

VOLKSWAGEN

AKTIENGESELLSCHAFT



Anti-Corruption Guideline

Anti-Corruption Guideline

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Anti-Corruption Guideline

What is the purpose of the Anti-Corruption Guideline?

What does the term “corruption” actually mean?

Corruption is generally understood as the misuse of power entrusted in someone in a professional context for personal gain or for the benefit of a third party such as an employer.

Corruption involves a giver, who offers, promises or grants benefits, and a receiver, who demands, accepts the promise of or receives such benefits (see page 18). These benefits are an incentive to do something during the normal course of business that is dishonest or illegal, or that constitutes a breach of trust. Such wrongdoings are usually called bribery offenses.

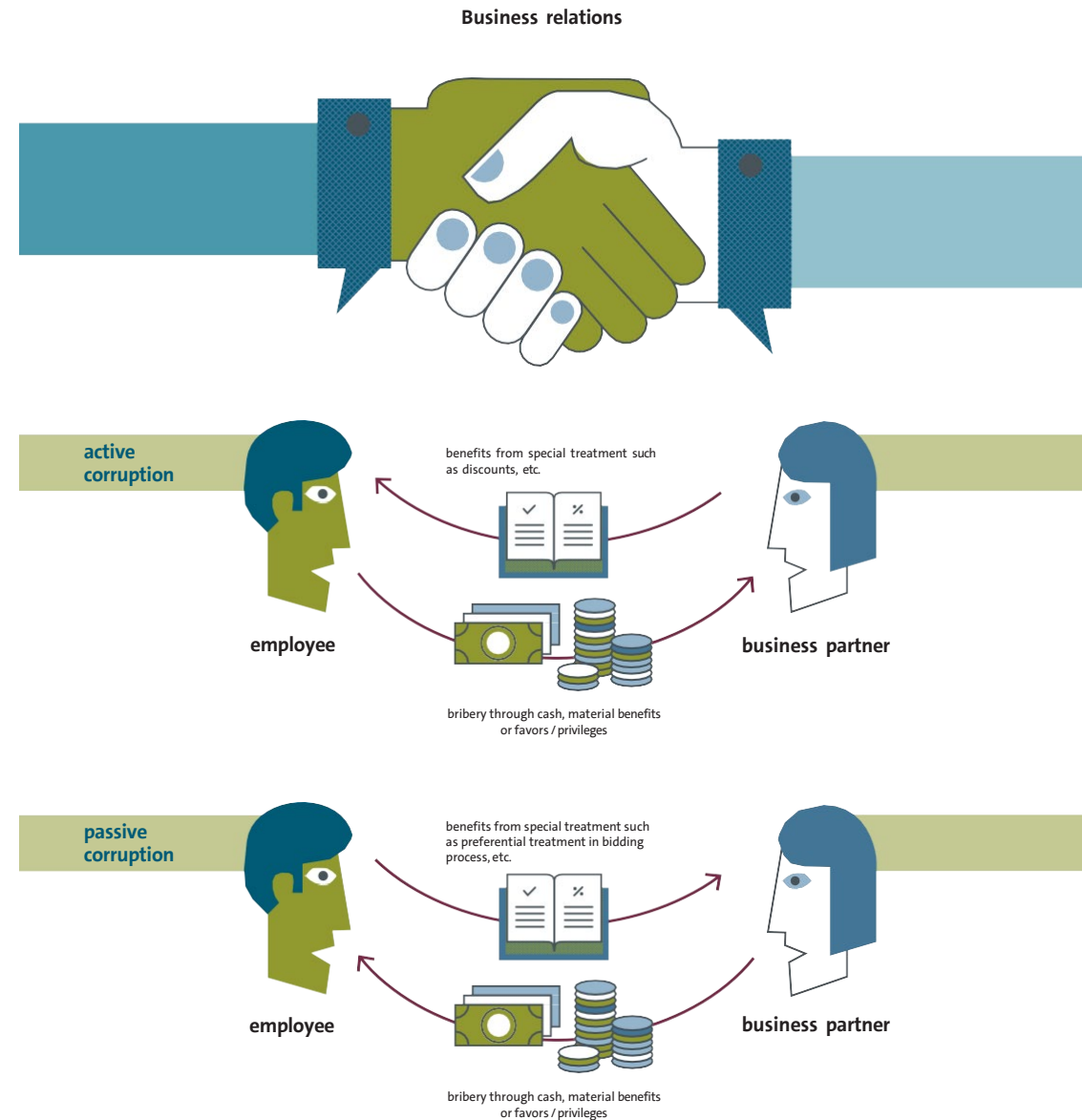
Corruption can occur with regard to contacts with officials and holders of political office as well as business partners.

