

VOLKSWAGEN

AKTIENGESELLSCHAFT



Guideline Anti-Corruption

Guideline Anti-Corruption

Content

Foreword	4
What is the purpose of the Guideline Anti-Corruption?	6
Corruption is forbidden worldwide	7
What are typical situations in which corruption offences may occur?	9
Contracting external advisors and agents	9
Hidden commission charges, in particular kickback payments	12
Favouritism	14
Awarding state certificates	15
Using payments to accelerate state service processes (facilitation payments)	16
Contributions made to officials and business partners	18
Who is considered to be an official?	18
Why can making contributions to officials be problematic?	19
Making contributions to business partners	20
Sponsorship and donations	21

Violations against anti-corruption laws and their severe consequences	24
Important principles and golden rules	25
Which measures is the Volkswagen Group taking to effectively combat corruption?	27
Advisory services	27
Individual case advisory service	27
RiCo Information and Advisory Services	27
Training opportunities	28
Business Partner Check	28
Group Internal Auditing and Group Security	29
Ombudsman system	30
Anti-Corruption Officer	30
Investigation Committee	30
Contact information	32
Where to find more information on the subject of anti-corruption?	33
Notes	34

Guideline Anti-Corruption

Foreword

The Volkswagen Group stands for sustainable economic activities and fair business practice. In addition to economic indicators, public perception is also a decisive indicator of our company's success. To bring it to the point: The reputation of Volkswagen is our greatest asset. It is the one that needs to be protected and expanded.

The aim of the Strategy 2018 is to make the Volkswagen Group the world's most profitable, fascinating and sustainable automotive company. This ambitious goal goes hand in hand with our high demand on our own integrity in strong but fair competition. Therefore our management is based on clearly defined and unshakable values. Only those who lead and act based on clear principles can create sustainable value. This is why we are also making a clear statement on the subject of corruption: The Volkswagen Group conducts only proper business.

Through this Guideline and the existing Code of Conduct, we are giving ourselves an irrevocable commitment to core values such as integrity, fairness, sustainability and partnership. Our Group is also actively involved in UN Global Compact, a United Nations initiative to develop companies' social commitment. This commitment is also a sign of our own business understanding – we are a socially responsible company.

Our customers trust our company to act legally correct and to be compliant – always and anywhere in the world. Each Volkswagen Group employee* is personally responsible for ensuring that the Code of Conduct and the principles and values of the Group are upheld at all times with no exception. Help us to protect our company from corruption. We are counting on you!



Prof. Dr. M. Winterkorn



Dr. F. Fabian

* The text will hereinafter refer to employees as male for the sake of clarity. Such references are to be understood as applying to both male and female employees. References are to male employees for editorial purposes only and have no other significance.

Guideline Anti-Corruption

What is the purpose of the Guideline Anti-Corruption?

What does the term “corruption” actually mean?

Corruption is generally understood as the misuse of power entrusted in you in the professional sphere for your own benefit or that of a third party, such as your employer.

This includes offering, giving, demanding or accepting contributions (see on page 18) as an incentive to do something within your normal business activities which is dishonest, illegal, or which constitutes a breach of trust. In this context, these misuses of power are usually referred to as bribery offences.

The purpose of this Guideline is to raise awareness about corruption and to inform employees about this important subject. In our globalised world, the issue of corruption is more relevant than ever before. This Guideline is based on the Group-wide Organisational Instructions 34/0, 34/1 and 1017/0* and offers a practical means of helping you to safely adhere to the internal rules. The Guideline intends to provide you with practical information on the issue of anti-corruption using various sample situations. Situations in which corruption can arise are explained by examples. Hereby you receive hints on how to behave when questionable issues occur.

This Guideline contains also measures and procedures which aim protect our company from corruption. These will be implemented across the Group, although the individual measures should be adapted to the relevant national legal requirements. Please observe your company’s Organisational Instructions, as they will describe incidents of corruption in more detail than this Guideline.

You will also find the relevant contact information in this Guideline.

* These Organisational Instructions apply worldwide, but may vary in name and exact form. For further information, please contact your local Compliance Officer.

Guideline Anti-Corruption

Furthermore, making targeted contributions between business partners is a punishable offence in many countries (including Germany, the UK and China). In these countries it is forbidden to offer or accept a contribution if its intention is to unduly influence one's own behaviour or that of a business partner.

