

VOLKSWAGEN

GROUP UNITED KINGDOM LTD

Louise Ellman MP
Chair of the Transport Committee
Transport Committee
House of Commons
2nd Floor
14 Tothill Street
London

YOUR REFERENCE

Dear Ms Ellman

RESPONSE TO TRANSPORT PARLIAMENTARY SELECT COMMITTEE QUESTIONS

Thank you for your letter dated 20 October 2015.

I wish to thank you for the opportunity to appear before the Transport Select Committee on 12 October 2015. I am pleased to note that my apology on behalf of the Volkswagen Group was well received, and I was grateful for the opportunity to do so at the beginning of the session. Whilst I understand your disappointment that there were questions where the Committee was not satisfied with my answers, please be assured that this was absolutely not the result of any kind of strategy to avoid scrutiny. My intention throughout was to assist the Committee as best I could with the most up to date information that was available to me. You will, no doubt, appreciate that I came before the Committee at a relatively early stage as new issues were still emerging.

I have set out detailed responses to each of the questions that you have outlined in your letter. I hope that these responses provide the further clarity that the Committee is seeking from the Volkswagen Group, although, owing to the on-going investigation, and the detailed technical nature of the solutions, I acknowledge that there remain certain issues on which it is still not possible to give further information at this time. For that reason and, if it would be helpful, I would be pleased to write again to the Committee at a later date to clarify further the answers to some of your more detailed questions.

As you are also aware the United States Environmental Protection Agency (EPA) informed Volkswagen Aktiengesellschaft on Monday this week that vehicles with V6 TDI engines had a software function which had not been adequately described in the application process. I would now like to share with you that we have just received confirmation that the KBA does not regard the use of this technology in the EU as problematic and thus as being in line with current legislation.

You will also be aware that there have been further press statements on 3 November 2015 (copies attached). Following these announcements a senior member of the Board of Management of Volkswagen AG spoke to a senior member of Government within the Department for Transport in order to update UK Government about the latest developments, and reemphasising at the same time Volkswagen Group's commitment to full transparency.

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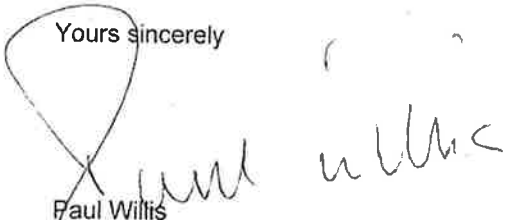
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I would like to confirm that the issue of potential irregularities in the determination of CO2 levels is a separate issue, unconnected to any software optimising NOx emissions in testing. This is currently being investigated and I will of course provide you with more information when we have a clearer understanding of any impact in the UK.

Volkswagen will continue to cooperate fully with the Committee as we regard it as essential means of regaining the trust of both Volkswagen's customers and the wider public, who we have let down.

We recognise that we have fallen short of the standards expected of us and, once again, on behalf of Volkswagen, I wish to reiterate my sincere apologies and to stress that we will take all the necessary actions to regain the trust of our customers and the wider public.

Yours sincerely



Paul Willis
Managing Director
Volkswagen Group UK Ltd

RESPONSE TO TRANSPORT PARLIAMENTARY SELECT COMMITTEE QUESTIONS

1. WERE DEFEAT DEVICES USED TO OBTAIN TYPE APPROVAL IN THE EU FOR ANY OF THE 60 AFFECTED MODELS? (SEE Q11)

1.1 Volkswagen accepts that software was used in type EA189 diesel engines that optimises NOx emissions during the emissions tests used to determine type approval in the EU. It is still being determined whether the software in question officially constituted a 'defeat device' in the EU.

1.2 The investigations into this issue are ongoing. I can assure the Committee that the Board of Management at Volkswagen AG has taken these findings extremely seriously and have ordered an external investigation, which is being conducted independently by the law firm Jones Day.

2. WITHOUT THE DEFEAT DEVICES, WOULD THE VEHICLES MEET THE LEGAL LIMITS ON NOX AND PM EMISSIONS? (SEE Q11)

2.1 We wish to reassure the public and the Committee that the relevant authorities have not raised concerns in relation to Particulate Matter. The concerns that have been communicated to us have been limited to NOx.