Corruption – active or passive – is prohibited. Corruption not only harms our Company, but also affects every single employee. It destroys the reputation of our Company and can lead to massive financial penalties. There is no place for corruption at Volkswagen. The purpose of this Guideline is to raise awareness among all employees* of the dangers of corruption and provide assistance on how to follow internal rules at the workplace.

This Guideline is based on Organizational Instructions* and rules applicable throughout the Group. Our [Code of Conduct](#) in particular sets out binding guidelines for all employees in day-to-day business and is the foundation for internal Group rules. Case studies describe situations where corruption can occur and advise on the best way to handle problematic situations. Please also observe your own company’s anti-corruption rules, as they will set out procedures for processes that are particularly susceptible to corruption in more detail than this Guideline. Should you require further support, details of contacts who can be of assistance can be found at the back of this brochure.

*For better readability, only the masculine form is used in the following text. This form is explicitly understood as gender-neutral. It is used for editorial purposes only and is entirely without prejudice.

**These Organizational Instructions apply throughout the Group, although their name and specific content may vary from Group company to Group company. For further information, please contact your local Compliance Officer.



Anti-Corruption Guideline

Corruption is prohibited worldwide

Benefits of any kind whatsoever intended to influence decisions in an inadmissible manner are prohibited worldwide. This applies in particular to benefits granted to officials and holders of political office. For example, granting any kind of undue advantage with the intention of buying the decision of a state authority is prohibited.

Corruption: this includes, e.g., country-specific penal laws; and / or specific anti-corruption legislation.

Although each country has its own anti-corruption legislation, this principle is respected worldwide and anchored in statutory regulations in almost every country. This global consensus underlines that corruption is not a trivial offense or even a necessity for conducting business relations. On the contrary, corruption is a very serious crime.

Furthermore, in many countries (including Germany, the UK, the USA and China) the practice of targeted benefits between business partners is a punishable offense. Under these laws, offering, requesting, promising or accepting the promise of, granting or accepting a benefit intended to unduly influence an individual's own behavior or that of a business partner is prohibited.

Some of these laws apply worldwide and for all persons. The U.S. **Foreign Corrupt Practices Act (FCPA)** punishes acts of bribery in the USA relating in particular to foreign officials. Even minor contacts such as phone calls or e-mails can be sufficient.

The **U.K. Bribery Act (UKBA)** also classes acts of bribery relating to both domestic and foreign officials as a criminal offense if there are links with the United Kingdom, regardless of where the crime occurred.

Honest business practice is always possible and imperative.

What are typical situations where corruption is likely to occur?

The following examples illustrate some situations where corruption may occur.

Contracting external advisors and agents

Agents are sometimes required or used, particularly when conducting business abroad. These may be consultants, 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 contacts with ministries and / or other state authorities. Third parties contracted by Volkswagen must, however, comply with local and international laws. Third parties may not perform any actions or encourage any actions that our own employees are prohibited from performing or encouraging.

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Please note:

Volkswagen and its employees may be held liable for actions and violations of the law committed by advisors / agents. This may even include failing to exercise due diligence when selecting an advisor. Therefore, please make sure you know exactly who you are dealing with before you enter into a contract with an advisor / agent. In order to find out more about the relevant advisors / agents, please contact the Compliance Department (Business Partner Due Diligence).

Example:

As a project manager, you are planning a Volkswagen project in a new market. However, you are not sufficiently familiar with the business background in this country, particularly with regard to cultural specifics, administrative processes and other general conditions. You therefore decide to call on the services of an external project manager.

Checklist for selecting external advisory and agents:

- Does Volkswagen have any in-house experts?
(In that case, there is no need to contract an external advisor)
- Was the process used to select an external third party transparent and was this process documented?
- Does the contract include a detailed description of the services the advisor is required to provide and do these services have a legitimate purpose
- Is it clear that the advisor's fee will only be paid if verifiable proof of the services rendered and a proper invoice are submitted?
- Is the fee proportionate to the services rendered?

