 %
Audit Committee Industry Expert	🚩	1.5 %
Comp Committee Independence	🚩	2.9 %
No Comp Committee and Execs on Board	🚩	7.3 %
Oversized Board	🚩	7.3 %
Risk Management Expertise	🚩	2.9 %
<b>Governance - Pay</b>		
Advance Disclosure of Performance Targets	🚩	2.9 %
CEO Equity Policy	🚩	1.5 %
Director Equity Policy	🚩	1.5 %
Clawbacks	🚩	2.9 %
<b>Governance - Ownership &amp; Control</b>		
Controlling Shareholder	YES	
Multiple Equity Classes with Different Voting Rights	🚩	7.3 %
Annual Director Elections	🚩	1.5 %
Shareholder Action by Written Consent	🚩	1.5 %
Say on Pay Policy	🚩	1.5 %
Cumulative Voting	🚩	1.5 %
<b>Governance - Accounting</b>		
Revenue Recognition	🚩	8 %
Asset-Liability Valuation	🚩	6.5 %

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

Governance KeyMetrics	Flag	Impact
<b>Governance - Accounting</b>		
Restatements or Special Charges		7.3 %

shareholder representatives are elected by the AGM. Two members represent Qatar Holding, Volkswagen's third largest shareholder in terms of voting power.

In April 2015, Ferdinand Piëch, resigned following a short-lived clash with then CEO Martin Winterkorn, precipitated by the former chairman publicly announcing that he has "distanced" himself from the then CEO. A six-member steering committee, which had supported the CEO and includes Mr. Piëch's cousin, Wolfgang Porsche, voted for chairman's removal. The two vacancies left by their departure was quickly filled shortly thereafter by Mr. Piëch's nieces— Dr. Lousie Kiesling and Julia Kuhn-Piëch, daughter of supervisory board member Hans Michel Piëch. Unusually, an employee representative, Deputy Chairman Berthold Huber, was appointed as acting Chairman of the Supervisory Board following the abrupt departure of Mr. Piëch. Hans Dieter Pötsch, former CFO of Volkswagen, was subsequently announced as new Supervisory Board Chairman, effective 9 November 2015.

As is typical in Germany, members of the Management Board, including the CEO, are appointed by the Supervisory Board rather than being elected by shareholders.

In September 2015, the share price fell by approximately 40% over two days following revelations that the company had cheated on US car emission tests and then CEO, Martin Winterkorn, issued a public apology while ordering an external investigation. A few days later, Mr. Winterkorn resigned and was subsequently replaced by Matthias Müller, the CEO of Volkswagen's Porsche unit. It should be noted that Mr. Müller is being asked to overhaul a tenuous corporate governance structure from the inside, as he has worked at Volkswagen since 1977, including the past 5 years as the head of Porsche. At the same time, the company announced a significant restructuring that included a reorganization of the North American region, to be led by former Škoda chairman Winfried Vahland; the dismissal of top engineers at its Audi and Porsche brands; and management board changes, including the replacement of sales and marketing chief Christian Klingler. Acting Chairman Berthold Huber also announced the suspension of multiple employees and called the crisis a "political and moral disaster." While previous corporate scandals in Germany have seen shareholders withhold discharge from executives seen as possibly involved in scandal and have also seen shareholder resolutions to request special audits by third parties to report back to the shareholder meeting, the ownership and voting rights structure at Volkswagen leaves institutional and minority shareholders with limited tools to rebuke management. Media reports and the stock market reaction suggest that the financial impact of the scandal could be significant in relation to both fines and class action lawsuits.

The company has two listed equity classes. The 'ordinary' share carries voting rights while the 'preferred' equity share has no voting rights, although has the right to a EUR 0.06 higher dividend (EUR 4.06 for the preferred shares in 2013 versus EUR 4.00 for the ordinary share) and makes up 36% of the share capital. Given the equity status of the 'preferred' share it is viewed as a control enhancing mechanism.

As part of Porsche SE's contribution of its holding company operating business to Volkswagen by way of singular succession, all involved parties entered into various agreements, including indemnifications of certain financial guarantees and tax liabilities.

Volkswagen is subject to German corporate law and must report its level of compliance with the German Corporate Governance Code (the "code"). Pursuant to the "comply or explain" approach in this market, the company reports non-compliance with certain of the Code recommendations – including provisions related to severance payment cap, age limits for members of the management board, independent Audit Committee chairman, disclosure regarding election recommendations, performance-related remuneration for supervisory board members, and report to the AGM about conflicts of interest that have arisen and how they would be handled.

Variable remuneration includes a bonus based on business performance over the preceding two years and long-term incentives (LTIs) based on the previous four years. Bonuses are based on two-year operating profit with a minimum performance required before any payouts are made. Although bonuses are capped, the supervisory board has the discretion to increase the calculated bonus by up to 50% based on individual bonus. Discretionary elements such as this

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

can undermine the credibility and effectiveness of a structured incentive plan. LTI awards are based on targets identified in the company's group strategy 'Strategy2018', including leader in customer satisfaction, leading employer, unit sales growth, and increase in the return on sales. Supervisory board members receive variable compensation based on the dividend paid, typical in the German market.

Based on available disclosures, PricewaterhouseCoopers AG has been Volkswagen's external auditor since 1999. While mandatory audit firm rotation will be introduced across the EU after 2016, the company has not provided any disclosure of discussions held by the Audit Committee on this issue.

## CORPORATE GOVERNANCE

### THE BOARD

Shareholders should be concerned by certain aspects of the Volkswagen board's policies and practices, which could have a negative impact on the board's effectiveness. We have flagged this board for potential concerns regarding that MSCI has identified high impact governance events, the presence of certain related party transactions, the absence of a compensation committee and an excessively large board.

The board of directors oversees management on behalf of the shareholders of a publicly traded company. Multiple factors, as discussed below, contribute to a significant concern regarding the policies and practices of the Volkswagen board, which call into serious question its ability to effectively monitor management.

The Volkswagen board currently has an independent majority, which enables it to more effectively fulfill its critical function of overseeing management on behalf of shareholders. We note that this board's majority independence is a typical in this market, as non-majority independent boards are flagged for 4% of companies in all covered universe for Germany.

Multiple related party transactions and other potential conflicts of interest involving the company's board or senior managers should be reviewed in greater depth, as such practices, even when limited to current market rates, raise concerns regarding potential self-dealing or abuse. These concerns are magnified by other aspects of the company's ownership and board structure, e.g., the presence of a controlling shareholder and the absence of an independent chairman of the board. A substantial minority of companies (26%) are flagged for related party transactions in the company's home market.

Related party transactions raise additional concerns in this regard.

As a positive, the company has a majority standard for director elections, which enables shareholders to better hold directors accountable in uncontested elections.

No diversity concerns have been identified.

No attendance concerns have been identified.

The current board may be too large and unwieldy to effectively represent shareholder interests.

### EXECUTIVE PAY

Executive pay practices of the Volkswagen board appear to be generally well aligned with sustainable shareholder interests.

While executive pay practices do not raise significant concerns, shareholders should note the flagged issues below.

Despite a significant global trend towards providing shareholders with the ability to review and approve executive pay practices, the company does not operate in a market with mandatory 'say on pay' votes and has not extended this right to shareholders.

The following flagged KeyMetrics raise concerns regarding the board's ability to implement and maintain effective incentives for the company's CEO and other top executives:

- The company has not disclosed specific, quantifiable performance target objectives for the CEO. While a majority 100% of companies in the home market have not disclosed these targets, disclosure of performance metrics is essential for investors to assess the rigor of incentive programs.

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

Finally, there are additional concerns related to the company's pay practices:

- The company's failure to establish and disclose specific standards regarding minimum equity retention standards for its CEO and directors may weaken the ability of equity awards to align executives' interests with long-term value creation.

#### OWNERSHIP & CONTROL

The company's ownership structure and shareholder rights at Volkswagen fall within the average scoring relative to global peers.

While no significant concerns are raised by the company's corporate governance practices, shareholders should be aware of the potential risk factors enumerated below.

Volkswagen is a controlled company, where a single shareholder or shareholder block holds more than 50% of the voting shares. The controlling shareholder controls 52.2% of the voting power. The company's multiple share classes also have disparate voting rights, which in concert with the presence of a controlling shareholder may have an additional negative impact on minority shareholder rights. We have identified this company as a 'family firm', where one or more families control the voting shares and are typically represented on the board. When assessing family firms, we consider the extent to which the family makes decisions that are in the best interests of non-family shareholders. At Volkswagen, there are major concerns regarding related party transactions among the controlling founders/family that would raise major concerns for public shareholders. About 36% of companies in Germany are flagged for having a controlling shareholder. As a result of its controlled status, we have also adjusted our evaluation of the company's board and corporate governance practices. Especially considering the presence of a controlling shareholder, differential voting rights mean that the economic exposure of certain shareholders is higher than their voting power, and may reduce the rights of minority shareholders.

The board is elected in separate classes with terms that expire in different years rather than having all directors subject to annual reelection. While often touted as a means of ensuring board continuity, a classified board structure severely limits the ability of shareholders to hold directors accountable and serves as a takeover defense. Classified boards have become less prevalent among companies in all covered universe, with only 81% flagged.

Limits on shareholder rights and management-controlled takeover defence mechanisms currently in place at Volkswagen include:

- Limits on the right of shareholders to take action by written consent
- The absence of cumulative voting rights

#### ACCOUNTING AND FINANCIAL REPORTING

Based on the company's disclosures and other public information, accounting and financial reporting practices at Volkswagen raise concerns regarding their overall effectiveness. We have flagged this company for potential concerns regarding extreme values on revenue recognition ratios, extreme values on asset-liability valuation ratios and recent history of restatements or special charges.

The Volkswagen board of directors does not currently include a fully independent audit committee, a serious concern for company shareholders. We note that 29% of company boards in this market maintain a fully independent audit committee, which is critical in providing appropriate oversight of financial reporting.

The company's independent auditor is PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft. For the most recently reported fiscal year, Volkswagen paid a total of 27,000,000 EUR in audit and other related fees. This figure includes 15,000,000 EUR in basic audit fees.

#### MATERIAL GOVERNANCE EVENTS

##### *Investigation on Deliberate Evasion of Emission Tests*

May 13, 2016 -- The U.S. Department of Justice (DoJ), the U.S. Environmental Protection Agency (EPA), and the California Air Resources Board (CARB) launched an investigation of Volkswagen AG over allegations that the car manufacturer had, since 2008, knowingly and deliberately violated existing state and federal environmental regulations. The regulators alleged that the company

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

violated pollution regulations by installing software in diesel engine passenger cars that provided false results during laboratory conducted emissions testing. The software activated emissions controls to lessen the vehicles' nitrogen oxides (NOx) emissions during state-required emissions testing, and turned off the controls during normal driving. Unchecked, NOx emissions from the affected vehicles could be as much as 40 times higher than permitted under the Clean Air Act. In addition, the DoJ launched a criminal investigation of the company.

The company is alleged to have made willful efforts to skirt the law, and the case has touched executives at the highest levels of the corporate structure and across multiple divisions. Following a meeting of the Executive Committee of the Supervisory Board, Volkswagen's chief executive Martin Winterkorn resigned. The R&D heads of Porsche and Audi and other high level executives have resigned or been dismissed in the wake of the allegations.

Volkswagen allegedly told EPA officials that the difference in state-mandated emissions test results and higher actual on-the-road emissions results were not willfully done to deceive officials but were just technical issues. The company finally admitted to having manipulated the results when the agency pressured it, under threat of withholding approval certificates for its new 2016 Volkswagen and Audi diesel engine passenger vehicles.

Since the company admitted wrongdoing and the news of the US investigation emerged, regulators in other countries have likewise launched probes to find out if the same fraudulent act was committed in their respective jurisdictions, as was the case in Canada, Germany, Italy, France, India, South Korea, Mexico, Taiwan, Australia, and the UK.

In the US, Volkswagen faces potential fines of up to USD 37,500 per vehicle, or potentially more than USD 18 billion for the half a million vehicles affected and sold in the US since 2009. The company has announced that an estimated 11 million diesel engine vehicles may be affected worldwide and that an estimated EUR 6.5 billion (USD 7.3 billion) would be set aside to cover the costs of emission compliance for the cars affected.

Aside from the nitrogen oxide emissions in diesel cars found to exceed legal standards, Volkswagen admitted in November 2015 that an estimated 800,000 cars, including petrol vehicles, have been detected to have irregular levels in carbon dioxide (CO2) emissions. A quarter of the affected vehicles are sold in Germany. Vehicle tax rates in countries such as the UK and Germany are based on the vehicles' CO2 emissions, and the company's latest admission could mean that it would need to repay CO2-related tax credits to various governments in Europe.

UPDATES:

13 May 2016: Audi VW accused of rigging fuel efficiency. (THE KOREA HERALD)

Prosecutors raided Audi Volkswagen Korea's headquarters office as well as two of its public relations agencies over the company's alleged rigging of its fuel-efficiency test results. A discrepancy was recently discovered between the test results sent from the company's headquarters in Germany and those sent to the Korean government in 2013 and 2014.

28 Apr 2016: Volkswagen to create a new 'sustainability board' after diesel emissions scandal. (Responsible Investor)

In its annual general meeting, the company announced that it will create a 'sustainability board' to assist its current CEO Matthias Müller. The board, which will consist of 7-9 international expert members, will be a step to improve Volkswagen's risk management and internal compliance. It will also provide the management with advise on sustainability and climate protection issues.

21 Apr 2016: VOLKSWAGEN GROUP: Deleted Emission Evidence, Ex-Employee Claims. (CLASS ACTION REPORTER)

A former technology employee filed a whistle blower lawsuit against Volkswagen, alleging that he was illegally dismissed on Dec. 6, 2015 after he expressed his refusal to participate in deleting electronic information and to report it to a supervisor. He also alleged that the company continued to delete evidence three

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

days after the US EPA exposed the diesel emissions scandal on Sept. 18, 2015 and despite a restraining order from the US Department of Justice. On top of potentially violating the Michigan Whistle Blowers' Protection Act, the company could be facing obstruction of justice through the destruction and deletion of evidence.