Corruption is no longer considered a negligible matter.

Proper business practice is always possible and mandatory!

It is possible to uphold one's integrity and refuse involvement with corruption worldwide. Thomas Karig (Compliance Officer at Volkswagen de México) states:

“No one even asks us for bribes. Everyone knows we won't pay, and if necessary, we'll knock on the next higher door and escalate an incident. The high standing that Volkswagen has in Mexico means our voice will always be heard.”

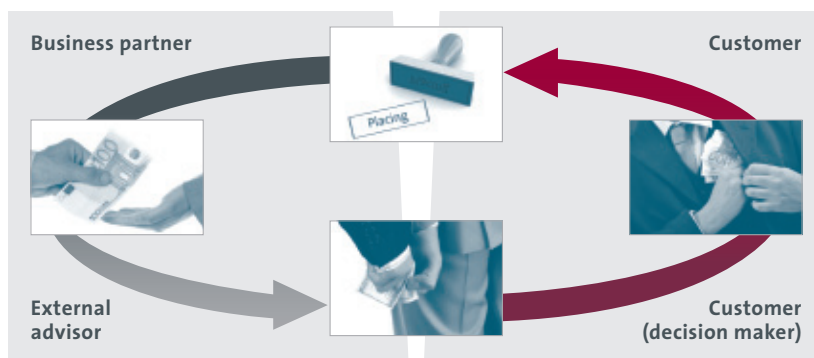
What are typical situations in which corruption offences may occur?

Conflicts of interest and corruption may arise in all areas and levels of the company. The following examples illustrate some situations in which cases of corruption may arise.

Contracting external advisors and agents

Agents are often required or used, particularly when conducting business abroad. These may be consultants, advisors, intermediaries or agents of the German parent company or foreign subsidiary who are contracted to mediate, negotiate or conclude business transactions. Agents are often contracted because of their field knowledge and close contact with ministries and/or other state authorities. Advisors contracted by Volkswagen must, however, adhere to local and international laws. Third parties are not allowed to do anything – nor should they be asked to do anything – which is forbidden to our own employees.

ILLEGAL CASH PAYMENTS



Guideline Anti-Corruption

Please note!

Volkswagen and its employees may be held liable for actions and breaches of the law committed by contracted advisors/agents. This might include failing to select an advisor of integrity. Therefore, please check advisors/agents before entering into a contract with them. In order to find out more about advisors/agents, please use the Business Partner Check (further details can be found on page 28 of this Guideline).

Example:

As a project manager, you are planning a Volkswagen project in a new market. However, you have lack of business expertise in this country, particularly concerning cultural peculiarities, how to engage with the authorities and other basic conditions. Therefore, you decide on contracting an external project manager.

What should you be aware of?

- Always check first whether Volkswagen itself has any in-house experts and if you really need to contract an external advisor
- Choose a transparent procedure in employing the advisor, and document the selection process
- Check the integrity of the advisor, and document the results of the check in writing. The relevant Compliance Department can help you with the Business Partner Check

- Ensure that the contract includes a detailed description of the services that the advisor is required to provide and that these have a legitimate purpose
- Make it clear that the advisor's fee will only be paid if verifiable proof of services rendered and a suitable invoice are submitted
- Refuse any requests for cash payments
- Ensure that the payment for services rendered is suitable and that the fee is in line with market conditions
- Inform the advisor about the Volkswagen Group Code of Conduct as a basis for the working relationship and at the very least forward this document for his awareness
- Please ensure that the relevant advisor contract is in writing. Before you sign it, get it checked by a legal expert.

A magnifying glass with a dark blue handle and frame is positioned over a document. The word "CONTRACT" is printed in large, bold, blue capital letters, oriented vertically. The document text is blurred, but some words like "contract", "agreement", and "terms" are visible. The background is a light blue gradient.

Guideline Anti-Corruption

Violation of laws governing contracting advisors and agents may occur in certain circumstances. You should particularly avoid:

- “Advisory contracts” which do not detail the advisory services to be provided
- Contracts which contain a fee (“commission”) that does not correspond to a detailed list of services to be provided or are too vague
- “Agents” without a formal written contract, leaving the impression that they should complete the task at all costs, using any means required (legal or illegal)

Hidden commission charges, in particular kickback payments

Hidden commission charges can foster bribery. These terms of payment are also referred to as kickbacks. A kickback payment occurs, for example when a previously contracted agent pays part of the excessive service fee back to the employee’s account. Usually, these repayments are kept secret.