Important:

- Refuse any requests for cash payments or cash equivalents
- Inform the advisor of the document entitled "Volkswagen Group requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners)", which forms the basis for cooperation
- Ensure that the contracts are always concluded in writing. If in doubt, ask a legal expert to check the contract before you sign it
- **Are there any reservations regarding the integrity of the third party?** Document your integrity check. Ask your Compliance Officer to conduct further checks (Business Partner Due Diligence)



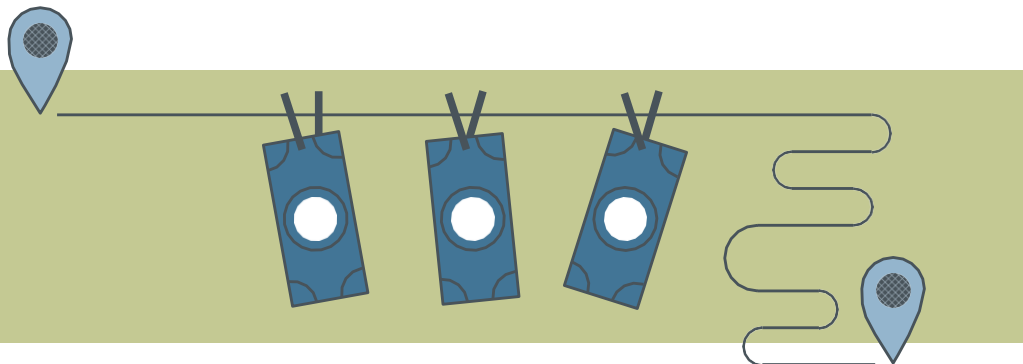
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Cooperation should be avoided if any of the following “red flags”¹ are raised:

- Excessive commissions to advisors or agents
- Contracts with advisors that include only vaguely described services
- Advisors who are normally in a different line of business than that for which they have been engaged
- Business partners related to or closely associated with foreign officials
- Business partners who became part of the transaction at the express request or insistence of a foreign official
- Business partners who are merely a shell company incorporated in an offshore jurisdiction
- Business partners requesting payments to offshore bank accounts

Other reasons for concern regarding integrity can also be found in the appendix to the internal policy for business partner due diligence.

¹Criminal Division of the U.S. Department of Justice / Enforcement Division of the U.S. Securities and Exchange Commission, A Resource Guide to the U.S. Foreign Corrupt Practices Act, 2012, p. 22 f.



Hidden commission charges, in particular kickback payments

Hidden commission charges can favor bribes. These terms of payment are also referred to as kickbacks. A kickback payment occurs, for example, when a previously contracted advisor pays part of an excessive service fee to the employee's account. Usually, the payment is not transparent.

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 or your Compliance Officer of the incident
- Compare the tender conditions with the final terms for contract award, and check whether your refusal to pay a fee has a negative impact on how Volkswagen is assessed
- End all business relations with this intermediary
- Document the incident in your records

Please note:

Illegal advisory contracts are prohibited and are not tolerated in the Volkswagen Group.



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Favoritism

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

Example:

As an employee of the Volkswagen Group you are negotiating a large sales order from a business partner. One day the business partner's employee responsible for order management asks for a meeting. During the meeting he offers to arrange for the order to be placed with the Volkswagen Group. However, in return he asks you to fix an apprenticeship for his nephew without going through the regular application process.

What should you do?

- Decline the offer
- Inform your direct line manager and contact your Compliance Officer for support
- Document the incident in your records
- Continue contract negotiations with a different employee or escalate the incident

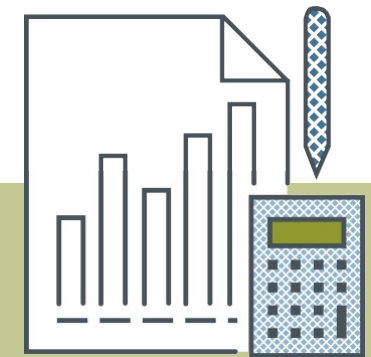
Awarding state certificates

Example:

Volkswagen is planning to launch a new model in a foreign market. A precondition for this is certification by the relevant foreign authority. An official from the responsible authority visits the factory to conduct the test on the new vehicle type. The official draws attention to a number of alleged shortcomings and refuses to issue the certification / operating license. However, he indicates that the certification / operating license could be issued for a cash "fee" paid directly to him.

What should you do?

- Refuse to make any payment
- Let the official know that payments are only made on receipt of a verifiable invoice
- Note 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 Group Chief Compliance Officer



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Using payments to accelerate state service processes (facilitation payments)

Facilitation payments (also called bribes) are relatively small amounts paid to officials in order to accelerate routine official procedures to which citizens are legally entitled. Bribes are a criminal offense in any countries and are therefore prohibited. The Volkswagen Group expressly prohibits facilitation payments.

Example:

Urgently required production parts have been held up in customs clearance for quite some 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.