2.2 I should also explain that the legal limits on NOx apply only during testing and any impact is subject to the investigatory work between Volkswagen AG and the KBA. There is no legal limit for NOx when vehicles are on the road. It is well known, both inside and outside of industry, that there is a discrepancy between NOx emissions during testing conditions and during real world driving.

2.3 At Volkswagen, we recognise this situation and support moves for EU states to agree a more suitable testing regime which is far more reflective of real world driving conditions. For more details see question 3.

3. IN Q12¹ YOU APPEAR TO SAY THAT THE ISSUE IS NOT THE TYPE APPROVAL TEST BUT THE GAP BETWEEN TEST AND REAL WORLD DRIVING EMISSIONS. PLEASE CLARIFY WHAT YOU MEANT.

¹ Q11 Chair: Was the defeat device software actually used in type-approval testing in the UK?

Paul Willis: From what I understand, and I am not an engineer, it seems that the system of gas regulation in the engine influenced the NOx output in cars that we sell in the UK. These cars are type-approved, of course, across the whole of Europe and they are type-approved in Germany, with someone separate overlooking it. One of the question marks we have is how strong and how fit for purpose the testing regime is.

Q12 Chair: Are you saying that the problem was not with the company but with the testing regime?

Paul Willis: No, absolutely not. We mishandled the situation in so far as, within our engines, the engines behaved differently within the testing regime from the real world. That is why we need to fix the cars. That is why we need to get the customers in and put the cars right. We mishandled the situation, without a shadow of a doubt.

3.1 First of all we have to take responsibility for our mishandling of the NOx test within the Type Approval testing regime. However, I was seeking to explain the fact that there is undoubtedly a gap between NOx data derived from testing and NOx levels emitted from real world driving. Vehicles can validly pass the EU's NOx testing but then subsequently emit higher levels of NOx when driven on the road in real life.

3.2 It is widely recognised, both inside and outside of the industry, that the New European Driving Cycle (NEDC) testing (which is the type approval testing used in the EU) is not fit for purpose. Its deficiencies are recognised. There is no simple linear relationship that exists between data from NEDC testing and data derived from real world driving.

3.3 The NEDC testing is the legal method for the testing of vehicles. The industry and EU governments are working to develop a method of testing which is reliable, repeatable and which gets closer to the numerous variations in real world driving. Volkswagen Group will fully support a new method of testing which reflects real world driving conditions.

4. PLEASE PROVIDE A CLEAR EXPLANATION OF THE REMEDIAL WORK THAT NEEDS TO BE DONE ON THE 60 AFFECTED MODELS. (SEE Q13 AND 16)

4.1 There are three types of EA189 engine that have been affected by irregularities relating to NOx emissions. These are the:

- (a) 1.2 litre engine;
- (b) 1.6 litre engine; and
- (c) 2.0 litre engine.

4.2 A comprehensive plan is being prepared to deal with the affected vehicles and the owners of those vehicles have been contacted directly. We are working hard to develop technical solutions for the affected diesel vehicles to correct any issues with the emissions characteristics of nitrogen oxides, in relation to the testing regime of the vehicles. Once those have been developed, it is likely that owners will need to bring their cars to one of our authorised technicians either as part of the usual service or specifically so that the solution can be implemented.

At the moment, the technical details of the fix and the timescales for implementing the fix have been provided to the relevant authorities and are awaiting their approval. We have agreed a timetable with the relevant authorities that the solution will start to be implemented from early 2016. We are in close liaison with the Department of

Q13 Chair: There are two issues, aren't there? There is the deliberate fitting of defeat devices with the intention of deceiving; then there is a separate issue about test conditions and on-road conditions.

Paul Willis: Yes; that is indeed right.

Transport. The provisional timetable communicated to the KBA and shown to the VCA is as follows:

Engine	Approval	Intended Start of Fix roll out
EA189 2 litre	Jan/Feb 2016	Week 9 2016
EA189 1.2 litre	April/May 2016	Week 22 2016
EA189 1.6 litre	July/Aug/Sept 2016	Week 39 2016

The above timeline is subject to finalisation of the technical solutions and approval by the relevant authorities (KBA, VCA and MDI).

