

“Integrity, Transparency and Good Corporate Citizenship”

Keynote speech for the European Movement International event Brussels, 8 March 2018

Ladies and gentlemen,

Thank you for coming to this event and thanks also to the European Movement International for giving me the opportunity to have this discussion with you. Thank you also to the Representation of the State of North Rhine-Westphalia for hosting us today.

(Pause for thought)

Volkswagen and integrity, transparency and good corporate citizenship - how does that fit together? You might be thinking:

Volkswagen of all companies – aren't there any other companies that are better suited to be talking about these issues here today?

Volkswagen deeply regrets the misconduct that gave rise to the diesel crisis, and it was not consistent with the values of this company. We have responded with changes in personnel, structure, processes and culture – all with the goal of strengthening accountability, enhancing transparency and helping to prevent something like this from happening again.

(Pause for thought)

I am totally convinced it is the right thing for me to be here. As we work together to build a better corporate culture at Volkswagen, it is critical to have an open dialogue with everyone involved. In doing so, we are very conscious that we still have a long way to go – not least because of the sheer size and complexity of our company. We also know there will be setbacks, as recent discoveries made all too clear. We have acknowledged, as I do here today, that it was wrong.

As the biggest company in Europe and the biggest automotive group in the world, we also recognize we have a particular responsibility to get things right.

For the past two-and-a-half years, our company has been going through the greatest process of change in its history.

Over that time, we have consistently pressed ahead with our investigation of our failings in the diesel issue. We have been and continue to be in dialogue with the relevant EU institutions and authorities.

Commissioner Jourovà, who is responsible for Justice and Consumer issues, was the driver behind the EU-wide action plan we have put into place for our customers. Significant progress has been made: More than three quarters of all affected vehicles have been systematically fixed. We have learned many lessons from the diesel scandal and are charting a new course. This course has been shaped by the crisis and the personnel and structural changes that followed, but it also reflects the radical technological and lifestyle changes that are transforming our industry.

(Pause for thought)

We are committed to becoming the world's leading provider of sustainable mobility. As part of our 'Roadmap E' initiative, we are electrifying our entire product line-up and will have around 80 new electrified models on the road by 2025.

Ladies and gentlemen,

We at Volkswagen are looking to the future. Our electric vehicle strategy is one example but we are also pressing ahead with less visible changes inside the company, including the way we work. Compliance and integrity play a key role here. These are the two guardrails to safeguard our path.

Compliance ensures that everyone knows: What are our rules and regulations, knowing that it's not a company that does or does not comply with rules and laws, but the sum of its employees across all hierarchy levels.

Integrity defines: What is my inner attitude?

We are all aware: a company can only have integrity when its people conduct themselves with integrity.

Because of the importance of compliance and integrity, let me outline, what we have already achieved in these two fields:

For the first time, we have developed a uniform Code of Conduct for the entire Volkswagen Group and are rolling it out to more than 640,000 employees worldwide. It replaces and updates the different codes that existed at our various brands. Our new Code of Conduct describes how we view our responsibility as a member of society, as a business partner, and in the workplace.

But drawing up rules is not enough. We know that we need to constantly check that they are being followed. That's why we have restructured Volkswagen Group's Compliance Department. We have almost doubled the number of staff, standardised the department's work around the world and strengthened our whistle-blower system.

Let me be clear: There can be no if's or but's about understanding, following and policing the rules. But there are only so many procedures and processes that any company can put in place. At the most basic level, we must ensure that personal integrity is the guiding principle for making decisions. In short, people need to do what they believe is right and know that that is what we expect of them.

Ladies and gentlemen,

The 'new Volkswagen' also means a fundamental change in the way we think about our purpose.

The key here is that directors, senior managers and the entire workforce place long term thinking first.

How can this be done? Especially in view of high sales targets, revenue expectations, delivery dates and countless business pressures?

Ultimately, the only thing that can bring this about is integrity, the quality that makes people do the right thing from their own personal conviction – from a sense of responsibility to the company, its employees, its business partners, the environment and the society as a whole.

Integrity is everyone's business. Admittedly, board decisions have far-reaching consequences for a company and can, if they are wrong, directly jeopardise its survival. Indirectly though, a company's success also depends on whether employees follow their convictions of what is right and wrong and act accordingly. In the long run, a company will only prosper if its customers are convinced that its products are made in an ethical way and deliver value.

(Pause for thought)

Integrity can, however, also make day-to-day business more demanding. What we do must always be legal, but we demand more: a legitimate way of acting, based on the company's values. Volkswagen's voluntary commitment to forgoing certain types of profit on ethical grounds is an expression of this basic attitude. Integrity therefore requires a steadfastness, which employees will only summon up if seen in the broad decision making by the board.

This is why the tone from the top is so crucial: board members and senior managers must set the tone that integrity is not only expected, but

that it is valued and practised by them as an example to others. Only then can we expect decisions throughout the company at all levels to be made with integrity. As Volkswagen's Board of Management, we have made it clear how important integrity is to us. Integrity is at the heart of our Volkswagen Group 'Together 2025' strategy.

We firmly believe that there is no contradiction between social and economic responsibility if the two become part of the corporate culture. Our social commitment will show who we are and make us more attractive to customers and investors and pave the way for innovation in an ecologically responsible society.

We are serious about this. Two years ago Volkswagen founded its international sustainability council with highly competent experts from government, science and business.

The way we consult with this council reflects the open dialogue I mentioned at the start of my remarks. So let me close by saying that we at Volkswagen are receptive to other opinions and constructive criticism. We welcome a trustful and transparent exchange with regulatory Authorities and industrial associations, and with all of you here today.

We have a long way to go, but I believe we are heading in the right direction.

Thank you for having me today. I am excited about the discussion we are going to have.