13 Apr 2016: VW Cuts Bonuses Amid Diesel Emissions Scandal. (The New York Times)

Volkswagen's top managers would be getting their bonuses cut significantly as the company continues to struggle against its diesel emissions scandal. The 2015 bonus cuts would apply to Volkswagen's management board, including the CEO, and its chairman, who was the company's Chief Financial Officer last year.

19 Feb 2016: VW Korea raided over cheating scandal. (KOREA TIMES)

South Korea's Seoul Central District Prosecutors' Office raided Audi Volkswagen Korea's office and seized documents and computer files as part of an ongoing investigation into the car maker's use of defeat devices. This raid came a month after the country's Ministry of Environment filed complaints against VW Korea's executive director and Audi's head of overseas sales due to the automaker's alleged failure to provide a detailed report of the emissions fraud and how it plans to correct it.

12 Jan 2016: Sweden opens fraud investigation against Volkswagen. (AGENCE FRANCE PRESSE -- ENGLISH)

Sweden's anti-corruption prosecutor launched an "aggravated fraud" investigation against Volkswagen over the company's manipulation of emissions tests. There are about 225,000 Volkswagen cars of various models imported to the country.

04 Jan 2016: U.S. Sues Volkswagen in Diesel Emissions Scandal. (The New York Times)

The US Department of Justice filed a federal court lawsuit in Detroit against Volkswagen AG several months after the automaker admitted cheating on emissions tests in approximately 11 million vehicles sold worldwide.

17 Dec 2015: Volkswagen Loans Investigated by E.U. Anti-Fraud Office. (The New York Times)

The European Anti-Fraud Office launched a preliminary investigation to check whether the loans granted to Volkswagen by the European Investment Bank (EIB) had links with the automaker's production of devices and engines that manipulated emissions level testing. The EIB issued Volkswagen loans amounting to EUR 9.5 billion (approximately USD 10.4 billion) since 2000, with the intention of reducing the company's environmental impact through the production of fuel-efficient and lower-emission engines.

11 Dec 2015: VW revises scope of one problem ; Automaker says issue with 800,000 cars only affects a fraction of them. (INTERNATIONAL NEW YORK TIMES)

Volkswagen announced that there are approximately 36,000 vehicles detected to have irregularities with CO2 emissions, a fraction of the 800,000 affected vehicles it disclosed in November 2015.

25 Nov 2015: Business Briefing: VW Is Focus of Inquiry by Germany Over Taxes. (THE NEW YORK TIMES)

Volkswagen estimates that it would need to repay EUR 2.2 billion (USD 2.3 billion) to European governments that granted the company tax credits following its latest admission to manipulating carbon dioxide emissions in its cars sold in Europe.

04 Nov 2015: VW could face billions in car tax repayments over latest CO2 scandal ; Incorrect carbon emissions data could mean thousands of cars benefited from unduly low vehicle excise duty. (THE GUARDIAN)

Volkswagen admitted that apart from the diesel engine cars earlier found to cheat NOx emissions standards, approximately 800,000 cars, including petrol vehicles, have been found to have irregularities in CO2 emissions.

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

18 Oct 2015: Police Raid Volkswagen's French Headquarters. (The Wall Street Journal)

Volkswagen AG's offices in Viller-Cotterêts and another near Paris were raided by French police and seized computer hardware as part of the ongoing emissions investigation.

15 Oct 2015: UPDATE 2-Italian prosecutors investigate local Volkswagen, Lamborghini managers. (Reuters)

Italian prosecutors conducted searches in both the Volkswagen and Lamborghini offices in Verona and were investigating some managers of both companies in connection with the emissions scandal.

14 Oct 2015: New Volkswagen Chief for North America, Winfried Vahland, Resigns. (The New York Times)

Winfried Vahland, who was recently appointed in Sept. 25 as Chief for North America, resigned from his post over a disagreement on how to structure the company's operations.

08 Oct 2015: VW offices raided in emissions probe. (Deutsche Welle)

Three prosecutors and some State of Lower Saxony criminal investigators raided Volkswagen offices in Wolfsburg and other locations in line with the ongoing emissions software investigation.

01 Oct 2015: In Reversal, German Prosecutors Say Volkswagen's Former C.E.O. Isn't Under Investigation. (The New York Times)

German prosecutors announced that there is no formal investigation against former Volkswagen CEO Martin Winterkorn, a just a few days after a statement that the prosecutors themselves released.

29 Sep 2015: Japan orders diesel car emissions probe after VW scandal. (AGENCE FRANCE PRESSE -- ENGLISH)

Japan launched its investigation into Volkswagen following a similar announcement by other countries a few days earlier.

28 Sep 2015: German Prosecutors Investigating Winterkorn, Volkswagen's Ex-C.E.O. (The New York Times)

German prosecutors launched an investigation against VW's former CEO, Martin Winterkorn, over allegations and complaints that he was responsible for the controversy the company is currently faced with. The German government has likewise ordered the company to come up with a plan on how to modify the affected diesel engine cars by October 7.

27 Sep 2015: SA regulator to probe VW ; NRCS to look into fixing of emissions data. (SUNDAY TRIBUNE (SOUTH AFRICA))

In South Africa, the National Regulator for Compulsory Specifications (NRCS ) announced that it already started looking into VW's cars in the country.

25 Sep 2015: Volkswagen poised to appoint Porsche's Matthias Müller as boss. (The Guardian)

European and US authorities widen their investigation into Volkswagen's scandal. A multi-state investigation by 27 US state attorneys was also launched against the company.

25 Sep 2015: VW scandal: staff suspended as car giant appoints new CEO. (The Guardian)

Matthias Müller, head of Volkswagen AG's Porsche unit, was elected by the company's supervisory board as the new CEO after Martin Winterkorn's resignation two days earlier. A few employees working in engine development have been suspended by the company until the controversy is resolved.

25 Sep 2015: VW affair triggers Norwegian fraud probe. (The Local (Norway))

Norway has launched its probe on Volkswagen's cars in the country.

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

25 Sep 2015: India to probe Volkswagen scandal for possible irregularities. (THE TIMES OF INDIA (TOI))

India has likewise launched an investigation into Volkswagen and requested the Automotive Research Association of India (ARAI) to verify if any of the cars dodged emission tests.

24 Sep 2015: FED:ACCC launches probe into VW scandal. (AAP NEWSFEED)

The Australian Competition and Consumer Commission (ACCC) also announced that an investigation over the car maker's emissions in the country is also underway.

23 Sep 2015: Press Release- Statement from the Executive Committee of Volkswagen AG's Supervisory Board. (Volkswagen AG)

Following a meeting of the Executive Committee of the Supervisory Board, Volkswagen announced that its CEO Martin Winterkorn has resigned and that search for new personnel is underway. It also confirmed that 1.) there would be further personnel consequences in the coming days 2.) it will voluntarily submit a complaint to the State Prosecutors' Office in Brunswick and 3.) it suggested the creation of a special committee to lead its external probe, to be decided on the Supervisory Board meeting on Friday, Sep 25.

23 Sep 2015: VW says scandal extends worldwide; 11 million diesel vehicles may be affected, many in core European market. (INTERNATIONAL NEW YORK TIMES)

The company announced that an estimated 11 million diesel engine vehicles may be affected worldwide and that an estimated EUR 6.5 billion (USD 7.3 billion) would be set aside to cover the costs of emission compliance for the cars affected. Volkswagen's stock market value has swiftly declined by EUR 25 billion in just two days of trading.

23 Sep 2015: Taiwan's EPA investigates Volkswagen. (TAIWAN NEWS)

Taiwan's Environmental Protection Agency launched an investigation to find out if Volkswagen's unit in the country sold vehicles that are affected by the emissions scandal.

23 Sep 2015: Mexico investigates VW emissions. (AGENCE FRANCE PRESSE -- ENGLISH)

Mexico's Office for Environmental Protection (PROFEPA) has also announced an investigation to check whether Volkswagen vehicles in the country also violate current emissions standards.

22 Sep 2015: Italy opens probe over VW emissions scandal. (AGENCE FRANCE PRESSE -- ENGLISH)

The Italian government initiated an investigation to know if any of the affected diesel engine vehicles were sold in the country.

22 Sep 2015: Britain calls for investigation over Volkswagen emissions. (AGENCE FRANCE PRESSE -- ENGLISH)

Britain has also called for the European Commission to immediately launch an investigation into vehicle emissions tests.

22 Sep 2015: French carmakers back call for 'Europe-wide' probe after VW scandal. (AGENCE FRANCE PRESSE -- ENGLISH)

The French government has launched a probe in the country to check for emissions compliance among other auto makers in Europe. Backed by French car makers, it called for a Europe-wide probe to check vehicle emissions systems following Volkswagen's controversy.

22 Sep 2015: VW misled U.S. officials on pollution for a year; Carmaker's stock plunges after executives admit to cheating on smog tests. (INTERNATIONAL NEW YORK TIMES)

For over a year, Volkswagen allegedly told EPA officials that the difference in state-mandated emissions test results and higher actual on-the-road emissions

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

results were not willfully done to deceive officials but were just technical issues. The company only recently admitted to having manipulated the results when the agency pressured it, under threat of withholding approval certificates for its new 2016 Volkswagen and Audi diesel vehicles.

22 Sep 2015: VW Emissions Scandal Spreads. (The Wall Street Journal)

Germany's deputy environment minister announced that Volkswagen should provide a complete and accurate report in response to the allegations the auto maker is facing in the US. The European Commission had also contacted the company and US officials regarding the probe, but announced that it is still too early to launch its own investigation. South Korea also announced that emission testing for affected vehicle models sold in the country is scheduled for mid-October.

18 Sep 2015: VW Is Said to Cheat on Diesel Emissions; U.S. Orders Big Recall. (The New York Times)

The US EPA, the CARB, and the Department of Justice announced that an investigation on Volkswagen's alleged violation of federal emission laws is ongoing. The US government ordered the company to recall approximately 482,000 affected vehicles sold in the country since 2009.

18 Sep 2015: EPA, CALIFORNIA NOTIFY VOLKSWAGEN OF CLEAN AIR ACT VIOLATIONS. (STATES NEWS SERVICE)

The US Environmental Protection Agency (EPA) sent a notice of violation (NOV) to Volkswagen over allegations that the car manufacturer violated the Federal Clean Air Act by deliberately installing a software in its diesel cars that provided erroneous emissions data. Separately, California's Air Resources Board sent an In-Use Compliance Letter to the company. Both agencies have launched an investigation on emissions in Volkswagen's diesel cars.

*Admission of Efforts to Skirt Emissions Rules for Diesel Engine Vehicles Worldwide*

April 28, 2016 -- Volkswagen AG was accused of violating the federal Clean Air Act by the US Department of Justice (DoJ) and Environmental Protection Agency (EPA). According to the agencies, the company admitted that it knowingly manufactured and sold vehicles with software allegedly designed to dodge emission tests. The software, installed in approximately half a million diesel cars sold in the U.S. since 2008, could detect if an emissions test was ongoing and would activate the vehicles' full emissions control systems. The same software turned off the controls when cars were in normal use, resulting in nitrogen oxide emissions that 10 to 40 times more than permitted under the Clean Air Act. The company subsequently disclosed that the software problem affected approximately 11 million vehicles globally.

Volkswagen's admission of efforts to violate the law involves a period of several years and occurred across large segments of the company's passenger diesel fleet. The "defeat device" software was in place as early as 2008 and employed in vehicles produced by multiple divisions such as Volkswagen Passenger, Audi, SEAT, Skoda, and others. The controversy has touched executives at the highest levels of Volkswagen's corporate structure and across multiple divisions. Volkswagen's CEO Martin Winterkorn resigned from his role, though he remained as CEO of Volkswagen's majority owner, Porsche Automobil Holding SE. Other Volkswagen executives also stepped down in the wake of the admission.

Volkswagen had reportedly told EPA and California Air Resources Board (CARB) officials that discrepancies between state-mandated emissions test results and higher actual on-the-road results were attributable to technical issues. Only after regulators threatened to withhold approval certificates for the company's 2016 Volkswagen and Audi diesel passenger vehicles did the company admit to having manipulated the results.

Nitrogen oxides are a group of pollutants that include NO<sub>2</sub>, which can cause or aggravate disease respiratory and cardiac diseases. NO<sub>2</sub> reacts in the atmosphere with other chemicals to form ozone, which at the ground level can cause respiratory inflammation. Both pollutants can result in hospitalizations and premature death, especially in more vulnerable populations such as children or the elderly.

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

According to an article in the Guardian, the affected Volkswagen vehicles emitted an estimated 10,392 to 41,571 tons of nitrogen oxides annually in the US, but by regulation should have emitted only 1,039 tons. Figures for the 11 million vehicles globally came to 237,000 to 948,000 tons of nitrogen oxides annually.

A subsequent article published in the New York Times projects that an estimated 106 deaths could be expected from the 46,000 tons of emissions from Volkswagen cars since 2008.

The agency announced that Volkswagen could face criminal charges and could also face civil penalties of up to USD 37,500 per vehicle for the affected US fleet, or potentially up to a total of more than USD 18 billion.

Aside from the nitrogen oxide emissions in diesel cars found to exceed legal standards, Volkswagen admitted in November 2015 that an estimated 800,000 cars, including petrol vehicles, have been detected to have irregular levels in carbon dioxide (CO<sub>2</sub>) emissions. A quarter of the affected vehicles are sold in Germany.

UPDATES:

28 Apr 2016: Volkswagen to create a new 'sustainability board' after diesel emissions scandal. (Responsible Investor)

In its annual general meeting, the company announced that it will create a 'sustainability board' to assist its current CEO Matthias Müller. The board, which will consist of 7-9 international expert members, will be a step to improve Volkswagen's risk management and internal compliance. It will also provide the management with advise on sustainability and climate protection issues.

21 Apr 2016: VW begins SEAT and Audi recall in Germany as Passat recall remains on hold. (IHS GLOBAL INSIGHT)

In Germany, Volkswagen has already begun recalling Audi and SEAT vehicle models fitted with the defeat device, while the VW Passat recalls are still on hold pending authorization from the country's Federal Motor Transport (KBA). The company has completed the recall of 8,500 Amarok pick-ups in the beginning of 2016. The recalls in Germany will be the template for Volkswagen's plans to fix the diesel emissions affair in the rest of Europe.