4.3 In more detail, Volkswagen Group is developing a software solution for the 1.2 and 2.0 litre EA189 engines. For the 1.6 litre EA189 engine, the company will provide not only a software update but also a technical solution for the exchange of hardware components within the engine. These proposed technical solutions will be subjected to an in-depth qualitative analysis and approval by the relevant authorities (KBA, VCA and the MDI). This will be undertaken with as little inconvenience to the customer as possible.

5. WILL ANY SOFTWARE BE REMOVED FROM AFFECTED VEHICLES AND, IF SO, HOW WILL THIS BE DONE AND FOR WHAT PURPOSE?

5.1 The technical solution is being developed. This will then be approved by the relevant regulatory authorities. We will inform you and our customers when we have full details of the solution.

6. WILL ANY MODELS REQUIRE REPLACEMENT OR NEW PARTS TO BE FITTED? IF SO PLEASE DETAIL THE CHANGES THAT WILL NEED TO BE MADE AND WHY? ARE THERE ANY PLANS TO RETROFIT UREA EMISSIONS TREATMENT SYSTEMS TO THE AFFECTED VEHICLES?

6.1 The exact solutions are still being developed and we will of course inform you and our customers when we have the full and final details. For the 1.6 litre EA189 engine, the company will provide not only a software update but also a technical solution for the exchange of hardware components within the engine. These proposed technical solutions will be subjected to an in-depth qualitative analysis and this will then be approved by the relevant regulatory authorities. It is not envisaged that urea treatment systems will need to be retrofitted to the affected vehicles in the EU.

7. PLEASE PROVIDE AN EXPLANATION OF HOW YOU WILL PROVIDE REASSURANCE TO AUTHORITIES IN THE EU THAT THE CHANGES YOU ARE PROPOSING WILL REDUCE EMISSIONS TO LEGAL LIMITS AND HOW YOU WILL OBTAIN TYPE APPROVAL FOR THE CHANGES YOU PLAN TO MAKE TO VEHICLES TO REMOVE THE DEFEAT DEVICES AND/OR REDUCE EMISSIONS. WILL APPROVAL BE SOUGHT FOR EACH OF THE 60 MODELS?

7.1 Volkswagen will submit the technical solutions to the relevant EU authorities (KBA, VCA and MDI) to ensure that those authorities are satisfied that they are appropriate. These technical solutions will be on a per model basis.

7.2 Volkswagen's technical solutions will ensure that the vehicles comply with the legal limits for NOx. However, to be clear, the legal limits for NOx apply only during testing conditions using the NEDC drive cycle. There is, at present, no legal limit for NOx during real life driving conditions.

7.3 None of the EU approval authorities (KBA, VCA and MDI) have revoked Volkswagen's type approvals.

8. PLEASE EXPLAIN HOW THE PERFORMANCE OF THE CAR (IN TERMS OF EMISSIONS, FUEL ECONOMY, AND PERFORMANCE) WILL BE AFFECTED BY THE REMOVAL OF THE DEFEAT DEVICES AND/OR ANY OTHER CORRECTIONS THAT YOU INTEND TO MAKE.

8.1 Our goal is to avoid any changes in the fuel consumption, CO2 or performance of the vehicles and Volkswagen's development departments are working tirelessly to ensure that appropriate solutions are found.

8.2 We are working with the relevant authorities (the KBA, VCA and MDI) and together we will analyse the results of any adjustments to the engine or its software. These will be communicated to you and our customers when we have the full analysis available.

9. ARE THERE OTHER VEHICLES THAT NEED TO BE CHANGED? WILL MODELS WITHOUT THE DEFEAT DEVICE SOFTWARE BUT WITH INJECTORS IDENTICAL TO THOSE YOU PLAN TO USE ON AFFECTED CARS NEED TO HAVE NEW INJECTORS? IF NOT, WHY NOT? (SEE Q19 AND 20)

9.1 The only vehicles that we have been advised that are affected by these NOx emissions issues are those with an EA189 engine and consequently the only engines that will require remedial work are the affected EA189 engines. All other models meet the UK and EU requirements in relation to NOx emissions and do not require any change. The latest press release dated 3 November 2015 may expand this but I have no detail currently. If there are any new developments I will immediately inform you.