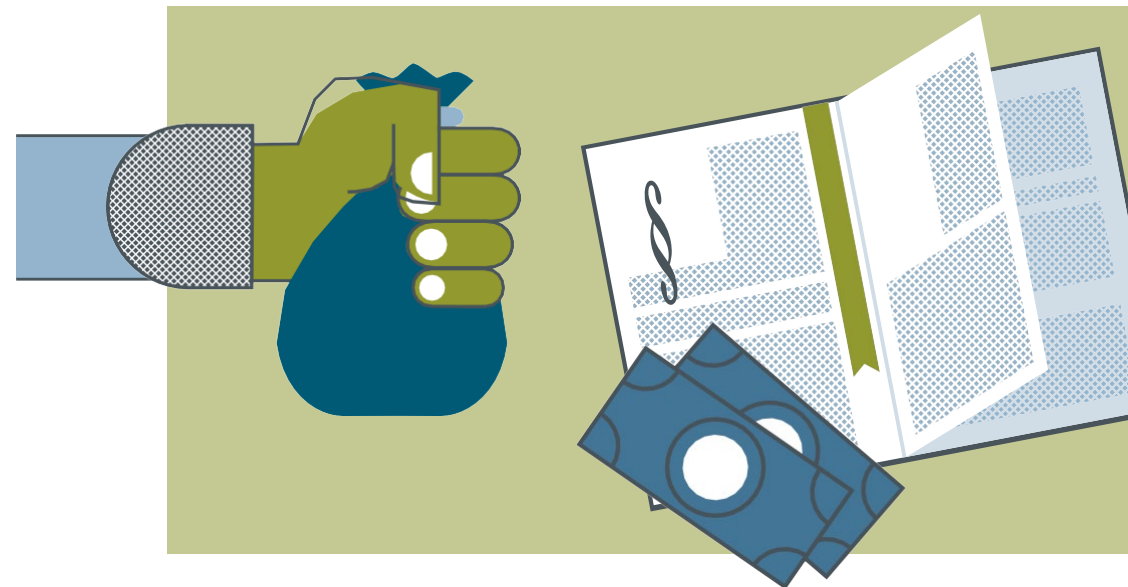
What should you do in situations like this?

- Reject all suggestions of this nature
- Make clear that no cash payments will be made and that payments are only made to the authorities if an official receipt is issued
- Ask for the official's name and insist on speaking to his superior
- Leave your negotiating partner in no doubt that his proposal is a criminal offense and unacceptable for Volkswagen
- Inform your direct line manager or escalate the incident with the Volkswagen Group local site manager
- Immediately report all incidents to the responsible Compliance Officer
- Document the incident in your records
- Terminate all contact with the official / intermediary or terminate business relations with the intermediary

Exception:

- If the specific situation poses a threat to your health or your life or if there is a direct threat to the health or life of any third party, payments to avert such a threat are expressly permitted. Should you experience such a situation, please contact Group security as soon as possible once the situation has passed. Then inform your superior and the responsible Compliance Officer immediately, document and report the incident
- Official fee catalogs may set out accelerated procedures in exchange for payment of an additional fee (e.g. fast-track passport). These are legally permissible and may only be carried out in exchange for a valid invoice / receipt

With reference to these official fees, the difference is that payment is made direct to the authority and not to the official concerned.



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What counts as a benefit?

- (Cash equivalent) gifts
- Discounts, rebates, vouchers (cash equivalents)
- Services not typical of the market
- Invitations to business meals or other business events
- 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)
- Preferential treatment in hiring employees (favoritism)
- Other advantages for which there is no entitlement

Benefits granted to officials, holders of political office and business partners

In many countries it is customary for guests to give officials, holders of political office 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 at all times avoid any suspicion of corruption.

What is the definition of an official?

Officials are people who hold a position in public service. This includes but is not limited to civil servants, judges 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. Employees of public radio or TV broadcasters, (partly) state-run companies and international organizations or institutions (e.g. at European level) also count as officials. Church officials are not included.

What is the definition of a holder of political office?

Holders of political office include members of the European Parliament, the German Bundestag, and members of parliament of the different German states, local councilors and representatives of municipal associations.



Please note:

The definition of the term “official” may vary from country to country. In the USA, for example, candidates for political office are also considered to be officials. If you are unsure, please contact your colleagues in the Compliance Department.

Why can granting benefits to officials and holders of political office be problematic?

Benefits granted to officials and holders of political office are particularly susceptible to being considered a form of corruption. In most countries, more stringent criminal law regulations apply to dealings with officials than with business partners or private persons, mainly to ensure the impartiality of the administration. In some countries, what is known as “buttering up” of officials or holders of political office is punishable as a criminal offense. This refers to the favorable treatment of officials or holders of political office by giving them relatively small favors or benefits. It is therefore advisable to exercise particular caution when dealing with authorities and / or their representatives and to take a very restrictive approach to granting benefits.