15 Feb 2016: Mexico: Profepa issues MXN 168mn fine against VW over emissions. (EL FINANCIERO)

Profepa, Mexico's environmental protection regulator, imposed an MXN 168.09 million (USD 8.89 million) penalty on Volkswagen Mexico over its sale of 45,494 vehicles without the noise and emissions certificates required by the local regulator.

15 Dec 2015: Environmental group sues VW for emission cheating. (ChinaDaily - BizChina)

China Biodiversity Conservation and Green Development Foundation, a Beijing-based NGO, announced that it filed a public-interest lawsuit against Volkswagen over the automaker's cheating on emissions tests and the resulting pollution from its vehicles. The lawsuit was filed at the No 2 Intermediate People's Court of Tianjin.

01 Dec 2015: Volkswagen group to recall 323,700 diesel cars in India. (BUSINESS WORLD, DIGEST)

Volkswagen Group India is set to recall 323,700 diesel cars from its Volkswagen, Skoda, and Audi brands. The cars have been found to cheat local pollution units following a government probe.

16 Nov 2015: Washington State Takes Enforcement Action Against Volkswagen. (TARGETED NEWS SERVICE)

The Washington Department of Ecology issued a formal notice to Volkswagen AG and its US subsidiaries informing the group of its violation of the Washington Clean Air Act. 46 other states are investigating the group which could result in further penalties.

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

16 Nov 2015: Procon multa Volkswagen em R\$ 8 mi por fraude em motores e pede recall [Procon fines Volkswagen BRL 8 million in vehicle fraud and orders recall] (Folha de Sao Paulo)

The Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) imposed a penalty amounting to BRL 50 million (USD 13 million) on Volkswagen over its vehicles' emissions.

04 Nov 2015: VW could face billions in car tax repayments over latest CO2 scandal ; Incorrect carbon emissions data could mean thousands of cars benefited from unduly low vehicle excise duty. (THE GUARDIAN)

Volkswagen admitted that apart from the diesel engine cars earlier found to cheat NOx emissions standards, approximately 800,000 cars, including petrol vehicles, have been found to have irregularities in CO2 emissions.

31 Oct 2015: Washington: VW Emissions Scandal May Cost 60 U.S. Lives, Study Claims. (US OFFICIAL NEWS)

An analysis carried out by researchers at the Massachusetts Institute of Technology (MIT) and Harvard University revealed that an estimated 60 individuals in the US could potentially die prematurely within 10 to 20 years due to emissions from affected Volkswagen vehicles. The analysis also contended that about 130 more premature deaths could be prevented if the company recalls all affected vehicles by the end of 2016. The company, however, opposed these claims, adding that it has not yet received any confirmed reports of health problems directly linked with its vehicles' emissions.

The study was published in the journal Environmental Research Letters on October 28, 2015.

29 Oct 2015: Spanish court to undertake preliminary investigation into VW Group diesel engine emissions. (IHS GLOBAL INSIGHT)

A court in Spain opened a preliminary probe into Volkswagen concerning the company's use of defeat devices in diesel engine vehicles. According to a report from Dow Jones Institutional News, the court case was filed by Manos Limpias, a Spanish civil servants' union involved in filing various corruption cases.

28 Oct 2015: VW faces emissions inquiry by Serious Fraud Office. (THE DAILY TELEGRAPH (LONDON))

The UK's Serious Fraud Office investigates Volkswagen in relation to the diesel emissions scandal. The Competition and Markets Authority is also planning to launch a probe into the company regarding the ongoing emissions issue.

09 Oct 2015: Chile decertifies 23 VW, Audi and Skoda models over emissions scandal. (AGENCE FRANCE PRESSE -- ENGLISH)

The Chilean Transport Ministry ordered to temporarily halt sales of 23 Volkswagen, Audi, and Skoda models until the issue has been corrected. Porsche Chile, the local concessionaire, announced that the defeat device is installed in approximately 1,600 vehicles in the country.

01 Oct 2015: Romania bans sale of new VW cars with rigged engines. (ASSOCIATED PRESS INTERNATIONAL)

The Romanian Automobile Register announced that an estimated 300 Volkswagen cars would be temporarily banned from registration and sale in the country.

30 Sep 2015: Swedish cars recalled in VW emissions scandal. (The Local (Sweden))

An estimated 225,000 Volkswagen cars in Sweden have been recalled following the company's admission of rigging emission tests.

29 Sep 2015: On the Environment: How Many Deaths Did Volkswagen's 's Deception Cause in the U.S.?. (The New York Times)

According to this New York Times article, an estimated 106 deaths could be expected from the 46,000 tons of emissions from Volkswagen cars since 2008. The projection was run by the Energy Policy Institute at the University of Chicago.

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

26 Sep 2015: Volkswagen emissions scandal: Switzerland bans sale of some models. (The Guardian)

Switzerland banned sales of an estimated 180,000 VW, Audi, Skoda and Seat diesel engine cars in the country following the Volkswagen emissions scandal. The ban was made by the Swiss Federal Roads Office, further adding that it affects only the unsold or yet to be registered vehicles.

23 Sep 2015: VW scandal caused nearly 1m tonnes of extra pollution, analysis shows. (The Guardian)

According to an article in the Guardian, the affected Volkswagen vehicles emitted an estimated 10,392 to 41,571 tons of nitrogen oxides annually in the US, but by regulation should have emitted only 1,039 tons. Figures for the 11 million vehicles globally came to 237,000 to 948,000 tons of nitrogen oxides annually.

20 Sep 2015: Volkswagen to investigate breach of U.S. environment rules. (Reuters)

The company launched its own external investigation regarding its breach of US EPA regulations.

20 Sep 2015: Volkswagen to Stop Sales of Diesel Cars Involved in Recall. (The New York Times)

In line with the ongoing investigation, the company announced that it will stop selling 2015 and 2016 Volkswagen and Audi models equipped with turbo diesel engines, as well as used cars fitted with the same engine.

18 Sep 2015: EPA Alleges Volkswagen Dodged Emissions Rules. (The Wall Street Journal)

The Environmental Protection Agency (EPA) accused the company of willfully circumventing current air pollution regulations by installing software that detects government emission tests in the vehicles it sold in the US since 2008. Volkswagen could be penalized USD 37,500 per vehicle, or approximately USD 18 billion for almost half a million vehicles affected. The EPA is investigating the issue along with the Department of Justice and the California Air Resources Board.

*Lawsuits Over Misleading Claims in Car Diesel Engine Emissions*

April 21, 2016 -- Volkswagen AG has been the subject of a regulatory inquiry over misleading claims on "clean diesel" engines. U.S. Environmental Protection Agency (EPA) through the U.S. Department of Justice (DOJ) accused the company of installing software that allegedly manipulates emission test results. In addition, the DoJ launched a criminal investigation of the company. The software was installed in approximately 480,000 diesel cars sold since 2008 in the United States and a total of approximately 11 million globally, according to the company.

The US government ordered the company to recall the vehicles to fix the issue, however the company has not yet developed a solution. Any fix is likely to negatively affect either the performance or the fuel efficiency of the cars. The company is expected to face numerous lawsuits by customers.

The "defeat device" as the software was known, could detect if emissions testing was taking place and would activate the vehicles' full emissions control systems. However, the same software turns off the controls when the cars are not being tested, resulting in nitrogen oxide emissions that are as much as 40 times more than permitted under the Clean Air Act. The EPA announced that the company could be penalized up to USD 37,500 per vehicle, or potentially up to a total of more than USD 18 billion.

Aside from the nitrogen oxide emissions in diesel cars found to exceed legal standards, Volkswagen admitted in November 2015 that an estimated 800,000 cars, including petrol vehicles, have been detected to have irregular levels in carbon dioxide emissions.

Investigations by the EPA, the Department of Justice, and the California Air Resources Board are currently ongoing. Volkswagen also hired a third party investigator to look into the allegations.

UPDATES:

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

21 Apr 2016: Volkswagen to buy back or repair nearly 600,000 vehicles in emissions scandal. (The Guardian)

Volkswagen has agreed to buy back approximately 600,000 cars affected in the US and Canada. It has also allocated USD 1 billion as compensation for car owners. Volkswagen and US officials were given until 21 June to submit the preliminary proposal details on this framework settlement.

21 Apr 2016: VOLKSWAGEN GROUP: Institutional Investors File Emissions Suit. (CLASS ACTION REPORTER)

A group of institutional investors filed an EUR 3.25 billion (USD 3.57 billion) lawsuit against Volkswagen, alleging that its involvement in the emissions controversy has decreased share prices by a third of its original value. The lawsuit, filed at a regional court in Braunschweig, Germany, was joined by several other investors from 14 countries.

29 Mar 2016: FTC Charges Volkswagen Deceived Consumers with Its "Clean Diesel" Campaign. (US Federal Trade Commission)

The FTC filed a complaint against Volkswagen and Porsche over its deception of American consumers. It is seeking a court order that would compensate buyers of affected VW vehicles between 2008 and 2015.

15 Mar 2016: Investors sue VW in Germany for more than 3 bn euros. (AGENCE FRANCE PRESSE -- ENGLISH)

In Brunswick, Germany, a group of 278 institutional investors have filed a EUR 3 billion (USD 3.3 billion) lawsuit against Volkswagen and Porsche over the emissions-cheating scandal.

22 Jan 2016: S. Korean watchdog probing Volkswagen over advertising. (Yonhap News Agency)

South Korea's Fair Trade Commission (FTC) launched a formal probe against Volkswagen AG for allegedly sending out misleading and false advertisements to consumers, claiming that its diesel vehicles have all passed EU and US Euro 5 standard emissions tests. The antitrust watchdog added that if found guilty, Volkswagen could be penalized with up to 2% of its sales.

08 Dec 2015: Over 3,000 Koreans join class-action suit against Volkswagen. (Yonhap News Agency)

An estimated 3,200 South Koreans have now joined the class action against Volkswagen, demanding to get a full refund and to have their purchases cancelled.

27 Nov 2015: South Korea Fines VW and Orders Recall Over Emissions Scandal. (THE NEW YORK TIMES)

South Korea's Environment Ministry ordered Volkswagen to recall 125,000 cars fitted with defeat devices and to pay USD 12.3 million in penalties.

16 Nov 2015: Procon multa Volkswagen em R\$ 8 mi por fraude em motores e pede recall [Procon fines Volkswagen BRL 8 million in vehicle fraud and orders recall] (Folha de Sao Paulo)

The Consumer Protection Agency (Procon) in Sao Paulo imposed a BRL 8.3 million (USD 2.2 million) penalty on Volkswagen Brasil over its use of defeat devices in 17,057 Amarok pick-ups. The company was also ordered to issue a recall of all affected vehicles.

11 Nov 2015: Over 1,500 Koreans join class-action suit against Volkswagen. (The Korea Herald)

In South Korea, a total of 1,536 customers joined a class action filed in Seoul against Volkswagen and Audi, one of its luxury brands. The lawsuit seeks to cancel the customers' purchase and claim for full refund.

08 Nov 2015: VOLKSWAGEN TO RECALL 100,000 CARS IN INDIA. (PAKISTAN AND GULF ECONOMIST)

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

Volkswagen in India is set to recall 100,000 diesel engine cars in the country affected by the emissions scandal.

04 Nov 2015: VW could face billions in car tax repayments over latest CO2 scandal ; Incorrect carbon emissions data could mean thousands of cars benefited from unduly low vehicle excise duty. (THE GUARDIAN)

Volkswagen admitted that apart from the diesel engine cars earlier found to cheat NOx emissions standards, approximately 800,000 cars, including petrol vehicles, have been found to have irregularities in CO2 emissions.

29 Oct 2015: Switzerland: 600 criminal complaints filed in VW scandal. (ASSOCIATED PRESS ONLINE)

In Switzerland, federal prosecutors have now received an estimated 600 criminal complaints in relation to the emissions scandal.

28 Oct 2015: Volkswagen To Recall 500K VW, Audi Cars in U.S. Over 'Dieselgate' Emissions Scandal After Allegations of Fraud. (US OFFICIAL NEWS)

In the US, Volkswagen announced that it will recall an estimated 500,000 affected diesel-powered cars and vehicles sold in the country.

22 Oct 2015: Volkswagen recall extends to 17,057 Brazil trucks. (AGENCE FRANCE PRESSE -- ENGLISH)

Volkswagen will extend its recall to include 17,057 Amarok trucks sold in Brazil and fitted with the software.

21 Oct 2015: UOKiK Starts Probe on VW Emission Scandal. (POLISH NEWS BULLETIN)

In Poland, the Office for Competition and Consumer Protection (UOKiK) announced that an investigation is underway to check whether Volkswagen violated consumer rights with the sale of approximately 140,000 tampered vehicles.

19 Oct 2015: VW to recall 12,000 diesel vehicles in Taiwan. (IHS GLOBAL INSIGHT)

Volkswagen in Taiwan announced that 12,000 diesel vehicles affected by the emissions scandal will be recalled.

16 Oct 2015: Volkswagen to Recall 8.5 Million Vehicles in Europe. (The New York Times)

The German government ordered Volkswagen to recall 2.4 million vehicles in the country, or 8.5 million diesel vehicles across Europe, beginning 2016.

13 Oct 2015: S. Koreans to sue Volkswagen in U.S. over emissions scam. (Yonhap News Agency)

Approximately 50 Passat vehicles owners are planning to file a lawsuit against Volkswagen in both the US and South Korea over the company's deceitful claims. Since the company's admission, the total number of individuals who filed lawsuits with the Seoul Central District Court against Volkswagen AG and Audi Volkswagen Korea reached 266.

12 Oct 2015: Volkswagen to Recall 1,950 Diesel Vehicles in China. (NEWS TONIGHT)

Volkswagen announced that 1,950 diesel vehicles will be recalled in China to correct the defeat device software installed in them.