9.2 There is no generalised issue concerning the injectors fitted in Volkswagen's vehicles. Any replacement of hardware will take place only as part of the solution for fixing the issues affecting the EA189 engines. I want to be very clear that there is no issue per se with the injectors themselves.

10. WHEN WILL THE JONES DAY WORK BE COMPLETE? WHEN WILL IT BE PUBLISHED? PLEASE PROVIDE A LIST OF ALL OTHER INVESTIGATIONS BY REGULATORY AUTHORITIES WORLDWIDE.

10.1 The Jones Day investigation is an independent investigation that is being overseen by that law firm, rather than Volkswagen itself. Jones Day themselves have to determine when they have reviewed sufficient information to be able to provide their conclusions accurately and fairly. Volkswagen Group is of course keen for this to be done as soon as possible but ultimately it is for the external investigators to determine.

10.2 From recent discussions and the requirement for a thorough and independent investigation to take place, the proposed timeline for expected findings will be at least 6 months. Whilst I recognise that the publication of findings at an earlier stage might in some ways be advantageous, it is important not to underestimate the vast amount of work that Jones Day's investigation entails. To provide some context, to complete the investigation the Jones Day's team of lawyers will be required to:

- a) Understand the precise workings of those very technical processes which are of relevance to the affected vehicles' NOx emissions in testing.
- b) Interview a significant number of people and review a very large number of documents. Many of those individuals will no longer necessarily remain in Germany or remain employed by Volkswagen.
- c) Draft a report and, I assume, permit those individuals identified in that report the opportunity to reply to the report's findings.

10.3 Given the level of public scrutiny, and the extremely serious consequences for both individuals and the company itself that may flow from Jones Day's findings it is imperative that Jones Day's conclusions are absolutely correct.

10.4 I wish to emphasise in the strongest terms that Volkswagen is not using Jones Day's investigation as an excuse to delay taking proper action. Our liaison with the DfT, VCA and KBA, as well as our efforts to develop technical solutions and to communicate with customers, are all proceeding alongside Jones Day's investigation. I can assure the Committee that technical solutions will be approved and implemented in advance of Jones Day's investigation being concluded. The need for Jones Day's investigation to be unimpeachable will not cause inconvenience or delay to Volkswagen's customers in the UK.

11. WHAT DISCUSSIONS HAS VOLKSWAGEN HAD WITH THE VCA AND DVSA ABOUT THE RETESTING OF VEHICLES? WHAT DOES VOLKSWAGEN GROUP UNDERSTAND THE PURPOSE AND SCOPE OF THE TESTING TO BE?

11.1 We understand that a number of manufacturers' vehicles are being tested in independent laboratories and that these tests will be undertaken by the VCA. We understand that these tests will compare "real world driving" emissions against laboratory performance.

11.2 The VCA and the DVSA will be able to provide you with the full scope and objectives of their activities.

11.3 Paul Willis has met with the VCA and DfT and remains in close contact with both authorities. Volkswagen Group will continue to cooperate with the VCA and the DVSA.

12. YOU OFFERED TO ENSURE THAT THE RETESTING OF VEHICLES DID NOT RESULT IN ANY ADDITIONAL COST TO THE TAXPAYER. WHAT DISCUSSIONS HAS

VOLKSWAGEN HAD SINCE REGARDING THE COST OF TESTING WITH THE DfT? (SEE Q33 AND 34)²

12.1 We at Volkswagen are willing to have discussions with the VCA and the DfT in the coming weeks and months to determine exactly what additional costs have been incurred by them as a result of these NOx issues.

13. WHAT PLANS DOES THE VOLKSWAGEN GROUP HAVE TO OPEN UP ITS SYSTEMS AND SOFTWARE TO INSPECTION BY THE AUTHORITIES?

13.1 Volkswagen is dedicated to cooperating fully with the authorities throughout any inspection process. We will take whatever steps are necessary in order to ensure that the relevant approval authority is satisfied.