There are very few legally permissible exceptions in which authority representatives / officials and holders of political office may accept gifts or invitations – e.g. when representing their authority / country at public events. You must obtain the explicit consent of your Compliance Department in advance before granting a benefit to an official or holder of political office.

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The following example describes a situation where the red line for granting benefits to officials and holders of political office has been crossed:

Ahead of a fleet sale to an authority, your company provides a vehicle to the official in charge of fleet business free of charge, for unlimited private use and for no apparent reason. The official is the fleet manager and responsible for the forthcoming contract award.

How can you avoid such situations?

- You should refrain from any dealings with the authority's decision makers which could give the impression you are trying to unfairly influence their decision on whether to purchase or not, particularly if the deal concerns a definite offer
- In such cases, please contact Compliance at an early stage

Granting benefits to business partners

In some countries, granting benefits to business partners is a punishable offense if such benefits are intended to elbow out competitors or to give preferential treatment to specific business partners. Benefits are not permitted if they create the impression of or serve to exert undue influence. That is generally the case if the benefit is granted in connection with a direct business transaction.



Please note:

“buttering up”. The boundary between “buttering up” and committing a criminal offense is often blurred. The same applies vice versa, i.e. if you are the person being “battered up” by a business partner.



Please note:

Active and passive corruption are only criminal offenses for employees and agents.

There is no risk of corruption in respect of self-employed sole traders. However, that does not mean such actions escape punishment. Unlawful benefits granted to sole traders may be deemed to be a breach of trust and therefore constitute a criminal offense. In order to protect company property, such benefits may therefore not be granted either.

Sponsoring and donations

The Volkswagen Group supports organizations 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:

Sponsoring is the term used to describe benefits based on a contractually agreed consideration to achieve a positive impact in terms of our reputation and public perception.

Donations are benefits on a voluntary basis for a religious, scientific, charitable or cultural purpose, with no expectation of a consideration in return.

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.

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How do you react?

- Refuse this request
- Document the incident and inform your superiors and the site manager in the project country or the local Compliance Officer
- In the follow-up period, check whether any inexplicable difficulties arise on the part of the government during further implementation of the project
- If this is the case, you should discuss it with your superiors and the site manager and, in conjunction with the Compliance Department, escalate the incident with the official's superiors



Please note:

Employees may only make donations within the scope of the prescribed processes.

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. Communications and Marketing).



Please note:

Sponsorship may not be offered or granted in exchange for services provided by an official or a holder of political office. 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 undue advantage for the Volkswagen Group or serve any unlawful purpose
- Sponsorship and donations must always be transparent (documentation must include
 - recipient identity, purpose, reasons for sponsorship / donation)
- Sponsorship in particular is based solely on a written agreement in return for an appropriate consideration
- Sponsorship and donations must not damage the Volkswagen Group's image
- Payments to private bank accounts are not permitted
- Each sponsorship and each donation must be in line with Group principles
- Volkswagen only makes donations to charitable organizations



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Violations of anti-corruption laws and their drastic consequences

Violations of anti-corruption laws are not considered trivial offenses. Particularly if they are carried out systematically, they may have drastic consequences for...

... the Volkswagen Group

- Large fines
- Civil liability towards third parties
- Skimming off profit
- High legal fees
- Reputational damage
- Damage to market value
- Exclusion from public and private tenders
- Follow-up costs and constraints on free business conduct, e.g. by imposing restrictions

See for yourself [here](#).

... individuals / Board members

- Imprisonment
- Large fines
- Civil liability towards third parties
- Consequences under labor law

Important principles and rules for the workplace

The following principles must be strictly observed in order to protect yourself and the Group from such sanctions:

- Volkswagen employees must not use business connections for personal benefit or the benefit of third parties or to the detriment of the Company (separation principle).
- All business transactions must be conducted in a transparent manner (transparency principle)
- Transactions must be documented in writing, in particular services rendered and payments made. Documentation must ensure that the transaction is transparent (documentation principle)
- Payments must never be made in cash; payments must always be made by bank transfer. Care must be taken to 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 havens and which facilitate tax evasion. Unlike larger countries, they do not contribute to but rather seek to profit from a functioning world economy.

Examples include: British Virgin Islands, Vanuatu, and other countries such as Lichtenstein.