Example:

Volkswagen is participating in a tender for a major project. An intermediary comes forward and offers support. He claims that if an additional fee is paid, he will ensure



that Volkswagen wins the tender. The intermediary offers to return a share of the fee to you (the kickback) if you agree to pay the fee and arrange for its payment.

What should you do?

- Decline the offer
- Inform your direct line manager, the responsible Compliance Officer or the Anti-Corruption Officer about the incident
- Compare the tender conditions with the final conditions for the awarding of contracts, and check whether your refusal to pay the fee has a negative impact on how Volkswagen will be assessed
- End all business relations with this intermediary
- Document the incident in your records

Please note!

Illegal advisory contracts are forbidden and will never be tolerated by the Volkswagen Group.



Guideline Anti-Corruption

Favouritism

Favouritism is often linked to corruption. This involves a person using a position of power to obtain an advantage for a family member or acquaintance.

Example:

As an employee of the Volkswagen Group you are negotiating the receipt of a large sales order from a business partner. One day the business partner's employee responsible for placing orders asks to have a meeting with you. During the meeting he offers to place the order to the advantage of the Volkswagen Group. However, in return he asks you to agree to arrange a traineeship at Volkswagen for his nephew without going through the regular application process.

How should you react to this offer?

- Decline the offer
- Inform your direct line manager, and consult and seek support from the Legal Department, the Anti-Corruption Officer or Compliance in good time
- Document the incident in your records
- Continue the contract negotiations with a different employee

Awarding state certificates

Example:

Volkswagen intends to launch a new model in a foreign market. A condition for this is to obtain a certification by the relevant foreign authority. An official from the responsible authority visits the factory and conducts a test on the new vehicle type. He indicates a number of alleged shortcomings and refuses to issue the certification/operating licence. The foreign official makes it clear that the certification/operating licence will only be issued if a “fee” is paid directly to him in cash.

What should you do?

- Refuse to make any payments
- Let the official know that payments are only made upon receipt of a verifiable invoice
- Take note of the name of the official
- Document the incident in your records
- Inform your direct line manager or escalate the incident with the Volkswagen Group local site manager, local Compliance Officer or Anti-Corruption Officer



Guideline Anti-Corruption

Using payments to accelerate state service processes (facilitation payments)

Facilitation payments (also called bribes) are relatively small amounts which are normally paid to officials in order to accelerate routine official procedures to which the citizen has a legal entitlement. As a form of corruption, facilitation payments are forbidden and may result in prosecution. The Volkswagen Group expressly forbids the provision of facilitation payments.

Example:

Urgently required production parts have been held up in customs clearance for a long time. A customs official has informed you – an employee of the Volkswagen Group – that the only way to avoid further delays is to give him a cash payment.



What is the right thing to do in these cases?

- Reject all suggestions of this nature
- Ask for the official's name and demand to speak to his/her superior
- State firmly that the suggested form of payment is unacceptable for Volkswagen and violates regulations
- Inform your direct line manager or escalate the incident with the Volkswagen Group local site manager
- Inform the responsible Compliance Officer or the Anti-Corruption Officer about the incident immediately
- Ensure that your superior or Compliance informs the head of the relevant authority about the incident and provides the name of the advisor/employee
- Make clear that no cash payments will be made and that payments are only made to the authorities if an official receipt is issued
- Document the incident in your records
- Terminate all business relations with the official/intermediary

Exception:

Official fee catalogues may set out accelerated procedures in exchange for payment of an additional fee. These are legally permissible and may only be carried out in exchange for a proper invoice/receipt.

Guideline Anti-Corruption

Contributions made to officials and business partners

What counts as a contribution or a gift?