08 Oct 2015: Australian customers join class action against Volkswagen over emissions scandal ; Claims stack up after VW admits more than 90,000 cars in Australia are fitted with devices designed to disguise the amount of emissions produced. (THE GUARDIAN)

03 Oct 2015: Race is on for suits against VW ; More than 200 consolidated cases could land in one Los Angeles courtroom.. (LOS ANGELES TIMES)

There are an estimated 230 federal class-action lawsuits filed against Volkswagen by deceived customers in various courts in the US. The number of complaints is expected to increase in the coming weeks.

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

02 Oct 2015: VW shareholder files first suit in Germany over stock plunge. (AGENCE FRANCE PRESSE -- ENGLISH)

In Germany, a Volkswagen shareholder filed a lawsuit against the company seeking damages amounting to EUR 20,000 (USD 23,000) over VW's stock losses following its scandal.

30 Sep 2015: Two S. Korean drivers sue Volkswagen over over emissions scam. (The Korea Herald)

Two South Korean Volkswagen car owners filed a lawsuit against the company and local dealers over its recent deceitful practice and urged the defendants to annul their contracts, to return their money in full, and to pay them for damages.

29 Sep 2015: Volkswagen to refit cars affected by emissions scandal. (Reuters)

Volkswagen announced that it will repair an estimated 11 million affected vehicles worldwide and will relay the details to consumers in the coming days.

24 Sep 2015: VW faces deluge of UK legal claims over emissions tests. (The Guardian)

Volkswagen is facing legal claims from a yet unspecified number of car owners and dealerships in the UK over the company's breach of contract and misrepresentations of the vehicles' value.

22 Sep 2015: VW Emissions Scandal Spreads. (The Wall Street Journal)

A lawsuit seeking class action status was filed in a federal court in California on allegations of Volkswagen's violation of consumer rights, fraudulent concealment, and false advertising by making customers pay premiums for clean-diesel engine cars that are now part of an ongoing EPA probe.

18 Sep 2015: VW Is Said to Cheat on Diesel Emissions; U.S. Orders Big Recall. (The New York Times)

The US EPA, the CARB, and the Department of Justice announced that an investigation on Volkswagen's alleged violation of federal emission laws is ongoing. The US government ordered the company to recall approximately 482,000 affected vehicles sold in the country since 2009.

*Volkswagen Recalls Passat and Jetta [Seat Issues]*

On November 17, 2014, it was reported that Volkswagen recalled 393 units of its new Passat and Jetta vehicles because in certain cases, the front seat-backs can relocate with minimal effort, potentially startling the driver and causing them to lose control of the vehicle.

*Audi Recalls 850,000 Cars To Fix Airbag Problem*

On October 23, 2014, it was reported that Audi recalled 850,000 of its A4 compact sedans to fix software that operates their airbags, which could result in the airbags not deploying during accidents. The recall covered vehicles made since early 2012, 150,000 of which are in Germany and the remainder in other countries.

*VW to recall more than a million cars in China, US [Rear Axle Failure]*

On October 18, 2014, it was reported that Volkswagen would recall more than a million cars in China and the United States (included certain Jetta sedan models and Beetle cars) due to a defect in the rear axles.

*China fines Audi, Chrysler on monopoly charges*

On September 12, 2014, it was reported that China announced it would fine Audi \$40.5 million and Chrysler \$5.2 million in a sweeping anti-monopoly probe of the auto industry that has prompted complaints foreign businesses were being treated unfairly.

*Audi recalls 70,000 cars due to potential problems with braking system*

On September 1, 2014, it was reported that Audi AG, a subsidiary of Volkswagen AG recalled 70,000 cars worldwide because of potential problems with braking systems. The recalled models included A4, the A5, the A5 Cabrio, the A6, the A7 and also the Q5 crossover models built between March and December 2012.

*CCI fines 14 car firms '2,554 crore*

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

On August 29, 2014, it was reported that Maruti Suzuki India Ltd and 13 other auto firms were fined '2,554 crore (\$420 million) by the antitrust regulator for failing to sell spare parts in the open market, violating competition law. The other firms on which penalties have been imposed included Mahindra and Mahindra Ltd, Tata Motors Ltd, Toyota Motor Co., Honda Motor Co., Volkswagen, Fiat, Ford Motor India Pvt. Ltd, General Motors, Nissan, Hindustan Motors, Mercedes and Skoda.

*Volkswagen Recalls Tiguan SUVs, Routan Minivans*

On August 9, 2014, it was disclosed that Volkswagen Group of America, Inc., a unit of Volkswagen AG was recalling 151,389 Tiguan sport utility vehicles due to the possibility of stalling.

*VW expands Chrysler-built minivan recall over ignition switches*

On August 8, 2014, it was reported VW was recalling about 20,400 Routan minivans from model year 2009 in the U.S. Canada that have ignition switches that can be knocked into the accessory position and shut off the engine.

*-Volkswagen issues stop-sale order and recall for 2015 GTI and Golf*

On July 11, 2014, it was reported that Volkswagen issued a stop-sale order and recall of its 2015 GTI and Golf models to fix a steering problem related to the potential loosening of the front stabilizer line fasteners.

*Volkswagen recalls 26,452 units of Passat, Jetta and Beetle*

On April 25, 2014, it was reported that Volkswagen would recall 26,452 units of its premium sedans, Passat, Jetta and Beetle hatchback globally because of an oil cooler defect.

*VW Japan to recall more than 36,000 vehicles over potential fuel leaks*

On April 21, 2014, it was reported that Volkswagen was recalling 36,706 vehicles in Japan over potential fuel leaks.

*Volkswagen to recall 26,452 cars in the US over potential fire hazard*

On April 19, 2014, it was reported that Volkswagen AG was recalling 26,452 cars in the US over potential risk of the transmissions oil cooler leak that can lead to a fire.

*VW recalls 160,351 Passat sedans in U.S., Canada for light issue*

On March 17, 2014, it was reported that Volkswagen AG was recalling about 160,351 Passat sedans in the United States and Canada because a low-beam headlight could become inoperable.

*Anti-union Workers Sue Volkswagen, Uaw Over Tennessee Plant*

On March 13, 2014, it was reported that three anti-union Volkswagen workers had sued the German automaker and the United Auto Workers in U.S. court, alleging that they improperly colluded in the run-up to a union election in Tennessee that the UAW lost.

*VW recalls almost 600,000 Caddy vans on tailgate malfunction*

On February 26, 2014, Volkswagen said it was recalling 589,000 Caddy small delivery vans globally to fix a condition that may cause an open tailgate to snap shut.

*Volkswagen, Audi recall over 21,000 vehicles in Japan*

On January 17, 2014, it was reported that Japan units of German automakers Volkswagen AG and Audi AG would recall a total of 21,533 units of vehicles imported from Germany due to possible engine trouble.

*GM, VW recall defective cars in South Korea*

On December 6, 2013, it was reported that Volkswagen Korea would recall a total of 3,571 Tiguan 2.0 TDI and Tiguan 2.0 TSI vehicles manufactured between April 2008 and May 2011 for defective headlights, fog lamps, and turn signal lamps caused by problems in fuse wiring.

*-Volkswagen recalls Amarok*

On November 15, 2013, it was reported that Volkswagen was recalling 239,000 Amarok pickups because they were at risk of developing fuel line leaks.

*Volkswagen Recalls Whopping 2.6M Cars Worldwide, Biggest from China*

On November 14, 2013, it was reported that Volkswagen was set to recall 2.64 million cars worldwide to fix a number of problems that with a number of different

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

models. The problems varied from leaky fuel pipes, faulty lighting and incorrect gear oil.

*-Volkswagen recalls Tiguan in China*

On November 13, 2013, it was reported that Volkswagen AG was recalling more than 200,000 Tiguan sport-utility-vehicles sold in China because of defective fuses for car lights. The recalled vehicles include 18,008 imported and 189,770 locally manufactured models, mostly produced or imported between May 2009 and November 2011.

*-Audi recalls A8 and S8 models in US*

On October 30, 2013, it was reported that Audi AG, a subsidiary of Volkswagen AG, was recalling 1,120 units of the A8 and S8 models in the U.S. The recall was for a sunroof fault. Due to a production process issue, the standard sunroof installed in the vehicles may shatter if the vehicle experiences a major jolt or bump, such as slamming the door or hitting a large porthole.

*Bentley, Lamborghini recall cars for brake problem*

On October 30, 2013, it was reported that Volkswagen AG subsidiaries Bentley and Lamborghini were recalling about 730 cars in the U.S. for an issue related to the vehicles' carbon ceramic brake rotors. Stainless steel screws that hold on the brake rotors can break and fall out, especially when exposed to salty conditions. If a few of the screws fall out, the brakes could begin making a noise, but there would be no real degradation in brake performance.

*Audi recalls 2013-2014 S6 and S7 models over fuel line leak*

On October 28, 2013, it was reported that Volkswagen had recalled 2013-2014 Audi S6 and S7 models over fuel line leaks. The problem involved a potential leak in the fuel line, which may result in a fire. The recall involved 3,594 vehicles in the U.S.

*VW to recall 200 Bentley, Lamborghini vehicles in China*

On October 16, 2013, it was reported that Volkswagen would recall 113 Bentley and 104 Lamborghini cars in China due to issues with the ceramic brake systems affecting certain stainless steel bolts.

*Audi recalls nearly 800 vehicles in South Korea over fire risk*

On October 14, 2013, it was reported that Volkswagen Group's Audi was recalling 779 passenger vehicles sold in South Korea over potential fire risk. Subject to the recall are the A6 2.4Q, A6 2.7Q, A6 3.0Q, and the Quattro 2.7T produced between 20 July 2001 and 1 March 2005, according to the South Korean Ministry of Land, Infrastructure and Transport. The ministry said a fire could break out in the vehicles owing to fuel leakage caused by a defective part connecting the rollover valve to the vapor vent line. Audi will provide free repairs for the recalled vehicles.

*FAW-VW to recall 272 imported autos*

On September 28, 2013 it was reported that FAW-Volkswagen Automotive Company Limited, a joint venture between FAW Car Co Ltd and Volkswagen AG, planned to recall some imported Audi S6 and S7 models with V8 engines due to problems with their fuel oil pressure pipes. The recall would affect 272 autos produced between August 2012 and August 2013.

*Volkswagen recalls Audi vehicles in China*

On September 26, 2013, it was reported that Volkswagen would recall 272 vehicles imported to the Chinese mainland due to defective fuel pressure lines.

*Spanish competition regulators to investigate automaker price fixing*

On September 5, 2013, the Spanish competition regulator CNC announced that it is planning to investigate some automakers for price fixing in the country. The investigation - which is said to include the Volkswagen (VW) Group, Renault, Peugeot, Toyota, General Motors (GM) and Ford - will examine evidence that the automakers and local affiliates shared market-sensitive information to set prices and service contracts.

*-Volkswagen recalls 1,930 vehicles in South Korea*

On June 24, 2013, it was reported that Volkswagen AG was recalling 1,930 units of three models of its Golf subcompact and Jetta sedan because of electrical flaws in their gear transmission system.

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

*Volkswagen's faulty-gearbox recall in Australia increases to 34,000 vehicles*

On June 18, 2013, it was reported that Volkswagen group's recall in Australia over faulty gearboxes has gone up to 34,000 vehicles.

*Volkswagen recalls 26,000 cars in Australia*

On June 12, 2013, it was reported that Volkswagen recalled nearly 26,000 vehicles in Australia due to a gearbox problem that could cause cars to lose power on the road.

*Total recall as Volkswagen gears up for \$170m in repair costs*

On June 12, 2013, it was reported that Volkswagen Australia's safety recall had extended to its sister brands Skoda and Audi as the German car company faces an estimated \$170 million in repair costs. Almost 34,000 cars, including the Polo, Golf, Jetta, Passat, Caddy, Audi A1 and A3, Octavia and Superb models, are affected by the recall to repair a problem with Volkswagen's direct-shift gearbox.

*Australia Investigating Volkswagen Safety After Driver Death*

On May 31, 2013, it was reported that the Australian government was investigating reports of power loss problems in cars manufactured by Volkswagen AG, amid an inquiry into the death of a woman killed when her Volkswagen Golf was hit by a truck in 2011.

*-Volkswagen recalls Up!, Skoda Citigo and the Seat Mii*

On May 15, 2013, it was reported that Volkswagen AG was recalling a certain number of Up!, Skoda Citigo and the Seat Mii vehicles because of problem with the airbag control unit.

*Volkswagen Recalls 91,000 Cars In Japan*

On May 9, 2013, it was reported that Volkswagen was recalling about 91,000 cars in Japan, citing potential gearbox problems that have already caused a recall in China.

*Volkswagen to recall 6,000 cars to fix gearbox flaw*

On April 29, 2013, it was reported that Volkswagen was recalling more than 6,000 cars in Singapore - representing 35 per cent of the Volkswagen population here - to fix a gearbox problem that may lead to power loss.

*Volkswagen Transporter Van Recall*

On March 21, 2013, the Australian Competition & Consumer Commission reported that recalled Volkswagen Transporter Vans had cooling fans that could continue to run even when the ignition is switched-off.

*Volkswagen recalls 384,181 cars in China*

On March 20, 2013, it was reported that Volkswagen AG recalled 384,181 cars in China to fix a long-standing gearbox problem.

*South Korean anti-trust authority launches probe into four major car importers*

On February 18, 2013, the South Korean Fair Trade Commission (FTC) sent officials to investigate the country's four major car importers over alleged unfair business practices. The anti-trust authority's investigations will look into suspicions that the local distributors of foreign cars gave special favors to their financial arms and that there were price differences between sedans and auto parts sold in South Korea and those sold in other countries. The big-four Korean imported brands are Mercedes-Benz Korea, BMW Group Korea, Audi Korea, and Toyota Motor Korea.

*Audi, Mercedes fined for octroi duty evasion*

On April 18, 2012, it was reported that Audi India, the subsidiary of Volkswagen AG, and Mercedes-Benz India, a subsidiary of Daimler AG, were penalized by the Nagpur Municipal Corporation for evasion of Octroi duty. Mercedes paid a penalty of Rs 5.59 million for evasion of octroi on 11 cars and Audi paid a penalty of Rs 15.5 million for evasion of Octroi on 23 cars.