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Important rules for conducting day-to-day business safely

What you should avoid:

- Do not mix private interests with the interests of the Volkswagen Group
- **Do not give or accept monetary gifts or cash equivalents (rebates tokens, cheques, vouchers, discount stamps, crypto currencies, or similar)**
- **Do not give or accept any kind of benefit** if it gives the impression that you are only doing so to receive or make a consideration in return
- Do not grant benefits to officials or holders of political office without obtaining prior permission from your Compliance Department
- Avoid granting / receiving regular benefits to / from the same person
- Never transfer payments without having received a verifiable invoice
- When concluding contracts with advisors (see p. 9) avoid performance-related fees that are based on a percentage of the order volume and have no cap

Golden rules:

- Always conduct business in a transparent manner so that third parties can understand your decisions
- Always ensure that the services rendered are commensurate with compensation
- Before you accept or grant a benefit, check whether it is socially acceptable (e.g. courtesy gifts)
- If in doubt, always consult your Compliance Department 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 account to be used for making the payment must be located in their country of residence or where the business is located or in the country where the services are rendered
- The business relationship must always be based on a written contract with a detailed description of the services to be rendered
- It should be noted that following these golden rules does not completely exclude risks under criminal law or the examination of individual cases. It is extremely important to avoid any semblance of wrongdoing right from the outset

An initial suspicion could be sufficient grounds for the responsible public prosecutor to open an investigation.

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Effectively fighting corruption in the Volkswagen Group

The Volkswagen Group takes a holistic approach to compliance. Volkswagen has taken numerous steps to protect you and our Company from corruption. These include:

Information

A range of information and advice services are available on the Volkswagen portal:

<http://compliance.vw.vwg>

Advice on individual cases

Volkswagen has also set up an e-mail address for advice on individual cases. You can email any questions you may have about corruption to compliance@volkswagen.de.

Training opportunities

The contacts listed, below, in this Guideline can offer you various information and training opportunities to help you comply with the rules at all times.

We look forward to hearing from you.

Note:

Information is available on Volkswagen's internal media

Business Partner Check

The best prerequisite for business integrity is honest business partners. Volkswagen has a very good reputation worldwide. In order to protect it, we must know our business partners, and are held accountable for the risks they engender. A single negative business relationship can lead to exclusion from tenders and the loss of long-standing business partners of high reputation. Volkswagen therefore carefully checks its potential partners before entering a business relationship.

In addition to answering detailed 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.

We do not do business with companies or persons listed on international embargo and sanctions 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 step aside from entering into a business relationship than to risk endangering the reputation of the Volkswagen Group. The "Business Partner Due Diligence" developed by the Compliance Department is a safeguard to prevent corruption at Volkswagen. It serves as a means of support for the early recognition of potential risks and ensures an appropriate response.

If you have any questions on Business Partner Due Diligence, please contact your Compliance Officer.