- Benefits, discounts
- Services not typical of the market
- Invitations to sporting, cultural or other events
- Monetary payments (e.g. cash, bank transfers, granting of interest-free loans or loans with reduced rates of interest)
- Granting of cash-equivalent advantages (e.g. discounts, vouchers and other benefits)
- Preferential treatment in hiring employees (favouritism)
- Other advantages for which there is no entitlement

In many countries it is customary for guests to give officials or business partners small, personal gifts. You may also have encountered similar situations at work and asked yourself how best to react. On the one hand, you do not want to appear impolite in not offering or accepting a gift, but on the other hand you must avoid any suspicion of corruption at all times.

Who is considered to be an official?

Officials are usually people who hold a position in public services. This includes but is not limited to civil servants, magistrates and persons in any public-legal office, as well as persons who are contracted to carry out public administration duties on behalf of authorities or in other positions. Even employees of public radio or TV broadcasters, (partly) state-run companies and international organisations or institutions (e.g. at UN or European level) count as officials.

Please note!

The definition of an official may vary from country to country. If you are unsure, please ask your Compliance Officer.

Why can making contributions to officials be problematic?

Making contributions to officials could be a form of corruption. In most countries, more rigorous regulations apply to dealings with officials than with business partners and private persons, mainly to ensure impartiality of the administration. In some countries, the so-called “buttering up” of officials is punishable as a criminal offence. This refers to the favourable treatment of officials by giving them relatively small favours or contributions. In order to combat corruption, many government administrations have introduced internal regulations for their employees which clearly state the contributions that they may accept. Therefore, always be cautious when dealing with authorities and/or their representatives.

There are very few legally permissible exceptions in which authority representatives/ officials may accept gifts or invitations, e.g. when representing their authority/country at public events. In such cases, you must obtain explicit consent of the Compliance Department in advance.



Guideline Anti-Corruption

The following example describes a situation with officials in which the line of legality has been crossed:

Example:

Before making a fleet sale to an authority, your company provides a vehicle to the fleet manager free of charge, for unlimited private use and for no apparent reason.

How to avoid such situations?

- You should refrain from any dealings with the authority's decision makers which could give the impression that you are trying to unfairly influence their decision on whether to purchase or not, particularly if the deal concerns a definite order
- In such cases, please contact Compliance in good time
- If applicable, please refer to your policy of giving company vehicles to third parties

Making contributions to business partners

In some countries making contributions to business partners could be a punishable offence if they intend to suppress competition from third parties or to give preferential treatment to individuals. Contributions are not permitted if they appear to cause undue influence. This is usually assumed if the contribution is made in connection with a direct business transaction.

Sponsorship and donations

The Volkswagen Group supports organisations and events worldwide through sponsorship and donations. These strengthen the Volkswagen Group brands. Donations are important measures which express how we perceive our social responsibility.

Please note!

Sponsorship means supporting people, organisations or events through money, goods or services with the purpose of promoting one's own communication and marketing objectives. The objective of sponsorship is to raise awareness about one's own company, particularly in the media.

Donations are voluntary payments in the form of money or goods which are made for tax charitable purposes.

Example:

You are responsible for a project's budget. Once the project is underway, a high-ranking government official approaches you and asks you to make a donation to his private foundation. He adds that providing a donation would significantly facilitate the project's progress.

How do you react?

- Refuse this request
- Document the incident and inform your superiors and the site manager in the country of the project, the local Compliance Officer or the Anti-Corruption Officer

Guideline Anti-Corruption

- In the follow-up period, observe whether any unexplainable difficulties arise on the part of the government during the implementation of the project
- If this is the case, you should discuss it with your superiors and the site manager and, in conjunction with Compliance, escalate the incident with the official's superiors

Please note!

Employees may only make donations within the scope of the relevant processes (see OI 1017/0*).

Sponsorship may only take place within the scope of the relevant legal system and in accordance with the valid internal regulations, and must be approved in advance by the relevant department (e.g. Communication and Marketing).

* This Organisational Instruction apply worldwide, but may vary in name and exact form. For further information, please contact your local Compliance Officer.

Please note!

Sponsorship may not be offered or granted in exchange for services provided by an official. Furthermore, each case of sponsorship must serve a legitimate commercial purpose.