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update:  
Last Rating Change:

Jun 22, 2016  
Sep 28, 2015

Governance - Board KeyMetrics	Flag	Impact
Other High Impact Governance Events		14.5 %
Independent Chair		1.5 %
Independent Lead Director		1.5 %
Related Party Transactions		14.5 %
Audit Committee Independence		2.9 %
Audit Committee Industry Expert		1.5 %
Comp Committee Independence		2.9 %
No Comp Committee and Execs on Board		7.3 %
Oversized Board		7.3 %
Risk Management Expertise		2.9 %

## Company Peers

Company	Ticker	Country	1 year TSR	Total Directors	Board Rank
Toyota Motor Corp (ADR)	NYSE:TM	JPN	-24.00	12	1
Daimler AG	ETR:DAI	DEU	-24.55	20	10
Bayerische Motoren Werke AG	ETR:BMW	DEU	-29.77	20	6
Honda Motor Co Ltd (ADR)	NYSE:HMC	JPN	-18.53	15	48
Nissan Motor Co Ltd	TYO:7201	JPN	-11.11	9	83
Continental AG	ETR:CON	DEU	-10.84	20	32
Volkswagen AG	ETR:VOW3	DEU	-52.64	20	3
Fuji Heavy Industries Ltd	TYO:7270	JPN	1.73	8	91
Renault SA	EPA:RNO	FRA	1.89	19	14
TOYOTA INDUSTRIES CORPORATION	TYO:6201	JPN	-25.31	11	6
Suzuki Motor Corp	TYO:7269	JPN	-16.45	9	8
Isuzu Motors Ltd	TYO:7202	JPN	-23.35	10	37
Mazda Motor Corp	TYO:7261	JPN	-28.26	8	78
Jardine Cycle & Carriage Ltd	SIN:C07	SGP	3.30	14	9
EXOR SpA	BIT:EXO	ITA	-27.64	15	52
Fiat Chrysler Automobiles NV	BIT:FCA	NLD	-28.72	11	20
Porsche Automobil Holding SE	ETR:PAH3	DEU	-48.47	12	1
mitsubishi MOTORS CORPORATION	TYO:7211	JPN	-19.95	14	2

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

## About the Board

Chairman of the Board	Hans Dieter Pötsch
Chief Executive Officer	Matthias Müller
Full Board Meetings Held Last Year	8
Classified Board Elections?	Yes
Director Election Standard?	Majority
Independent Audit Committee?	No
Independent Comp Committee?	No
Independent Nominating Committee?	n/a
Board Has Outside Majority?	Yes
Total Directors	20
Inside Directors	0
Outside Directors	15
Outside Related Directors	5
Designated Directors	26
Directors Over 70	2
Directors With Over 15yrs Tenure	0
Overboarded Executive Directors	0
Overboarded Non-Executive Directors	0
Female Directors	3
Directors Who Are CEOs of a Rated Company	2
Directors Who Failed Min Attendance	0
Directors Who Hold Minimal Shares in the Company	20
Flagged Directors	0

## Board of Directors

Name	Age	Tenure	Boards	Status	Independence	Shares Held	Votes Against %	Proxy Votes Year
Akbar Abbas Al Baker	55	1	1	Active	Outside	0	0.00%	
Annika Katarina Bolin Falkengren 	54	5	3	Active	Outside	0	0.00%	
Babette Fröhlich	50	8	2	Active	Outside	0	0.00%	
Bernd Osterloh	59	11	1	Active	Outside	0	0.00%	
Dr. Ferdinand Oliver Porsche Jr.	55	6	2	Active	Outside Related	0	0.00%	
Dr. Hans Dieter Pötsch   	65	0	2	Active	Outside Related	0	0.00%	
Dr. Hans Michel Piëch	74	6	1	Active	Outside Related	0	0.00%	
Dr. Hans-Peter Fischer	57	3	1	Active	Outside	0	0.00%	
Dr. Hussain Ali Al-Abdulla	59	6	2	Active	Outside	0	1.00%	
Dr. Louise Kiesling PhD	58	1	1	Active	Outside Related	0		
Dr. Wolfgang Porsche	73	8	2	Active	Outside Related	0	0.00%	
Johan Järvklo	42	0	1	Active	Outside	0		
Jörg Hofmann	60	0	1	Active	Outside	0		
Olaf Lies	49	3	1	Active	Outside	0	0.00%	

Board

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

Name	Age	Tenure	Boards	Status	Independence	Shares Held	Votes Against %	Proxy Votes Year
Peter Mosch	44	10	2	Active	Outside	0	0.00%	
Stephan Weil	57	3	1	Active	Outside	0	0.00%	
Stephan Wolf	50	3	1	Active	Outside	0	0.00%	
Thomas Zwiebler	51	6	1	Active	Outside	0	0.00%	
Uwe Fritsch	59	4	1	Active	Outside	0	0.00%	
Uwe Hück	54	0	2	Active	Outside	0		

✘ = Flagged Director 1x  
 ✘ = Flagged Director 2x  
 ☐ = Is a CEO  
 \$ = Financial Expert  
 I = Industry Expert  
 R = Risk Management Expert  
CEO = Executive Officer  
 COB = Chairman of the Board  
 LD = Lead Director  
 CFO = Chief Financial Officer  
 X= Member   C = Chairman   A = Alternative Member   N = Non-Voting Member   E = Emeritus

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

Governance - Pay KeyMetrics	Flag	Impact
Advance Disclosure of Performance Targets		2.9 %
CEO Equity Policy		1.5 %
Director Equity Policy		1.5 %
Clawbacks		2.9 %

## Company Peers

Company	Ticker	Country	1 year TSR	Total Summary Pay	Pay Rank
Toyota Motor Corp (ADR)	NYSE:TM	JPN	-24.00		85
Daimler AG	ETR:DAI	DEU	-24.55	152,800	49
Bayerische Motoren Werke AG	ETR:BMW	DEU	-29.77		94
Honda Motor Co Ltd (ADR)	NYSE:HMC	JPN	-18.53	102,000,000	85
Nissan Motor Co Ltd	TYO:7201	JPN	-11.11	1,035,000,000	85
Continental AG	ETR:CON	DEU	-10.84	73,000	94
Volkswagen AG	ETR:VOW3	DEU	-52.64		95
Fuji Heavy Industries Ltd	TYO:7270	JPN	1.73	118,000,000	8
Renault SA	EPA:RNO	FRA	1.89	54,107	40
TOYOTA INDUSTRIES CORPORATION	TYO:6201	JPN	-25.31	104,000,000	85
Suzuki Motor Corp	TYO:7269	JPN	-16.45	129,000,000	84
Isuzu Motors Ltd	TYO:7202	JPN	-23.35		84
Mazda Motor Corp	TYO:7261	JPN	-28.26		84
Jardine Cycle & Carriage Ltd	SIN:C07	SGP	3.30	2,479,000	77
EXOR SpA	BIT:EXO	ITA	-27.64		32
Fiat Chrysler Automobiles NV	BIT:FCA	NLD	-28.72	1,685,863	14
Porsche Automobil Holding SE	ETR:PAH3	DEU	-48.47		50
MITSUBISHI MOTORS CORPORATION	TYO:7211	JPN	-19.95		85

## CEO – Matthias Müller

Chairman of the Board of Management of Volkswagen AG, Member of the Board of Management of Volkswagen AG, with responsibility for 'Group Research and Development', with responsibility for 'Group Production', with responsibility for 'Sales and Marketing', with responsibility for 'Human Resources and Organization', Chairman of the Supervisory Board of AUDI AG

Matthias Müller was born in Chemnitz (Saxony) on June 9, 1953.

Müller completed his high school education in Ingolstadt followed by an apprenticeship as a toolmaker with AUDI AG. After his apprenticeship, he studied computer science at Munich University of Applied Sciences.

After obtaining his master's degree (Diplom-Informatiker), Müller resumed his career with AUDI AG in 1978. In 1984, Müller became Head of the Systems Analysis Division.

He completed practical training at the Japanese Ministry for International Trade and Industry (MITI) in Tokyo in 1992.

In 1993, Müller was appointed Head of Project Management A3 at AUDI AG. He became Head of Product Management of AUDI AG, Seat and Lamborghini in 1995. From 2007, Müller was Head of Product Management of the Volkswagen Group and the VW brand as well as General Representative of the Volkswagen Group. From 2010 until September 30, 2015, Matthias Müller was Chairman of the Executive Board of Dr. Ing. h.c. F. Porsche AG.

In his function as Chairman of the Executive Board of Dr. Ing. h.c. F. Porsche AG, Matthias Müller was appointed Member of the Board of Management of Volkswagen Aktiengesellschaft with effect from March 1, 2015. Matthias Müller was appointed Chairman of the Board of Management of Volkswagen Aktiengesellschaft by the Supervisory Board of the Volkswagen Aktiengesellschaft with effect from September 25, 2015.

## Executive Pay

Name	Title	Reporting Period	Total Summary Pay
Andreas Hermann Renschler	Executive	2015	EUR 14,914,904
Martin Winterkorn	Executive	2015	EUR 7,313,030
Herbert Diess	Executive	2015	EUR 7,127,134
Christian Klingler	Executive	2015	EUR 5,757,059

Pay

Industry: Auto / Truck Manufacturers Country Inc: Germany Last Data Update: Jun 22, 2016  
Market Cap: EUR 27,971.8mm (Large Cap) Home Market: Germany Last Rating Change: Sep 28, 2015

Name	Title	Reporting Period	Total Summary Pay
Francisco Javier Sanz	Executive	2015	EUR 4,362,195
Horst Neumann	Executive	2015	EUR 4,158,354
Rupert Stadler	Executive	2015	EUR 4,097,981
Jochem Heizmann	Executive	2015	EUR 3,450,700
Leif Ostling	Executive	2015	EUR 965,076
Frank Witter	CFO	2015	EUR 904,806

✘ = Flagged Director 1x ✘ = Flagged Director 2x ☐ = Is a CEO \$ = Financial Expert I = Industry Expert R = Risk Management Expert  
CEO = Executive Officer COB = Chairman of the Board LD = Lead Director CFO = Chief Financial Officer  
 X = Member C = Chairman A = Alternative Member N = Non-Voting Member E = Emeritus

Ownership & Control

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

Governance - Ownership & Control KeyMetrics	Flag	Impact
Controlling Shareholder	YES	
Multiple Equity Classes with Different Voting Rights		7.3 %
Annual Director Elections		1.5 %
Shareholder Action by Written Consent		1.5 %
Say on Pay Policy		1.5 %
Cumulative Voting		1.5 %

Company Peers

Company	Ticker	Country	1 year TSR	Controlling Shareholder	O&C Rank
Toyota Motor Corp (ADR)	NYSE:TM	JPN	-24.00		26
Daimler AG	ETR:DAI	DEU	-24.55		17
Bayerische Motoren Werke AG	ETR:BMW	DEU	-29.77	Yes	90
Honda Motor Co Ltd (ADR)	NYSE:HMC	JPN	-18.53		68
Nissan Motor Co Ltd	TYO:7201	JPN	-11.11		45
Continental AG	ETR:CON	DEU	-10.84		90
Volkswagen AG	ETR:VOW3	DEU	-52.64	Yes	17
Fuji Heavy Industries Ltd	TYO:7270	JPN	1.73		44
Renault SA	EPA:RNO	FRA	1.89		19
TOYOTA INDUSTRIES CORPORATION	TYO:6201	JPN	-25.31		45
Suzuki Motor Corp	TYO:7269	JPN	-16.45		44
Isuzu Motors Ltd	TYO:7202	JPN	-23.35		14
Mazda Motor Corp	TYO:7261	JPN	-28.26		44
Jardine Cycle & Carriage Ltd	SIN:C07	SGP	3.30	Yes	73
EXOR SpA	BIT:EXO	ITA	-27.64	Yes	65
Fiat Chrysler Automobiles NV	BIT:FCA	NLD	-28.72		90
Porsche Automobil Holding SE	ETR:PAH3	DEU	-48.47	Yes	1
mitsubishi MOTORS CORPORATION	TYO:7211	JPN	-19.95		100

Ownership Information

Ownership Category	Controlling Shareholder
Top Shareholders	Porsche Automobil Holding SE (Owned by Porsche and Piëch families) - 52.2% German State of Lower Saxony - 20.0% Qatar Holding LLC - 17.0%
Majority Shareholder Control (%)	52.20%
Insider Holdings (%)	
5% Holdings (%)	89.20%
Total Insider and 5% Holdings (%)	89.20%
Potential Dilution	
Current Run Rate	

Equity Insiders - Current Officer and Director Shareholdings

Name	Age	Tenure	Status	Independence	Shares Held	Shares Reported
Bernd Osterloh	59	11	Active	Outside	0	
Peter Mosch	44	10	Active	Outside	0	
Babette Fröhlich	50	8	Active	Outside	0	
Dr. Wolfgang Porsche	73	8	Active	Outside Related	0	
Dr. Ferdinand Oliver Porsche Jr.	55	6	Active	Outside Related	0	
Dr. Hans Michel Piëch	74	6	Active	Outside Related	0	
Dr. Hussain Ali Al-Abdulla	59	6	Active	Outside	0	
Thomas Zwiebler	51	6	Active	Outside	0	

Ownership & Control

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

Name	Age	Tenure	Status	Independence	Shares Held	Shares Reported
Annika Katarina Bolin Falkengren 	54	5	Active	Outside	0	
Uwe Fritsch	59	4	Active	Outside	0	
Dr. Hans-Peter Fischer	57	3	Active	Outside	0	
Olaf Lies	49	3	Active	Outside	0	
Stephan Weil	57	3	Active	Outside	0	
Stephan Wolf	50	3	Active	Outside	0	
Akbar Abbas Al Baker	55	1	Active	Outside	0	
Dr. Louise Kiesling PhD	58	1	Active	Outside Related	0	
Dr. Hans Dieter Pötsch   	65	0	Active	Outside Related	0	0
Johan Järvklo	42	0	Active	Outside	0	
Jörg Hofmann	60	0	Active	Outside	0	
Uwe Hück	54	0	Active	Outside	0	