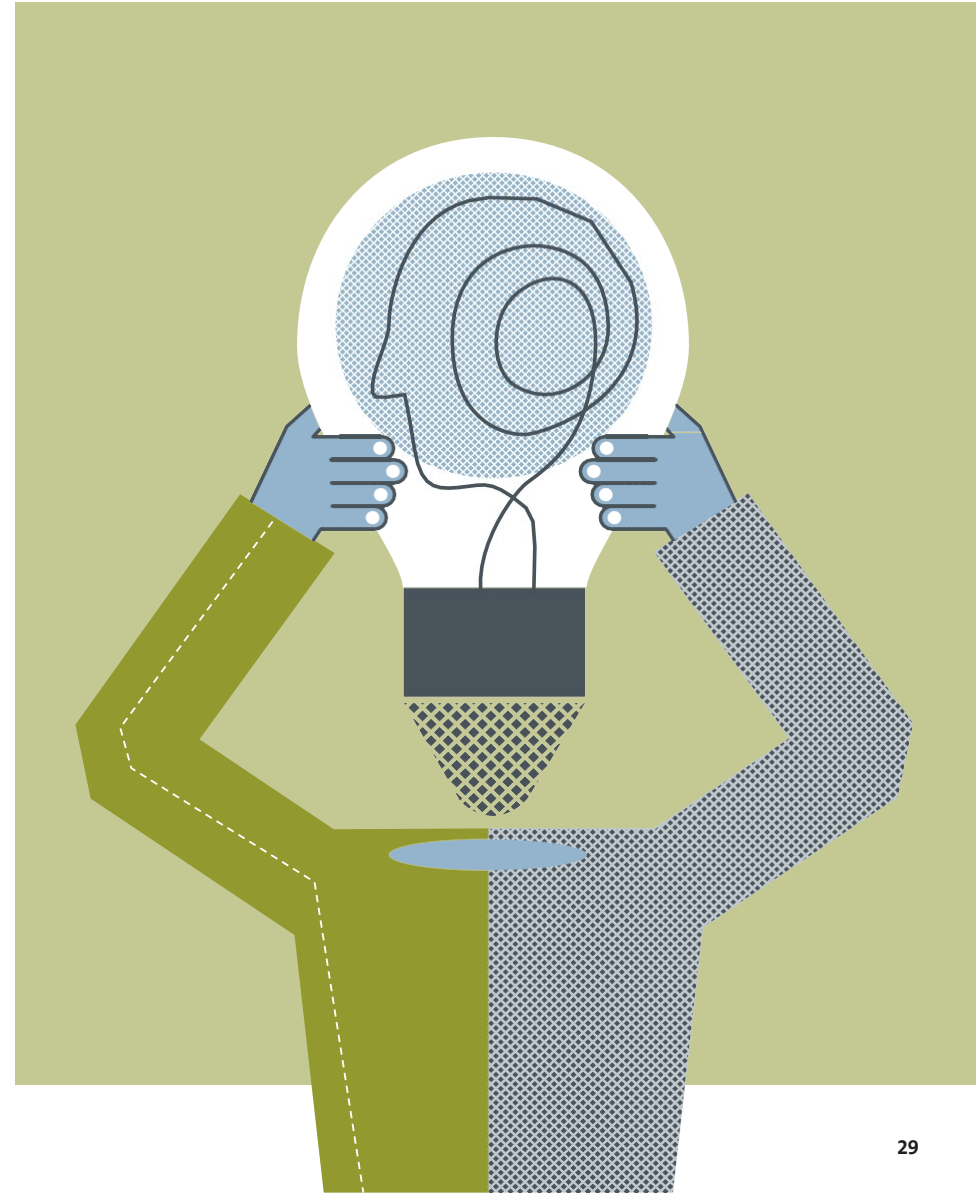
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Whistleblower System

Volkswagen's whistleblower system has been set up to deal with reports of Serious Regulatory Violations. Potential violations against the Code of Conduct for Business Partners, including serious risks and human rights and environmental violations caused by direct and indirect suppliers, can also be reported to the Whistleblower System. A system of this kind is important because reporting misconduct can avoid harm to or legal consequences for our Company and for us as employees. In the event of Serious Regulatory Violations, recognizing such violations swiftly, taking immediate action and remedying them promptly is crucial. Various internal and external reporting channels are available and are listed in the Appendix to this Anti-Corruption Guideline. Reports can be made anonymously if the whistleblower so wishes. The values of protection, fairness and trust form the basis for work under the whistleblower system. The new system is founded on standardized and swifter processes along with the confidential and professional processing of reports.

Central Investigation Office

A team of specialist and experienced lawyers works in the Central Investigation Office, which is part of the Group Compliance Department. They receive reports and check the information for concrete evidence of a serious regulatory violation. They only initiate an investigation if there are reasonable suspicions of serious misconduct. If that is the case, a department (Corporate Audit, Corporate Security, Corporate Legal Affairs) is appointed to investigate. Based on the investigation reports, the Central Investigation Office also collaborates with Human Resources which is responsible for any subsequent disciplinary process.



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Contact information

All employees seeking advice on corruption or any other compliance-related issues can contact the Compliance Department by sending an e-mail to

Group Compliance (K-IC)
compliance@volkswagen.de

Central Investigation Office (internal contact)



E-Mail
io@volkswagen.de



Online reporting channel (SpeakUp)
<https://gotospeakup.report/volkswagen>



Voice intake via telephone
 0800 1818 652, Organizational Code "122203"
 (when calling from Germany, other numbers can be found on [this list.](#))



Via App:
 App "SpeakUp – Listen for a change" for private mobile devices
 Organizational code "122203" (hints can be submitted anonymously)



Ombudsperson

<https://www.ombudsperson-frankfurt.de/volkswagen> Whistleblowers can remain anonymous to the company if they wish.



Volkswagen AG
 Central Investigation Office (K-ICW)
 Postbox 11/1717
 Berliner Ring 2
 38436 Wolfsburg, Germany



In person

Please make an appointment in advance
 via io@volkswagen.de

Reporting channel according to Whistleblower System EU-Directive: for further information, please refer to the websites of the corresponding EU national companies of the Volkswagen Group

Group Security

konzernsicherheit@volkswagen.de

24/7 emergency number for medical and security emergencies for employees traveling on business and for employees on foreign assignments
 Phone: +49-7531-942-1611

Anti-Corruption Guideline

Where can you find more information on anti-corruption?