The following applies to sponsorship as well as donations:

- Sponsorship and donations must not be used to obtain any dishonest advantage for the Volkswagen Group or serve any dishonest purpose
- Sponsorship and donations must always take place in a transparent manner (documentation must include recipient identity, purpose, reasons for sponsorship/donation)
- Sponsorship and donations must not damage the Volkswagen Group's image
- Payments made into private bank accounts are not permitted
- Each case of sponsorship and each donation must be in line with Group principles



Guideline Anti-Corruption

Violations against anti-corruption laws and their severe consequences

Violations of anti-corruption laws are not considered trivial offences. It may have severe consequences, particularly if it is carried out systematically.

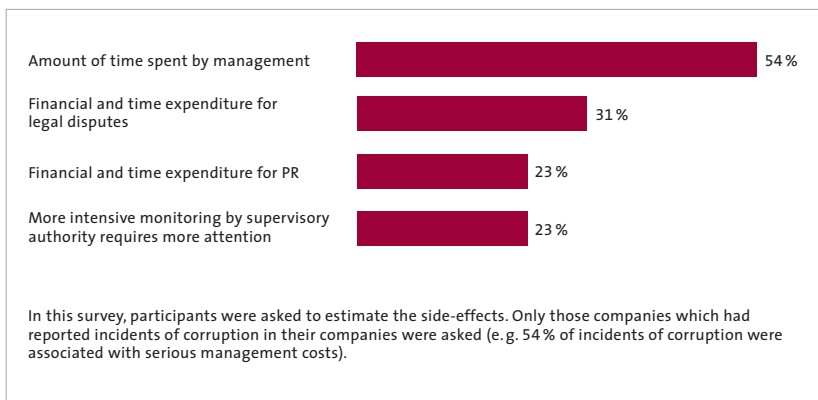
... for the Volkswagen Group

- Large fines
- Civil liability to third parties
- Skimming off excess profits
- High legal fees
- Damage to public reputation
- Damage to market value
- Exclusion from public and private tenders
- Follow-up costs and limitations to free business conduct, e.g. through constraints

... for individuals/ Board members

- Imprisonment
- Large fines
- Civil liability to third parties
- Consequences related to labour laws

CORRUPTION CAUSES HIGH MANAGEMENT COSTS



Source: PricewaterhouseCoopers, "White-collar Crime 2011"

Important principles and golden rules

In order to protect yourself and the Volkswagen Group from sanctions, you must adhere to the following principles:

- Volkswagen employees must not use business connections to their own (or their family's) advantage or to that of a third party or to the disadvantage of the company (separation principle).
- All business transactions are to be conducted in a transparent manner (transparency principle).
- Transactions are to be documented in writing, in particular services rendered and payments made. Transactions have to be documented in an understandable form (documentation principle).
- Payments must never be made in cash; they should be made by bank transfer. Ensure that the recipient's account is not with an offshore bank (non-cash principle).

Offshore bank:

This refers to bank accounts in countries which are considered tax heavens and which facilitate tax evasion. In contrast to larger countries, they do not contribute to a functioning world economy, but instead attempt to profit from it. Some examples of these are: British Virgin Islands, Vanuatu, and other countries such as Liechtenstein. See also the OECD catalogue: <http://www.oecd.org/dataoecd/9/61/2090192.pdf>

Golden rules that help you to conduct safe business

What you should avoid:

- Do not mix private interests with the interests of the Volkswagen Group.
- Refrain from giving monetary gifts.
- Do not make or accept any kind of contribution if it gives the impression that you are only doing so to receive something in return or to grant something.
- Do not make contributions to officials without seeking prior permission from Compliance.

Guideline Anti-Corruption

- Avoid making regular contributions to the same person.
- Never transfer payments without having received a verifiable invoice.
- In advisory contracts (see point IV 1.), avoid performance-related remuneration, which is a percentage of the order volume without any upper limit.

What you must observe:

- Always conduct business in a transparent manner so that third parties can understand your decisions.
- Always ensure that services rendered and remuneration are commensurate.
- Before you accept or make a contribution, check whether it is socially adequate (value of the contribution is appropriate for your standard of living or of your business partner) and compliant with your applicable Organisational Instructions.
- If in doubt, always consult Compliance in advance.
- Always check whether you would still consider your decision to be right if the Volkswagen Group had to justify it in public.
- Your business partner's bank account is located in their country of residence or in the country where their business is located or where the services are rendered.
- The business relationship must always be based on a written contract with a detailed description of services to be rendered.



Which measures is the Volkswagen Group taking to effectively combat corruption?