Takeover Defenses

Multiple Share Classes?	Yes
Multiple Share Class Description	The subscribed capital of Volkswagen AG is composed of no-par value bearer shares with a notional value of €2.56. (2015 AR, P.253)
Has Poison Pill?	No
Classified Board Elections?	Yes
Strong Classified Board Defense?	No
Director Removal For Cause Only?	No
Vote Required to Remove For Cause (%)	75%
Vote Required to Remove Without Cause (%)	75%
Can Shareholders Fill Board Vacancies?	Yes
Confidential Voting	Yes
Cumulative Voting?	No
Vote Required to Call EGM (%)	5%
Vote Required to Act by Written Consent (%)	100%
Vote Required for Merger or Other Transaction (%)	75%
Vote Required to Amend the Charter (%)	75%
Fair Price Provision?	Yes
Stakeholder Constituency Provision?	No
Advance Notice Requirement?	Yes

 = Flagged Director 1x  = Flagged Director 2x  = Is a CEO  = Financial Expert  = Industry Expert  = Risk Management Expert  
 = Executive Officer  = Chairman of the Board  = Lead Director  = Chief Financial Officer  
X = Member C = Chairman A = Alternative Member N = Non-Voting Member E = Emeritus

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

Governance - Accounting KeyMetrics	Flag	Impact
Revenue Recognition		8 %
Asset-Liability Valuation		6.5 %
Restatements or Special Charges		7.3 %

## Company Peers

Company	Ticker	Country	1 year TSR	Audit Fees	Accounting Rank
Toyota Motor Corp (ADR)	NYSE:TM	JPN	-24.00	4,208,000,000	9
Daimler AG	ETR:DAI	DEU	-24.55	10,000,000	18
Bayerische Motoren Werke AG	ETR:BMW	DEU	-29.77	15,000,000	11
Honda Motor Co Ltd (ADR)	NYSE:HMC	JPN	-18.53	4,180,000,000	14
Nissan Motor Co Ltd	TYO:7201	JPN	-11.11	896,000,000	8
Continental AG	ETR:CON	DEU	-10.84	3,300,000	5
Volkswagen AG	ETR:VOW3	DEU	-52.64	15,000,000	1
Fuji Heavy Industries Ltd	TYO:7270	JPN	1.73	208,000,000	81
Renault SA	EPA:RNO	FRA	1.89	5,930,000	49
TOYOTA INDUSTRIES CORPORATION	TYO:6201	JPN	-25.31	157,000,000	21
Suzuki Motor Corp	TYO:7269	JPN	-16.45	88,000,000	71
Isuzu Motors Ltd	TYO:7202	JPN	-23.35	253,000,000	56
Mazda Motor Corp	TYO:7261	JPN	-28.26	301,000,000	71
Jardine Cycle & Carriage Ltd	SIN:C07	SGP	3.30	5,800,000	33
EXOR SpA	BIT:EXO	ITA	-27.64	53,000	69
Fiat Chrysler Automobiles NV	BIT:FCA	NLD	-28.72	22,107,000	57
Porsche Automobil Holding SE	ETR:PAH3	DEU	-48.47	335,000	2
mitsubishi MOTORS CORPORATION	TYO:7211	JPN	-19.95	316,000,000	18

## Audit Committee

Name	Age	Board Tenure	Committee Status	Independence
<b>Audit Committee (met 6 time(s) last year)</b>				
Name	Age	Board Tenure	Committee Status	Independence
Annika Katarina Bolin Falkengren	54	5	X	Outside
Babette Fröhlich	50	8	X	Outside
Peter Mosch	44	10	X	Outside
Dr. Ferdinand Oliver Porsche Jr.	55	6	C	Outside Related

## Auditor: PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

	Payment Amount
<b>Audit Fees</b>	15,000,000
<b>Audit Related Fees</b>	6,000,000
<b>Audit Tax Fees</b>	0
<b>Other Audit Fees</b>	6,000,000
<b>Total Fees</b>	<b>\$ 27,000,000</b>
<b>Auditor Start Date/Tenure</b>	n/a
<b>Previous Auditor</b>	n/a

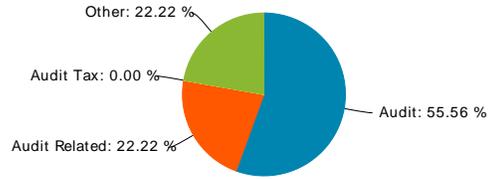
## Auditor Fees

Governance - Accounting

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015



✘ = Flagged Director 1x  
 ✘ = Flagged Director 2x  
 ■ = Is a CEO  
 \$ = Financial Expert  
 ■ = Industry Expert  
 ■ = Risk Management Expert  
CEO = Executive Officer  
COB = Chairman of the Board  
LD = Lead Director  
CFO = Chief Financial Officer  
 X = Member   C = Chairman   A = Alternative Member   N = Non-Voting Member   E = Emeritus

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

## Director Votes

Proxy Year	Name	Age	Tenure	Status	Votes For	Votes Against
	Akbar Abbas Al Baker	55	1	Active	99%	0%
	Annika Katarina Bolin Falkengren	54	5	Active	99%	0%
	Babette Fröhlich	50	8	Active	99%	0%
	Bernd Osterloh	59	11	Active	99%	0%
	Dr. Ferdinand Oliver Porsche Jr.	55	6	Active	99%	0%
	Dr. Hans Dieter Pötsch	65	0	Active	99%	0%
	Dr. Hans Michel Piëch	74	6	Active	99%	0%
	Dr. Hans-Peter Fischer	57	3	Active	99%	0%
	Dr. Hussain Ali Al-Abdulla	59	6	Active	98%	1%
	Dr. Wolfgang Porsche	73	8	Active	99%	0%
	Olaf Lies	49	3	Active	99%	0%
	Peter Mosch	44	10	Active	99%	0%
	Stephan Weil	57	3	Active	99%	0%
	Stephan Wolf	50	3	Active	99%	0%
	Thomas Zwiebler	51	6	Active	99%	0%
	Uwe Fritsch	59	4	Active	99%	0%
	Ahmad Al-Sayed	39		Retired	99%	0%
	Berthold Huber	66		Retired	99%	0%
	Dr. TECHN. H.C. DIPL.-ING. Ferdinand Piech	79		Retired	99%	0%
	Hartmut Meine	64		Retired	99%	0%
	Juergen Dorn	47		Retired	99%	0%
	Ursula M. Piëch	60		Retired	99%	0%

## Shareholder/Management Proposals

Proxy Year	Proposal Type	Proposal	Proponent	Votes For	Votes Against
2015	Management	Auditor Ratification		n/a	n/a

= Flagged Director 1x = Flagged Director 2x = Is a CEO = Financial Expert = Industry Expert = Risk Management Expert  
 = Executive Officer = Chairman of the Board = Lead Director = Chief Financial Officer  
 X = Member C = Chairman A = Alternative Member N = Non-Voting Member E = Emeritus

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

## Germany



### Currency : Euro (EUR)

Most German companies have dual boards with the Supervisory Board elected by shareholders and the Management Board overseen and appointed by the Supervisory Board. This means shareholders do not have a direct influence on the membership of the Management Board. Most German companies are formed as Aktiengesellschaft (AG), although others are now Societas Europaea (or SE), which is an incorporation under the European Union.

All AG companies have a dual board and, if the company has more than 2,000 employees, at least half of the board must be employee representatives under the Co-Determination Act (if between 500 and 2,000 employees, the proportion is one-third). SE companies do not have a requirement to have employee representatives (but must negotiate any participation between shareholders and employees before taking up SE status) and can choose a dual board structure or a unitary board of executive and non-executive directors. Members of the supervisory board are subject to majority voting and can be removed without cause. However, boards are not usually subject to annual elections and the employee representatives on the Supervisory Board are not subject to shareholder votes. Germany has a Corporate Governance Code (the Code), which is subject to a "comply or explain" requirement. Under the Code, the supervisory board should have an "appropriate" number of independent directors and must set concrete goals on what number of independent directors it considers to be "appropriate".

Shareholders appoint auditors and also vote on a discharge of the Supervisory Board and Management Board from liabilities. The Code provides for an Audit Committee of the Supervisory Board to oversee the audit process, the auditor's independence, the auditor's fees and the system of internal controls.

Takeovers and mergers are not common in Germany due to several barriers, including the dual board structure, a 75% supermajority to approve a merger and a 75% supermajority vote to amend the articles of association. A squeeze out of minority holders can only be commenced if a 95% threshold is reached. However, German companies cannot have differential voting rights, entrenching the one share, one vote principle. Shareholders can call a special meeting on requisition of 5% of shareholders.

Shareholders in German companies have a non-binding "Say on Pay" vote. The Supervisory Board approves the compensation of all members of the Management Board. The Code provides that compensation should be focused on sustainable growth of the company and must not encourage unreasonable risks. Severance payments should be restricted to no more than two years' compensation and one and a half years' worth upon a change in control.

## Hans Dieter Pötsch

Age: 65

Gender: Male

Current Directorships: 2

Is Active CEO?: Yes

Total Director Pay: \$3,159,850.08

### Education:

Study of Industrial Engineering,

Technical University of Darmstadt

### Professional activity:

Chairman of the Supervisory Board of Management of

Volkswagen Aktiengesellschaft

Chairman of the Board of Management and CFO of

Porsche Automobil Holding SE

Membership of statutory supervisory boards in Germany:

Audi AG, Ingolstadt

Autostadt GmbH, Wolfsburg (Chairman)

Bertelsmann SE & Co. KGaA and Bertelsmann Management SE,

Gütersloh

Dr. Ing. h.c. F. Porsche AG, Stuttgart

Appointments in Germany and abroad that are comparable

with membership of a statutory supervisory board:

Porsche Austria Gesellschaft m.b.H., Salzburg, Austria

(Chairman)

Porsche Holding Gesellschaft m.b.H., Salzburg, Austria

(Chairman)

Porsche Retail GmbH, Salzburg, Austria (Chairman)

VfL Wolfsburg-Fußball GmbH, Wolfsburg, Germany

(Deputy Chairman)

Volkswagen Truck & Bus GmbH, Braunschweig, Germany

Relationships with executive bodies of Volkswagen

Aktiengesellschaft:

-

Relationships with shareholders with a significant

interest in Volkswagen Aktiengesellschaft:

Chairman of the Board of Management and CFO of

Porsche Automobil Holding SE

Relationships with the Volkswagen Group:

-

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Bertelsmann AG (FRA : BTGG)	Director	Active	05/30/2011	Present	5	Outside	n/a	n/a	0	n/a
Porsche Automobil Holding SE (ETR : PAH3)	CEO	Active	11/01/2015	Present	n/a	Inside	n/a	n/a	n/a	n/a
Porsche Automobil Holding SE (ETR : PAH3)	Executive	Active	n/a	Present	n/a	Inside	n/a	n/a	n/a	n/a
Volkswagen AG (ETR : VLKAY)	Director	Active	10/07/2015	Present	0	Outside Related	Yes	n/a	0	0
Volkswagen AG (ETR : VLKAY)	Chairman	Active	10/07/2015	Present	n/a	Outside Related	Yes	n/a	n/a	n/a
MAN SE (ETR : MAN)	Director	Retired	04/20/2012	09/09/2015	n/a	Outside Related	n/a	n/a	0	n/a
Porsche Automobil Holding SE (ETR : PAH3)	CFO	Retired	11/25/2009	10/31/2015	n/a	Inside	n/a	n/a	n/a	n/a
Volkswagen AG (ETR : VLKAY)	CFO	Retired	01/01/2003	10/06/2015	n/a	Outside Related	Yes	n/a	n/a	n/a

## Board Committees

Company	Committee Name	Status	Position	To
Bertelsmann AG (FRA : BTGG)	Audit and Finance Committee	Active	X	Present
Volkswagen AG (ETR : VLKAY)	Nomination	Active	C	Present

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	271,199,857	99%	24,969	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Bertelsmann AG (FRA : BTGG)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

## Wolfgang Porsche

Age: 73

Gender: Male

Current Directorships: 2

Is Active CEO?: No

Total Director Pay: \$314,788.01

Chairman of the Supervisory Board of Porsche Automobil Holding SE; Chairman of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG

April 24, 2008\*

Appointments:

AUDI AG, Ingolstadt

Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chairman)

Porsche Automobil Holding SE, Stuttgart (Chairman)

Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)

Porsche Cars Great Britain Ltd., Reading

Porsche Cars North America Inc., Wilmington

Porsche Holding Gesellschaft m.b.H., Salzburg

Porsche Ibérica S.A., Madrid

Porsche Italia S.p.A., Padua

Schmittenhöhebahn AG, Zell am See

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Porsche Automobil Holding SE (ETR : PAH3)	Director	Active	01/26/2007	Present	9	Outside Related	Yes	n/a	0	n/a
Porsche Automobil Holding SE (ETR : PAH3)	Chairman	Active	07/24/2007	Present	n/a	Outside Related	Yes	n/a	n/a	n/a
Volkswagen AG (ETR : VLKAY)	Director	Active	04/24/2008	Present	8	Outside Related	Yes	n/a	0	n/a

## Board Committees

Company	Committee Name	Status	Position	To
Porsche Automobil Holding SE (ETR : PAH3)	Executive	Active	C	Present
Porsche Automobil Holding SE (ETR : PAH3)	Nomination	Active	C	Present
Volkswagen AG (ETR : VLKAY)	Nomination	Active	X	Present

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	269,987,184	99%	127,876	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	109,200	0	0	n/a	n/a	n/a	109,200
Porsche Automobil Holding SE (ETR : PAH3)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

## Uwe Hück

Age: 54

Gender: Male

Current Directorships: 2

Is Active CEO?: No

Total Director Pay: \$214,473.65

Chairman of the General and Group Works Councils of Dr. Ing. h.c. F. Porsche AG;

July 1, 2015\*

Appointments:

Dr. Ing. h.c. F. Porsche AG, Stuttgart (Deputy Chairman)

Porsche Automobil Holding SE, Stuttgart (Deputy Chairman)

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indenp endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Porsche Automobil Holding SE (ETR : PAH3)	Director	Active	07/24/2007	Present	8	Outside	Yes	n/a	0	n/a
Volkswagen AG (ETR : VLKAY)	Director	Active	07/01/2015	Present	0	Outside	Yes	n/a	0	n/a