14. YOU SUGGESTED THAT ONLY 5% OF BUYERS WILL HAVE BASED THEIR PURCHASE ON ENVIRONMENTAL CONSIDERATIONS (SEE Q29).³ THIS CONTRASTS MARKEDLY WITH THE ANALYSIS BY WHICH? THAT SUGGESTS VOLKSWAGEN'S CLAIMS WITH RESPECT TO THE ENVIRONMENT WERE A MORE IMPORTANT FACTOR. WHICH? SAID:

"WHEN WE ASKED VOLKSWAGEN OWNERS WHAT THE IMPORTANT FACTORS WERE WHEN THEY PURCHASED THEIR CAR, 96% OF PEOPLE CITED FUEL EFFICIENCY AND 90% ENVIRONMENTAL IMPACT, BOTH AREAS UNDERMINED BY THE SCANDAL INVOLVING 'DEFEAT DEVICES' THAT WERE FITTED TO DIESEL VEHICLES."

PLEASE PROVIDE THE DATA ON WHICH YOU BASED YOUR ANSWER AND EXPLAIN WHY THERE IS SUCH A HUGE DIFFERENCE BETWEEN YOUR EVIDENCE AND THE FIGURES QUOTED BY WHICH?

² Q33 Stewart Malcolm McDonald: Mr Willis, the Transport Secretary has confirmed that the costs for retesting, which are commencing this week, will be met by his departmental budget. Why should my constituents pay for Volkswagen's con?

Paul Willis: Can you tell me what these tests are?

Q34 Stewart Malcolm McDonald: The Transport Secretary, in his letter to Louise Ellman—the Chair of this Committee—says that the "programme will be funded from within my existing budgets" in relation to retesting that is commencing this week. "The programme will involve, in every instance, a VCA engineer directly observing the retest; the retests will take place in independent laboratories...and the vehicles will be sourced independently of manufacturers." Why should my constituents pay for that?

Paul Willis: They shouldn't. Your constituents should not pay for it; absolutely not. If we have to have a separate discussion with the VCA, we should have it. They should not pay for it.

³ Q29 Karl McCartney: You mentioned that you were a marketeer rather than an engineer. How many people do you think make the decision on what vehicle to buy based on its environmental credentials?

Paul Willis: We have data on that. I am sure that from the data up to 5% will base it on environmental credentials. People look at cost, for sure, as well as miles per gallon and so forth. It is an important factor and one we take seriously. I say that against the background of this problem we have, but I do not want to trivialise that. This is a very important issue and we take it very seriously.

14.1 As you would expect, the motor industry regularly conducts independent and detailed surveys of potential car buyers and, specifically, their intentions when purchasing a vehicle, a small selection of which are shown in the table below.

Survey	Findings	Sample Size	Period
RAC 2015 Report on Motoring	"Environmental concerns are low on the list of motorists' priorities: only 2% rate them as their number one issue ... [and] 7% number the environment among their four greatest concerns."	1,555	May 2015
Auto Express Driver Power 2015 Survey	5.4% of the VWG drivers surveyed selected "Fuel Economy & Emissions" as the most important attribute about their car	7,096 ²	April 2014 - March 2015
New Car Buyers Survey 2014 ¹	Buyers are asked to select their reasons for purchasing their vehicle: 1.3% of respondents selected "Environmental Friendliness" and 7.3% selected "Fuel Economy"	41,300	January 2014 - October 2014

¹ New Car Buyers Survey is a syndicated motor industry survey on behalf of 32 manufacturers.

² 7,096 VWG customers as part of the overall survey of 61,000 drivers

14.2 By contrast, and as can be seen in the relevant extracts from their press release on this issue, the Which? survey's methodology was different, polling a smaller sample of environmentally concerned owners of affected vehicles after news of this story had broken across the media.

14.3 In respect of the Which? survey, the "notes to editors" in Which?'s press release concerning that survey states:

"Which? surveyed 2,033 people who own a Volkswagen brand diesel car manufactured between 2008 and 2015 between 9th and 13th October 2015. Respondents were sampled from Which?'s supporter group of more than 580,000 people. We contacted 12,311 people that have signed our Clean Up Fuel Claims petition and told us they owned a Volkswagen group car. Of these, 2,033 told us they drive a Volkswagen group diesel built between 2008-2015 and think their car is affected."