Within the Volkswagen Group a preventative approach is being pursued.



Volkswagen has taken numerous steps to protect you and the Group from corruption. This includes:

Advisory services

You can find a range of information and advice on the Intranet.

Individual case advisory service

Volkswagen has set up an email address for those who require individual case advice. You can direct any questions you may have regarding corruption to compliance@volkswagen.de.

RiCo Information and Advisory Services

This is an IT application which is intended to provide extensive support to Compliance's preventative concept in the Volkswagen Group. It is a tool which contains answers to frequently asked

Hint:

You can access RiCo via <http://rico.vw.vwg>. If you are unable to access it, please contact your local Compliance Officer.

Guideline Anti-Corruption

questions and offers the employee the opportunity to find information about Compliance issues. If you cannot find an answer in the FAQ section, you can forward your question to the Compliance team online.

Training opportunities

The Anti-Corruption online tutorial is a key component of Volkswagen's preventative Compliance strategy. It aims to support employees in their efforts to abide by the rules at all times. It provides you with practical examples, contains audio files and interactive exercises, and has comprehensible answers to questions about corruption.

Hint:

You can find the Anti-corruption online tutorial at www.volkswagen-bildungsportal.de. If you are unable to access it, please contact your local Compliance Officer.

If you have any questions on the Business Partner Check, please contact your Compliance Officer.

Business Partner Check

The best prerequisite for business integrity is to hire honest business partners. Volkswagen has an excellent reputation worldwide. In order to protect it, we must know our business partners, and we are held accountable for their selection. A single negative business relationship can lead to exclusion from tenders and a loss of long-term business partners of high reputation.



Before entering a business relationship, Volkswagen carefully checks its potential partners. In addition to answering questions on their financial background and quality assurance, all new suppliers, cooperation partners, dealerships, advisors, sales representatives and importers are also questioned regarding their integrity.

It is forbidden to do business with companies or persons listed on international embargo and sanction lists.

A background check can give you additional assurance that you are entering into a business relationship with the right partner. If in doubt, it is always better to refrain from entering into or maintaining a business relationship than to risk endangering the reputation of the Group. The Business Partner Check developed by Compliance serves as a means of support for the early recognition of potential risks.

Group Internal Auditing and Group Security

The Compliance Organisation is solely responsible for preventative action, while investigative measures are carried out by Group Internal Auditing and by Group Security. Both departments carry out systematic checks that regulations are adhered to, as well as random spot checks and special investigations if there are relevant indications (e.g. indications via the Ombudsman system). If you have any information regarding incidents of corruption at Volkswagen or in connection with business partners or others, it is your duty to contact the Audit Department or the Ombudsmen.

Guideline Anti-Corruption

Contact information for both impartial ombudsmen:

Dr. Rainer Buchert

Phone +49-69-710 33 330

Phone +49-6105-92 13 55

email: dr-buchert@dr-buchert.de

Thomas Rohrbach

Phone +49-69-65 30 03 56

email: rohrbach@ra-rohrbach.de

Ombudsman system

Since 2006 Volkswagen has established a Group-wide Ombudsman system assigned to Group Internal Auditing. This offers Volkswagen's employees, business partners, and third parties a contact to whom they can provide information on corruption on an anonymous basis. Information can be currently provided in seven different languages*. Information that you provide will be received by two external ombudsmen, who – as lawyers – are bound by an oath of professional secrecy. Volkswagen will only forward any information you provide if you have given permission to do so. The communication with an ombudsman is strictly confidential.