## Board Committees

Company	Committee Name	Status	Position	To
Porsche Automobil Holding SE (ETR : PAH3)	Audit	Active	X	Present
Porsche Automobil Holding SE (ETR : PAH3)	Executive	Active	X	Present

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	44,750	0	0	n/a	n/a	n/a	44,750
Porsche Automobil Holding SE (ETR : PAH3)	2015	88,500	n/a	n/a	n/a	n/a	n/a	152,685

## Hans Michel Piëch

Age: 74

Gender: Male

Current Directorships: 1

Is Active CEO?: No

Total Director Pay: \$87,447.15

Lawyer in private practice

August 7, 2009\*

Appointments:

AUDI AG, Ingolstadt

Dr. Ing. h.c. F. Porsche AG, Stuttgart

Porsche Automobil Holding SE, Stuttgart

Porsche Cars Great Britain Ltd., Reading

Porsche Cars North America Inc., Wilmington

Porsche Holding Gesellschaft m.b.H., Salzburg

Porsche Ibérica S.A., Madrid

Porsche Italia S.p.A., Padua

Schmittenhöhebahn AG, Zell am See

Volksoper Wien GmbH, Vienna

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Volkswagen AG (ETR : VLKAY)	Director	Active	08/07/2009	Present	6	Outside Related	Yes	n/a	0	n/a

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	269,990,689	99%	129,915	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	80,500	0	0	n/a	n/a	n/a	80,500

## Ferdinand Oliver Porsche

Age: 55

Gender: Male

Current Directorships: 2

Is Active CEO?: No

Total Director Pay: \$214,202.07

Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft

August 7, 2009\*

Appointments:

AUDI AG, Ingolstadt

Dr. Ing. h.c. F. Porsche AG, Stuttgart

Porsche Automobil Holding SE, Stuttgart

PGA S.A., Paris

Porsche Holding Gesellschaft m.b.H., Salzburg

Porsche Lizenz- und Handelsgesellschaft mbH &amp; Co. KG, Ludwigsburg

Volkswagen Truck &amp; Bus GmbH, Braunschweig

## Corporate Boards

Company	Position	Status	From	To	Tenure	Independence	Designated	Attendance	Shares Held	Shares Rptd
Porsche Automobil Holding SE (ETR : PAH3)	Director	Active	01/29/2005	Present	11	Outside Related	Yes	n/a	0	n/a
Volkswagen AG (ETR : VLKAY)	Director	Active	08/07/2009	Present	6	Outside Related	Yes	n/a	0	n/a

## Board Committees

Company	Committee Name	Status	Position	To
Porsche Automobil Holding SE (ETR : PAH3)	Audit	Active	X	Present
Porsche Automobil Holding SE (ETR : PAH3)	Nomination	Active	X	Present
Volkswagen AG (ETR : VLKAY)	Audit	Active	C	Present

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	271,048,133	99%	169,517	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	65,500	0	0	n/a	n/a	n/a	65,500
Porsche Automobil Holding SE	2015	67,500	n/a	n/a	n/a	n/a	n/a	131,685

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
(ETR : PAH3)								

## Babette Fröhlich

Age: 50

Gender: Female

Current Directorships: 2

Is Active CEO?: No

Total Director Pay: \$123,741.45

IG Metall, Department head for coordination of Executive Board duties and planning

October 25, 2007\*

IG Metall, Department head for coordination of Executive Board duties and planning

October 25, 2007\*

Appointments:

MTU Aero Engines AG, Munich

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
MTU Aero Engines AG (ETR : MTX)	Director	Active	01/01/2006	Present	10	Outside Related	Yes	n/a	0	n/a
Volkswagen AG (ETR : VLKAY)	Director	Active	10/25/2007	Present	8	Outside	Yes	n/a	0	n/a

## Board Committees

Company	Committee Name	Status	Position	To
MTU Aero Engines AG (ETR : MTX)	Board Audit	Active	X	Present
Volkswagen AG (ETR : VLKAY)	Audit	Active	X	Present

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	271,064,923	99%	126,334	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	17,000	0	0	n/a	n/a	n/a	17,000
MTU Aero Engines AG (ETR : MTX)	2014	50,000	n/a	n/a	n/a	n/a	37,000	87,000

## Peter Mosch

Age: 44

Gender: Male

Current Directorships: 2

Is Active CEO?: No

Total Director Pay: \$129,041.58

Chairman of the General Works Council of AUDI AG

January 18, 2006\*

Appointments:

AUDI AG, Ingolstadt

Porsche Automobil Holding SE, Stuttgart

Audi Pensionskasse – Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Porsche Automobil Holding SE (ETR : PAH3)	Director	Active	01/30/2009	Present	7	Outside	Yes	n/a	0	n/a
Volkswagen AG (ETR : VLKAY)	Director	Active	01/18/2006	Present	10	Outside	Yes	n/a	0	n/a

## Board Committees

Company	Committee Name	Status	Position	To
Volkswagen AG (ETR : VLKAY)	Audit	Active	X	Present

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	271,099,158	99%	126,204	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	33,000	0	0	n/a	n/a	n/a	33,000
Porsche Automobil Holding SE (ETR : PAH3)	2015	43,000	n/a	n/a	n/a	n/a	n/a	85,790

## Bernd Osterloh

Age: 59

Gender: Male

Current Directorships: 1

Is Active CEO?: No

Total Director Pay: \$18,467.10

Chairman of the General and Group Works Councils of Volkswagen AG

January 1, 2005\*

Appointments:

Autostadt GmbH, Wolfsburg

Porsche Automobil Holding SE, Stuttgart

Wolfsburg AG, Wolfsburg

Allianz für die Region GmbH, Braunschweig

Porsche Holding Gesellschaft m.b.H., Salzburg

SEAT, S.A., Martorell

ŠKODA AUTO a.s., Mladá Boleslav

VfL Wolfsburg-Fußball GmbH, Wolfsburg

Volkswagen Immobilien GmbH, Wolfsburg

Volkswagen Truck &amp; Bus GmbH, Braunschweig

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Volkswagen AG (ETR : VLKAY)	Director	Active	01/01/2005	Present	11	Outside	Yes	n/a	0	n/a

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	271,099,489	99%	126,750	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	17,000	0	0	n/a	n/a	n/a	17,000

## Annika Katarina Bolin Falkengren

Age: 54

Gender: Female

Current Directorships: 3

Is Active CEO?: Yes

Total Director Pay: \$2,647,327.06

### Education:

Bachelor of Science in Economics

### Professional activity:

President and Group Chief Executive of Skandinaviska

Enskilda Banken AB (SEB AB), Stockholm, Sweden

25

Membership of statutory supervisory boards in Germany:

–

Appointments outside Germany that are comparable

with membership of a statutory supervisory board:

FAM AB, Stockholm, Sweden

Scania CV AB, Södertälje, Sweden

Relationships with executive bodies of Volkswagen

Aktiengesellschaft:

–

Relationships with shareholders with a significant

interest in Volkswagen Aktiengesellschaft:

–

Relationships

## Corporate Boards

Company	Position	Status	From	To	Tenure	Independence	Designated	Attendance	Shares Held	Shares Rprtd
Securitas AB (STO : SECU B)	Director	Active	01/01/2003	Present	13	Outside	n/a	n/a	7,500	7,500
Skandinaviska Enskilda Banken AB (STO : SEB A)	Director	Active	01/01/2006	Present	10	Inside	n/a	n/a	377,113	377,113
Skandinaviska Enskilda Banken AB (STO : SEB A)	Executive	Active	01/01/2006	Present	n/a	Inside	n/a	n/a	n/a	n/a
Skandinaviska Enskilda Banken AB (STO : SEB A)	CEO	Active	01/01/2006	Present	n/a	Inside	n/a	n/a	n/a	n/a
Volkswagen AG (ETR : VLKAY)	Director	Active	05/03/2011	Present	5	Outside	n/a	n/a	0	n/a
Muenchener Rueckversicherungs- Gesellschaft Aktiengesellschaft in Muenchen (ETR : MUV2)	Director	Retired	04/20/2011	04/30/2014	3	Outside	n/a	n/a	0	n/a

## Board Committees

Company	Committee Name	Status	Position	To
Securitas AB (STO : SECU B)	Remuneration	Active	X	Present
Volkswagen AG (ETR : VLKAY)	Audit	Active	X	Present

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	271,065,042	99%	126,225	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	17,000	0	0	n/a	n/a	n/a	17,000
Securitas AB (STO : SECU B)	2013	550,000	n/a	n/a	n/a	n/a	n/a	550,000
Skandinaviska Enskilda Banken AB (STO : SEB A)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

## Uwe Fritsch

Age: 59

Gender: Male

Current Directorships: 1

Is Active CEO?: No

Total Director Pay: \$15,208.20

Chairman of the Works Council at the Volkswagen AG Braunschweig plant

April 19, 2012\*

Appointments:

Eintracht Braunschweig GmbH &amp; Co KGaA, Braunschweig

Basketball Löwen Braunschweig GmbH, Braunschweig

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Volkswagen AG (ETR : VLKAY)	Director	Active	04/19/2012	Present	4	Outside	Yes	n/a	0	n/a

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	271,064,787	99%	126,234	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	14,000	0	0	n/a	n/a	n/a	14,000

## Hussain Ali Al-Abdulla

Age: 59

Gender: Male

Current Directorships: 2

Is Active CEO?: No

Total Director Pay: \$11,949.30

Minister of State and Board Member of Qatar Investment Authority

April 22, 2010\*

Appointments:

Al Ryan Investment, Doha (Chairman)

Gulf Investment Corporation, Safat/Kuwait

Kirnaf Finance, Riyadh (Chairman)

Masraf Al Rayan, Doha (Chairman)

Qatar Supreme Council for Economic Affairs and Investment, Doha

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Masraf Al Rayan (QSC) (DOH : MARK)	Director	Active	04/22/2010	Present	6	Outside Related	n/a	n/a	0	n/a
Masraf Al Rayan (QSC) (DOH : MARK)	Chairman	Active	04/22/2010	Present	n/a	Outside Related	n/a	n/a	n/a	n/a
Volkswagen AG (ETR : VLKAY)	Director	Active	04/22/2010	Present	6	Outside	Yes	n/a	0	n/a

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	268,103,318	98%	3,139,852	1%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	11,000	0	0	n/a	n/a	n/a	11,000
Masraf Al Rayan (QSC) (DOH : MARK)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

## Thomas Zwiebler

Age: 51

Gender: Male

Current Directorships: 1

Is Active CEO?: No

Total Director Pay: \$15,579.71

Chairman of the Works Council of Volkswagen Commercial Vehicles

May 15, 2010\*

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Volkswagen AG (ETR : VLKAY)	Director	Active	05/15/2010	Present	6	Outside	Yes	n/a	0	n/a

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	271,098,709	99%	126,284	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	14,342	0	0	n/a	n/a	n/a	14,342

## Hans-Peter Fischer

Age: 57

Gender: Male

Current Directorships: 1

Is Active CEO?: No

Total Director Pay: \$15,208.20

Chairman of the Board of Management of Volkswagen Management Association

January 1, 2013\*

Appointments:

Volkswagen Pension Trust e.V., Wolfsburg

## Corporate Boards

Company	Position	Status	From	To	Tenure	Independence	Designated	Attendance	Shares Held	Shares Rprtd
Volkswagen AG (ETR : VLKAY)	Director	Active	01/01/2013	Present	3	Outside	Yes	n/a	0	n/a

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	271,065,017	99%	126,233	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	14,000	0	0	n/a	n/a	n/a	14,000

## Olaf Lies

Age: 49

Gender: Male

Current Directorships: 1

Is Active CEO?: No

Total Director Pay: \$15,968.61

Minister of Economic Affairs, Labor and Transport for the Federal State of Lower Saxony

February 19, 2013\*

Appointments:

Deutsche Messe AG, Hanover (Chairman)

Container Terminal Wilhelmshaven JadeWeserPort-Marketing GmbH &amp; Co. KG, Wilhelmshaven (Chairman)

Demografieagentur für die niedersächsische Wirtschaft GmbH, Hanover (Chairman)

JadeWeserPort Realisierungs GmbH &amp; Co. KG, Wilhelmshaven (Chairman)

JadeWeserPort Realisierungs-Beteiligungs GmbH, Wilhelmshaven (Chairman)

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Volkswagen AG (ETR : VLKAY)	Director	Active	02/19/2013	Present	3	Outside	Yes	n/a	0	n/a

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	271,064,915	99%	126,317	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	14,700	0	0	n/a	n/a	n/a	14,700

## Stephan Weil

Age: 57

Gender: Male

Current Directorships: 1

Is Active CEO?: No

Total Director Pay: \$18,467.10

Minister-President of the Federal State of Lower Saxony

February 19, 2013\*

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Volkswagen AG (ETR : VLKAY)	Director	Active	02/19/2013	Present	3	Outside	Yes	n/a	0	n/a

## Board Committees

Company	Committee Name	Status	Position	To
Volkswagen AG (ETR : VLKAY)	Nomination	Active	X	Present

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	271,098,721	99%	127,136	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	17,000	0	0	n/a	n/a	n/a	17,000

## Stephan Wolf

Age: 50

Gender: Male

Current Directorships: 1

Is Active CEO?: No

Total Director Pay: \$18,467.10

Volkswagen AG, Source Date:

Mr. Stephan Wolf has been Deputy Chairman of the General Works Council at Volkswagen AG since January 1, 2013. Mr. Wolf has been a Member of the Supervisory Board for Volkswagen AG since January 1, 2013.

