

The Volkswagen Investor Settlement Foundation

Governance Document

The Volkswagen Investor Settlement Foundation ("**Foundation**") is incorporated on 26 January 2016. The Foundation is governed by the constitution ("**Constitution**") which is aligned with the provisions of the Dutch Claim Code.

The Foundation operates a two-tier model, which means that management and supervision are segregated. The Foundation's management board ("**Board**") has been charged with the daily management of the Foundation. The Board consults the supervisory board on a regular basis. Important board resolutions are - in line with the Constitution - submitted to the supervisory board for discussion or approval.

The Foundation subscribes to the principles laid down in the Dutch Claim Code which applies to representative entities ('305a Stichtingen') that promote, protect and represent the interests of a certain class of persons in collective actions or settlements (see section 2:305a Dutch Civil Code).

The Dutch Claim Code contains six generally accepted principles which serve as a guideline for a transparent and professional representation of interests for the different parties involved. The starting point in formulating a policy based on the Dutch Claim Code is recognizing that governance is a matter of customization and derogation is justified in special circumstances (comply or explain).

In this governance document the Foundation will explain in which manner it applies the principles of the Dutch Claim Code.

Principle I: Compliance with and enforcement of the Dutch Claim Code

The Board and the supervisory board will discuss the compliance of the Dutch Claim Code by the Foundation at least once a year.

If the Board wishes to depart from a certain provision of the Dutch Claim Code, it will provide the supervisory board with an explanation for derogation. A resolution of the Board to depart from the Dutch Claim Code shall be subject to the prior written approval of the supervisory board.

This document is the governance document as referred to in elaboration 1 of Principle I of the Dutch Claim Code. This governance document has been published on the website of the Foundation after it was adopted (<http://volkswageninvestorsettlement.com>).

Principle II: Representation of collective interests without a profit motive

In accordance with provision 3.1 of the Constitution, the Foundation aims:

- (a) *to promote, protect and represent the interests of Investors who are suffering, are in danger of suffering and/or have suffered loss or damage as a consequence of the acts or omissions of:*
 - i. *one or more Policymakers, and/or*
 - ii. *one or more of the Volkswagen Entities, which acts or omissions give rise to a Claim;*
- (b) *to represent the interests of Investors in relation to a Settlement Agreement in respect of which the Court of Appeal will be requested to make an order declaring the agreement binding pursuant to the Dutch Class Action (Financial Settlement) Act (Wet Collectieve Afwikkeling Massaschade or WCAM);*
- (c) *to obtain and distribute financial compensation for (part of) the loss or damage which Investors claim to have suffered, subject to the provisions of a Settlement Agreement,*

and to perform any acts relating or potentially conducive to the above provisions, all in the broadest sense of the word.

The members of the Board and supervisory board operate independently of each other. The Board represents the Foundation. The authority to represent the Foundation is also vested in two Board members acting jointly.

In accordance with the Constitution, and more specific with provision 6.8 (Duties and powers of the Board), neither natural persons nor legal entities are entitled to dispose of the Foundation's financial resources as if these were their own financial resources.

In accordance with the Constitution, and more specific with provision 27.5 (Dissolution, liquidation and winding-up), any assets left after liquidation shall be allocated to those who are Participants at the time when the resolution to dissolve the Foundation is passed. The surplus shall be divided pro rata to the contribution paid by each Participant in the last financial year, except as otherwise decided by the Board in its resolution to dissolve the Foundation. However, the resolution to dissolve the Foundation may also determine that the surplus on winding up must be applied differently, on condition that it is given to: a public benefit organization, or any substitute regulation, with objects that are similar to the Foundation's objects as far as possible, or a foreign organization which exclusively or virtually exclusively pursues the common good and which has objects that are similar to the Foundation's objects as far as possible.

The members of the Board and the supervisory board receive an appropriate compensation for hours actually spent, in so far as the Foundation has sufficient means. Apart from the aforesaid remuneration, the members of the Board and supervisory board are not entitled to any other monetary compensation – directly or indirectly – in connection with their duty to represent the interests of the investors via the Foundation.