14.4 In passing and with a view to explaining the difference in the figures – over and above the difference in survey context and methodology set out above – the question I was asked appeared to me to quantify those who "based" their decision to buy on environmental factors, i.e. it was the most important factor; whereas Which?'s survey asked the environmentally concerned owners of affected vehicles to list important factors when they bought their car, the environment being one such factor. In essence, the questions being asked were different.

15. WHAT DISCUSSIONS HAS VOLKSWAGEN GROUP HAD WITH CUSTOMERS TO ENSURE THAT THE STEPS IT IS TAKING ARE UNDERSTOOD BY ITS CUSTOMERS? DO THEY UNDERSTAND THE IMPLICATIONS FOR THEM AND THE TIMESCALES INVOLVED?

15.1 Volkswagen has made every effort to ensure that its customers are kept fully informed as to the steps that it is taking and the implications for them and their vehicle. We have provided functionality on our Brand websites whereby customers can check if their vehicle is affected. We have communicated through national advertising and we have written to all of our customers who own an affected vehicle. In overview, those letters:

- (a) reference the emissions issue regarding type EA189 engine and confirm that the customer's vehicle is affected;

- (b) reassure the customer that their vehicle remains technically safe and roadworthy and that they do not need to take immediate action;
- (c) confirm that a Service Action will be required to rectify the issue and they clarify that Volkswagen is working at full speed to find technical solutions, will cover the cost of the repair and will do its utmost to minimise the inconvenience; and
- (d) confirm that Volkswagen will contact them again when the technical solution is available.

15.2 Volkswagen has taken specific measures to provide its retail network and Customer Service Centre with information and support mechanisms to be able to respond to customers' needs.

16. WHAT DATA DOES VOLKSWAGEN GROUP HOLD ON REAL WORLD DRIVING EMISSIONS FROM THE AFFECTED VEHICLES?

16.1 Real Driving Emissions (RDE) testing is not part of the EU5 certification process, so no standardized tests have been conducted. Publically available information is testing by Allgemeiner Deutscher Automobil-Club (ADAC) in their Eco Test. The results show that the cars do not have more than average NOx emission in comparison to other manufacturer EU5 vehicles.

17. WHAT REAL WORLD DRIVING EMISSIONS TESTING DOES VOLKSWAGEN DO ON THE VEHICLES IT PRODUCES? WHAT TESTING IS DONE BY VOLKSWAGEN BEFORE SUBMITTING A VEHICLE FOR TYPE APPROVAL?

17.1 Real Driving Emissions (RDE) testing is not part of the current EU6W legislation so no standardized tests have been conducted. Volkswagen conducts the relevant tests on its vehicles before they are submitted for type approval. However, there is currently no EU test cycle which is generally accepted to be an accurate reflection of real world driving.

18. HOW MANY MODELS HAVE NOT PASSED TYPE APPROVAL TESTS AT THE FIRST ATTEMPT IN THE LAST TEN YEARS?

18.1 The failure rate for the official type approval test is below 1% for Volkswagen.

19. PLEASE PROVIDE THE TIMELINE REFERRED TO IN Q62.⁴

⁴ Q62 Mark Menzies: Volkswagen have said that the vehicle corrections will be completed by the end of 2016. How has that timeframe been arrived at?

Paul Willis: I assume that timeframe has been arrived at through looking at the timing with the KBA—sorry I mean the German motor industry federation. I have a chart here that shows the timing. All that discussion and time pressure is of course important for our customers. The timeline says circa the end of 2016, but I have to say that is uncertain. We have done calculations in the UK of the capacity of the number of ramps in our retailer network and the number of technicians we have. My personal objective, of course, is to try to get it completed by the end of 2016, but I have to say

19.1 The timetable communicated to the KBA, VCA and the DfT is as follows:

Engine	Approval	Intended Start of Fix roll out
EA189 2 litre	Jan/Feb 2016	Week 9 2016
EA189 1.2 litre	April/May 2016	Week 22 2016
EA189 1.6 litre	July/Aug/Sept 2016	Week 39 2016

The above timeline is subject to finalisation of technical solutions and approval by the relevant authorities.