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Volkswagen AG (ETR : VLKAY)	Director	Active	01/01/2013	Present	3	Outside	Yes	n/a	0	n/a

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	271,098,822	99%	126,423	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	17,000	0	0	n/a	n/a	n/a	17,000

## Louise Kiesling

Age: 58

Gender: Female

Current Directorships: 1

Is Active CEO?: No

Total Director Pay: \$11,967.77

### Education:

Study of Fashion Design – University of Applied Arts, Vienna –

Mag.art. Fashion

PhD – Vehicle Design, Royal College of Art, London

### Professional activity:

Entrepreneur – Textile industry (Production) managing director

Backhausen GmbH

Membership of statutory supervisory boards in Germany:

–

Appointments outside Germany that are comparable

with membership of a statutory supervisory board:  
Relationships with executive bodies of Volkswagen

### Aktiengesellschaft:

Niece of Supervisory Board member Dr. Hans Michel Piëch

Niece (once removed) of Supervisory Board member

Dr. Wolfgang Porsche

Cousin (once removed) of Supervisory Board member

Dr. Ferdinand Oliver Porsche

Relationships with shareholders with a significant

interest in Volkswagen Aktiengesellschaft:  
Majority shareholder together with other family shareholders

and the subsidiaries held directly or indirectly by them  
of Porsche Automobil Holding SE on the basis of a syndicate  
agreement concluded between the immediate family  
members holding ordinary shares.

Managing director with the power of collective representation  
of Familie Porsche Beteiligung GmbH and the following

subsidiaries with an indirect interest in it:  
– Managing director with the power of sole representation

of Ferdinand Alexander Porsche GmbH

– Managing director with the power of sole representation

of Ferdinand Porsche Familien-Holding GmbH

– Member of the Foundation's Board of Management with  
the power of collective representation of

Ferdinand Porsche Familien-Privatstiftung

Relationships exist to varying degrees with managing directors of shareholders with a significant direct or indirect interest in Porsche Automobil Holding SE.

Relationships with the Volkswagen Group:  
Bank deposits

Purchase and maintenance of private vehicles and vehicles of affiliated companies

Insurance services

Advisory services for affiliated companies

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Volkswagen AG (ETR : VLKAY)	Director	Active	04/30/2015	Present	1	Outside Related	Yes	n/a	0	n/a

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	11,017	0	0	n/a	n/a	n/a	11,017

## Akbar Abbas Al Baker

Age: 55

Gender: Male

Current Directorships: 1

Is Active CEO?: No

Total Director Pay: \$6,436.33

Minister of State and Group Chief Executive of Qatar Airways

May 5, 2015\*

Appointments:

Arab Air Carriers Organization, Beirut (Chairman)

International Air Transport Association, Montreal

Heathrow Airport Holdings Ltd., London

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Volkswagen AG (ETR : VLKAY)	Director	Active	05/05/2015	Present	1	Outside	Yes	n/a	0	n/a

## Voting Results

Company	Proxy Year	Votes For	Votes For %	Votes No/Wthld	Votes No/Wthld %
Volkswagen AG (ETR : VLKAY)	n/a	265,981,511	99%	4,035	0%

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	5,925	0	0	n/a	n/a	n/a	5,925

## Jörg Hofmann

Age: 60

Gender: Male

Current Directorships: 1

Is Active CEO?: No

Total Director Pay: \$3,657.57

(Deputy Chairman; since November 20, 2015)

First Chairman of IG Metall

November 20, 2015\*

Appointments:

Robert Bosch GmbH, Stuttgart

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Volkswagen AG (ETR : VLKAY)	Director	Active	11/20/2015	Present	0	Outside	Yes	n/a	0	n/a

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	3,367	0	0	n/a	n/a	n/a	3,367

## Johan Järvklo

Age: 42

Gender: Male

Current Directorships: 1

Is Active CEO?: No

Total Director Pay: \$1,792.40

[Search](#)

[Search](#)

[Your search](#)

[Search to page top](#)

[The Emissions Issue](#)

[Goals and Strategies](#)

[Internal Management System and KPIs](#)

[Structure and Business Activities](#)

[Corporate Governance Report](#)

[Remuneration Report](#)

[Executive Bodies](#)

[Board of Management](#)

[Supervisory Board](#)

[Disclosures Required Under Takeover Law](#)

[Business Development](#)

[Shares and Bonds](#)

[Results of Operations](#)

[Financial Position](#)

[Net Assets](#)

[Value added statement](#)

[Summary](#)

[Volkswagen AG](#)

[Sustainable Value Enhancement](#)

[Report on Expected Developments](#)

[Report on Risks and Opportunities](#)

[Prospects](#)

You are here:

[Home](#)[Group Management Report](#)[Executive Bodies](#)[Supervisory Board](#)

SEARCH 1 of 4

Relevance of hit: 100%[back to search result index](#)

Members of the Supervisory Board and their Appointments

Appointments: as of December 31, 2015 or the leaving date from the Supervisory Board of Volkswagen AG

HANS DIETER PÖTSCH (64)

(Chairman; since October 7, 2015)

Chairman of the Executive Board and Chief Financial Officer of Porsche Automobil Holding SE

October 7, 2015\*

Appointments:

AUDI AG, Ingolstadt

Autostadt GmbH, Wolfsburg (Chairman)

Bertelsmann Management SE, Gütersloh

Bertelsmann SE & Co. KGaA, Gütersloh

Dr. Ing. h.c. F. Porsche AG, Stuttgart

Porsche Austria Gesellschaft m.b.H., Salzburg (Chairman)

Porsche Holding Gesellschaft m.b.H., Salzburg (Chairman)

Porsche Retail GmbH, Salzburg (Chairman)

VfL Wolfsburg-Fußball GmbH, Wolfsburg (Deputy Chairman)

Volkswagen Truck & Bus GmbH, Braunschweig

JÖRG HOFMANN (60)

(Deputy Chairman; since November 20, 2015)

First Chairman of IG Metall

November 20, 2015\*

Appointments:

Robert Bosch GmbH, Stuttgart

DR. JUR. KLAUS LIESEN (84)

July 2, 1987 – May 3, 2006\*

Honorary Chairman of the Supervisory Board of Volkswagen AG (since May 3, 2006)

DR. HUSSAIN ALI AL-ABDULLA (58)

Minister of State and Board Member of Qatar Investment Authority

April 22, 2010\*

Appointments:

Al Ryan Investment, Doha (Chairman)

Gulf Investment Corporation, Safat/Kuwait

Kirnaf Finance, Riyadh (Chairman)

Masraf Al Rayan, Doha (Chairman)

Qatar Supreme Council for Economic Affairs and Investment, Doha

AKBAR AL BAKER (55)

Minister of State and Group Chief Executive of Qatar Airways

May 5, 2015\*

Appointments:

Arab Air Carriers Organization, Beirut (Chairman)

International Air Transport Association, Montreal

Heathrow Airport Holdings Ltd., London

AHMAD AL-SAYED (39)

Minister of State, Qatar

June 28, 2013 – May 5, 2015\*

Appointments (on May 5, 2015):  
Qatar National Bank, Doha

JÜRGEN DORN (49)

Chairman of the Works Council at the MAN Truck & Bus AG Munich plant, Chairman of the General Works Council of MAN Truck & Bus AG and Chairman of the Group Works Council and the SE Works Council of MAN SE (until May 31, 2015)

January 1, 2013 – June 30, 2015\*

Appointments (on June 30, 2015):  
MAN SE, Munich

MAN Truck & Bus AG, Munich (Deputy Chairman)

ANNIKA FALKENGREN (53)

President and Group Chief Executive of Skandinaviska Enskilda Banken AB

May 3, 2011\*

Appointments:  
FAM AB, Stockholm

Scania CV AB, Södertälje

Securitas AB, Stockholm

DR. JUR. HANS-PETER FISCHER (56)

Chairman of the Board of Management of Volkswagen Management Association

January 1, 2013\*

Appointments:  
Volkswagen Pension Trust e.V., Wolfsburg

UWE FRITSCH (59)

Chairman of the Works Council at the Volkswagen AG Braunschweig plant

April 19, 2012\*

Appointments:  
Eintracht Braunschweig GmbH & Co KGaA, Braunschweig

Basketball Löwen Braunschweig GmbH, Braunschweig

BABETTE FRÖHLICH (50)

IG Metall, Department head for coordination of Executive Board duties and planning

October 25, 2007\*

Appointments:  
MTU Aero Engines AG, Munich

BERTHOLD HUBER (65)

IG Metall

May 25, 2010 – November 19, 2015\*

Appointments (on November 19, 2015):

AUDI AG, Ingolstadt (Deputy Chairman)

Porsche Automobil Holding SE, Stuttgart

UWE HÜCK (53)

Chairman of the General and Group Works Councils of Dr. Ing. h.c. F. Porsche AG;

July 1, 2015\*

Appointments:

Dr. Ing. h.c. F. Porsche AG, Stuttgart (Deputy Chairman)

Porsche Automobil Holding SE, Stuttgart (Deputy Chairman)

## Corporate Boards

Company	Position	Status	From	To	Tenure	Indep endence	Designa ted	Attenda nce	Shares Held	Shares Rprtd
Volkswagen AG (ETR : VLKAY)	Director	Active	11/22/2015	Present	0	Outside	Yes	n/a	0	n/a

## Director Pay

Company	Pay Year	Cash Fees	Stock Awards	Option Awards	Non-Equity Incentives	NDQC Pension	All Other Pay	Total Director Pay
Volkswagen AG (ETR : VLKAY)	2015	1,650	0	0	n/a	n/a	n/a	1,650

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

## Notice and Disclaimer

\* This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of MSCI Inc. or its subsidiaries (collectively, "MSCI"), or MSCI's licensors, direct or indirect suppliers or any third party involved in making or compiling any Information (collectively, with MSCI, the "Information Providers") and is provided for informational purposes only. The Information may not be modified, reverseengineered, reproduced or redisseminated in whole or in part without prior written permission from MSCI.

\* The Information may not be used to create derivative works or to verify or correct other data or information. For example (but without limitation), the Information may not be used to create indexes, databases, risk models, analytics, software, or in connection with the issuing, offering, sponsoring, managing or marketing of any securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information or any other MSCI data, information, products or services.

\* The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NONINFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.

\* Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall any Information Provider have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited, including without limitation (as applicable), any liability for death or personal injury to the extent that such injury results from the negligence or willful default of itself, its servants, agents or subcontractors.

\* Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results.

\* The Information should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. All Information is impersonal and not tailored to the needs of any person, entity or group of persons.

\* None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy.

\* It is not possible to invest directly in an index. Exposure to an asset class or trading strategy or other category represented by an index is only available through third party investable instruments (if any) based on that index. MSCI does not issue, sponsor, endorse, market, offer, review or otherwise express any opinion regarding any fund, ETF, derivative or other security, investment, financial product or trading strategy that is based on, linked to or seeks to provide an investment return related to the performance of any MSCI index (collectively, "Index Linked Investments"). MSCI makes no assurance that any Index Linked Investments will accurately track index performance or provide positive investment returns. MSCI Inc. is not an investment adviser or fiduciary and MSCI makes no representation regarding the advisability of investing in any Index Linked Investments.

\* Index returns do not represent the results of actual trading of investible assets/securities. MSCI maintains and calculates indices, but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index or Index Linked Investments. The imposition of these fees and charges would cause the performance of an Index Linked Investment to be different than the MSCI index performance.

\* The Information may contain back tested data. Backtested performance is not actual performance, but is hypothetical. There are frequently material differences between back tested performance results and actual results subsequently achieved by any investment strategy.

\* Constituents of MSCI equity indexes are listed companies, which are included in or excluded from the indexes according to the application of the relevant index methodologies. Accordingly, constituents in MSCI equity indexes may include MSCI Inc., clients of MSCI or suppliers to MSCI. Inclusion of a security within an MSCI index is not a recommendation by MSCI to buy, sell, or hold such security, nor is it considered to be investment advice.

\* Data and information produced by various affiliates of MSCI Inc., including MSCI ESG Research Inc. and Barra LLC, may be used in calculating certain MSCI equity indexes. More information can be found in the relevant standard equity index methodologies on [www.msci.com](http://www.msci.com).

\* MSCI receives compensation in connection with licensing its indices to third parties. MSCI Inc.'s revenue includes fees based on assets in investment products linked to MSCI equity indexes. Information can be found in MSCI's company filings on the Investor Relations section of [www.msci.com](http://www.msci.com).

\* MSCI ESG Research Inc. is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc. Except with respect to any applicable products or services from MSCI ESG Research, neither MSCI nor any of its products or services recommends, endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies and neither MSCI nor any of its products or services is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Issuers mentioned or included in any MSCI ESG Research materials may include MSCI Inc., clients of MSCI or suppliers to MSCI, and may also purchase research or other products or services from MSCI ESG Research. MSCI ESG Research materials, including materials utilized in any MSCI ESG Indexes or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body.

\* Any use of or access to products, services or information of MSCI requires a license from MSCI. MSCI, Barra, RiskMetrics, IPD, FEA, InvestorForce, and other MSCI brands and product names are the trademarks, service marks, or registered trademarks of MSCI or its subsidiaries in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and Standard & Poor's.

## About MSCI ESG Research

Industry: Auto / Truck Manufacturers  
Market Cap: EUR 27,971.8mm (Large Cap)

Country Inc: Germany  
Home Market: Germany

Last Data Update: Jun 22, 2016  
Last Rating Change: Sep 28, 2015

MSCI ESG Research products and services are designed to provide indepth research, ratings and analysis of environmental, social and governance related business practices to companies worldwide. Ratings and data from MSCI ESG Research are also used in the construction of the MSCI ESG Indexes. MSCI ESG Research Inc. is a Registered Investment Adviser under the Investment Advisers Act of 1940.

## About MSCI

MSCI Inc. is a leading provider of investment decision support tools to investors globally, including asset managers, banks, hedge funds and pension funds. MSCI products and services include indexes, portfolio risk and performance analytics, and ESG data and research.

The company's flagship product offerings are: the MSCI indexes with over USD 9 trillion estimated to be benchmarked to them on a worldwide basis Barra multi asset class factor models, portfolio risk and performance analytics; RiskMetrics multi asset class market and credit risk analytics; IPD real estate information, indexes and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; and FEA valuation models and risk management software for the energy and commodities markets. MSCI is headquartered in New York, with research and commercial offices around the world

<sup>1</sup> As of March 31, 2014, as reported on June 25, 2014, by eVestment, Lipper and Bloomberg

**For further information on MSCI, please visit our web site at [www.msci.com](http://www.msci.com)**