Anti-Corruption Officer

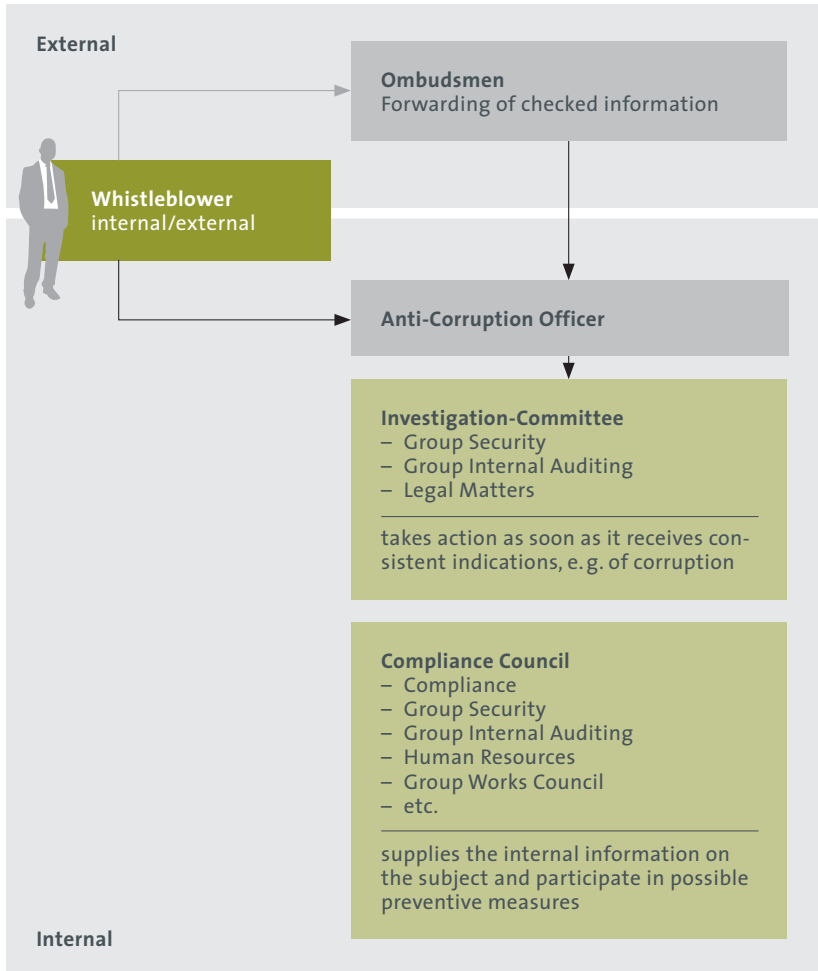
On an organisational level, the Anti-Corruption Officer is also assigned to Group Internal Auditing and is available to answer any corruption-related questions, which employees, business partners and third parties may have. The Anti-Corruption Officer and the internal departments are bound to secrecy with regard to third parties who are not involved in the proceedings.

Investigation Committee

The Investigation Committee deals with cases which are raised by the Anti-Corruption Officer and which show signs of suspected corruption. The main task of the Investigation Committee is to establish actions to be executed in case corruption is suspected.

* Languages currently available are German, English, Spanish, Portuguese, Czech, Chinese and Italian.

THE OMBUDSMAN SYSTEM OF THE VOLKSWAGEN GROUP



Guideline Anti-Corruption

Contact information

The Compliance department is available to all employees who ask for advice regarding corruption or any other Compliance-related issues. Please contact us at the following email address:

compliance@volkswagen.de

Governance, Risk & Compliance (K-GOC)

Where to find more information on the subject of anti-corruption?

For further information and how to get advice, please use the below mentioned collateral or go to the compliance web-page <http://compliance.vw.vwg> and click on anti-corruption on the left side.

Internal Volkswagen information (selection)

The Volkswagen Group Code of Conduct

Volkswagen AG Organisational Instructions 34/0 (Avoiding conflicts of interest and corruption), 34/1 (Invitations and gifts by Volkswagen AG to employees or third parties) and 1017/0 (Awarding donations and discounts)

External information (selection)

Germany

S-20 Guideline on Hospitality and Criminal Law (publisher: S-20 The Sponsor´s Voice)

List of questions on the subject of rewards, gifts and other advantages (contributions) by the Initiativkreis Korruptionsprävention Wirtschaft/Bundesverwaltung (publisher: Initiative Committee – Corruption Prevention, Economy/Federal Administration)

International

RESIST Guideline (publisher: Transparency International Germany e.V.;
ICC Germany International Chamber of Commerce)

OECD – “Convention on Combating the Bribery of Foreign Public Officials in International Business Transactions”

© Volkswagen Aktiengesellschaft
Governance, Risk & Compliance
Letterbox 1717
38436 Wolfsburg
Germany
Phone +49 (0) 5361 9 - 254 93
Telefax +49 (0) 5361 9 - 572 54 93
email: compliance@volkswagen.de
Status 10/2012