20. IF VOLKSWAGEN IS CAPABLE OF MAKING A VEHICLE THAT MEETS THE TIGHTER NOX EMISSIONS STANDARDS IN THE US WHY DOESN'T IT MAKE VEHICLES THAT MEET THAT STANDARD FOR THE EUROPEAN MARKET?

20.1 Volkswagen strives to ensure that it implements its most advanced technology in vehicles sold in every nation in which Volkswagen operates.

20.2 That noted, to respond to different consumer preferences and local legislation means that engine configurations will vary between countries.

21. HAVE 2016 VOLKSWAGEN MODELS BEEN FITTED WITH DEFEAT DEVICE SOFTWARE OR ANY OTHER MECHANISM FOR LIMITING VEHICLE EMISSIONS IN TEST CONDITIONS, IN THE UK OR EU MARKETS?

No, based on our information. As stated in the cover letter, for the avoidance of doubt the press statements of 3 November 2015 referring to potential irregularities in the determination of CO2 levels is a separate issue, unconnected to any software optimising NOx emissions in testing

to you that there is some risk involved in that—there really is. The goal is to try to get it finished by the end of 2016.

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Statement on the announcement by the United States Environmental Protection Agency (EPA)

Wolfsburg, November 2, 2015 – The United States Environmental Protection Agency (EPA) informed Volkswagen Aktiengesellschaft on Monday that vehicles with V6 TDI engines had a software function which had not been adequately described in the application process. Volkswagen AG wishes to emphasize that no software has been installed in the 3-liter V6 diesel power units to alter emissions characteristics in a forbidden manner.

Volkswagen will cooperate fully with the EPA clarify this matter in its entirety.

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Clarification moving forward: internal investigations at Volkswagen identify irregularities in CO₂ levels

- **Matthias Müller: "Relentless and comprehensive clarification is our only alternative."**
- **Around 800,000 Group vehicles could be affected**
- **Initial estimate puts economic risks at approximately 2 billion euros**

Wolfsburg, November 3, 2015 – The Volkswagen Group is moving forward with the clarification of the diesel issue: during the course of internal investigations irregularities were found when determining type approval CO₂ levels. Based on present knowledge around 800,000 vehicles from the Volkswagen Group could be affected. An initial estimate puts the economic risks at approximately two billion euros. The Board of Management of Volkswagen AG will immediately start a dialog with the responsible type approval agencies regarding the consequences of these findings. This should lead to a reliable assessment of the legal, and the subsequent economic consequences of this not yet fully explained issue.

Under the ongoing review of all processes and workflows in connection with diesel engines it was established that the CO₂ levels and thus the fuel consumption figures for some models were set too low during the CO₂ certification process. The majority of the vehicles concerned have diesel engines.

"From the very start I have pushed hard for the relentless and comprehensive clarification of events. We will stop at nothing and nobody. This is a painful process, but it is our only alternative. For us, the only thing that counts is the truth. That is the basis for the fundamental realignment that Volkswagen needs", Matthias Müller, CEO of Volkswagen Aktiengesellschaft, said, and added. "The Board of Management of Volkswagen AG deeply regrets this situation and wishes to underscore its determination to systematically continue along the present path of clarification and transparency."

In cooperation with the responsible authorities, Volkswagen will do everything in its power to clarify the further course of action as quickly as possible and ensure the correct CO₂ classification for the vehicles affected.

The safety of the vehicles is in no way compromised. A reliable assessment of the scale of these irregularities is not yet possible. An initial estimate puts the economic risks at approximately two billion euros.

03/11/15

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Statement of the Supervisory Board on irregularities in CO₂ levels

The Supervisory Board is deeply concerned by the discovery of irregularities found when determining CO₂ levels for the type approval of Volkswagen Group vehicles. These irregularities came to light during the clarification process which, as announced, is being relentlessly and comprehensively pursued. The Supervisory Board and the special committee set up for the purpose of clarification will meet in the very near future to consult on further measures and consequences. The Supervisory Board will continue to ensure swift and meticulous clarification. In this regard, the latest findings must be an incentive for the Supervisory Board and the Board of Management to do their utmost to resolve such irregularities and rebuild trust.

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