Useful information is also available on the [Compliance page](#) by clicking the “Anti-Corruption” button.

Volkswagen internal (sample)

Volkswagen Group Code of Conduct

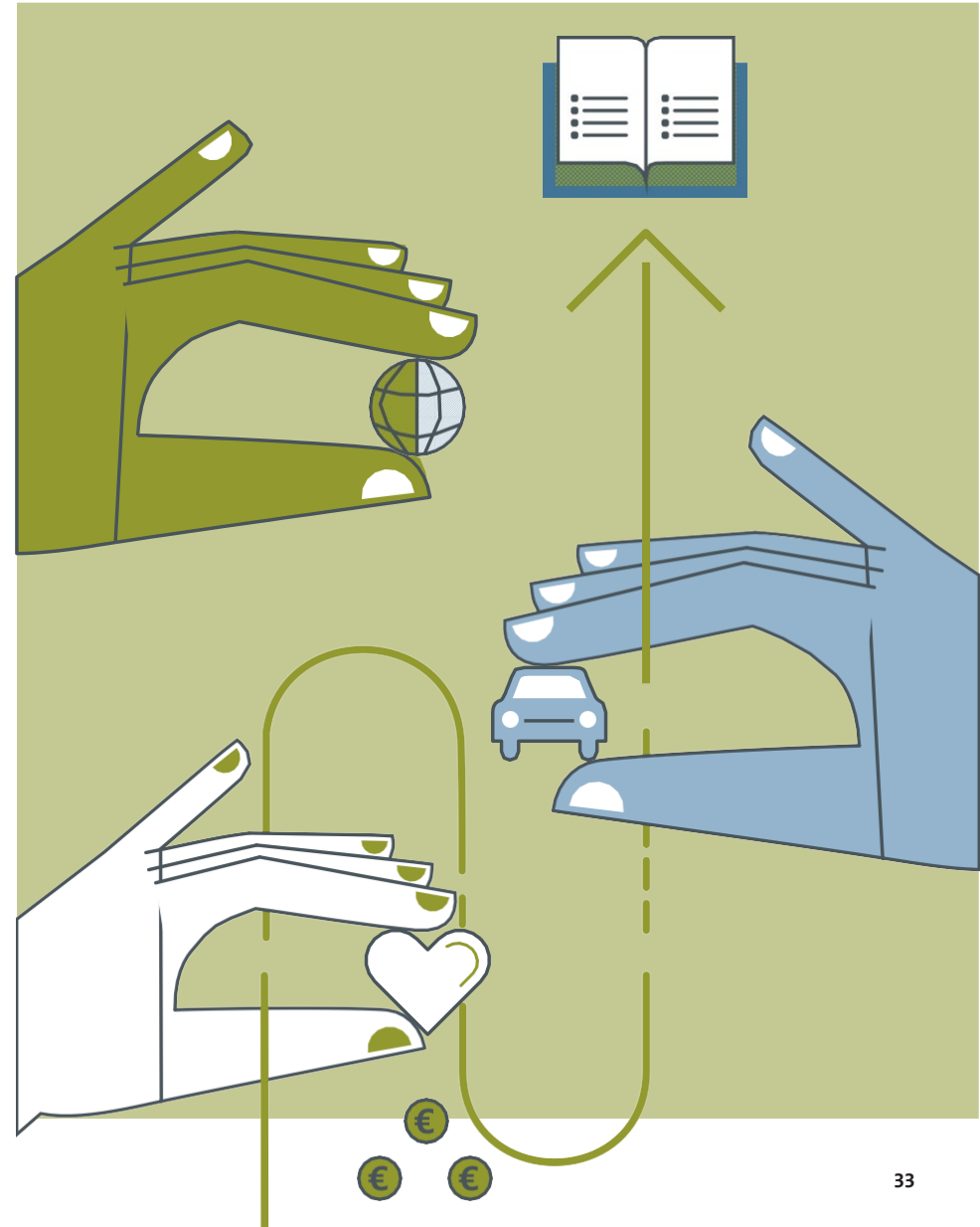
ORL 39 (Guideline on donations to avoid corruption), ORL 42 (Granting donations and sponsorship), 902-3 (Loaning company cars to third parties), ORL 139 (Guideline for dealing with potential conflicts of interest at Volkswagen AG)

External (sample)

[S20 The Sponsors' Voice](#)

[Transparency International Deutschland e.V.](#)

[ICC Germany](#) – International Chamber of Commerce The world business organization



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