The Foundation has retained Bernstein Litowitz Berger & Grossmann LLP ("**BLB&G**") as Legal Counsel. BLB&G is highly experienced in resolving claims under the Dutch Collective Settlement Act,



including the \$58 million resolution that was approved by the Amsterdam Court of Appeals in re Converium Securities Litigation. Moreover, BLB&G is the Court appointed sole Lead Counsel in the securities fraud class action filed on behalf of purchasers of Volkswagen ADRs that is currently pending before Judge Charles R. Breyer in United States District Court for the Northern District of California. Following the appointment as lead counsel, BLB&G helped to establish the Foundation in the Netherlands under the Dutch Collective Settlement Act (the “Act”) to allow investors in other Volkswagen securities to be compensated as well.

The Foundation is and remains independent of BLB&G. The independence of the Foundation stems from the arrangements and from its Board composition: the Board of the Volkswagen Investor Settlement Foundation is unparalleled in terms of influence, experience, and reputation.

The Foundation has a retainer agreement with BLB&G. In this retainer agreement BLB&G agrees to finance the Foundation and pay for all costs including notice costs, payment for the directors and the legal fees of the Foundation’s Dutch and German counsel. The retainer agreement also describes under what conditions and how BLB&G will be compensated for financing the Foundation objectives. BLB&G will receive no payment or reimbursement for any costs if there is no settlement or the settlement is not declared binding. If investors achieve a recovery through the Foundation, BLB&G will receive payment of a percentage of that recovery based on a contingency fee arrangement. This percentage will be on a regressive scale; the percentage decreases as the aggregate benefit to investors increases. The reimbursement of costs and payment of fees to BLB&G must be approved by the Amsterdam Court of Appeals. The Foundation will ask the Amsterdam Court of Appeals to determine independently whether the requested reimbursement of costs and payment of fees are fair, reasonable and appropriate. This is the same court that has exclusive jurisdiction to review a potential settlement.

Principle III: Composition, duty and method of operating of the Board.

The Foundation’s Board consists of four members, which members have the relevant legal and financial expertise required under the Dutch Claim Code. The members also have broad experience - in various capacities - with settling collective actions. A short version of each of their curriculum vitae is published on the website of the Foundation.

The Board meets on a regular basis during the year.

The Foundation has a website (<http://volkswageninvestorsettlement.com>) which contains (at least):

- the Constitution of the Foundation;
- the curriculum vitae of each of the Board members;
- the curriculum vitae of each of the supervisory board members;
- the governance document as referred to in elaboration 1 of Principle I of the Dutch Claim Code;
- the accountability document as referred to in elaboration 8 of Principle VI of the Dutch Claim Code;
- the strategy document as referred to in elaboration 7 of Principle III of the Dutch Claim Code;



and

- an overview of the status of the legal proceedings in which the Foundation is involved.

The Foundation has well over one hundred participants which are directly informed by the Board about the proceedings of the Foundation. In addition BLB&G provides regular updates about the legal proceedings around Volkswagen. When there is a need to discuss the results of a dialogue with Volkswagen, the board will organize a Meeting of Participants.

Principle IV: Independence and avoiding conflict of interest

In accordance with Principle IV, the independence of the Foundation is warranted by a strong internal governance. The Foundation will avoid any form or appearance of a conflict of interests between paid advisors, the Foundation, the supervisory board and the Board.

The Board is composed in such a way that its members are able to operate independent of each other, the members of the supervisory board and the investors whose interests the Foundation serves to protect. There are no close family- or other comparable relationships within the bodies of the Foundation.

The Foundation has made appropriate arrangements with the funder of the Foundation to ensure its independence. BLB&G is financing the costs of the Foundation, including legal costs. Any material financing and funding decisions require Board approval.

In conclusion, the independence of the Foundation is warranted by a strong internal governance, the Constitution of the Foundation, transparency to the investors whose interests are represented by the Foundation and last but not least the procedures under the WCAM and the role of the Amsterdam Court of Appeal in the declaration of the binding effect of a settlement.

Principle V: Executive remuneration

The members of the Board receive remuneration for their services in accordance with the Dutch Claim Code. The remuneration has been determined by the supervisory board and may be set at nil if this is necessary in view of the financial position of the Foundation. The chairman of the Board receives an hourly fee of EUR 500 ex VAT/gross and costs of travel and accommodation. The other members of the Board receive an hourly fee of EUR 400 ex VAT/gross and costs of travel and accommodation. The members of the Board are not entitled – neither directly nor indirectly - to any form of remuneration for services rendered other than the aforesaid remuneration.

The payments made to Board members shall be disclosed as such and explained in the financial statements with due regard for the provisions of the Claims Code. An independent external auditor will examine the accounts.

Principle VI: Composition, duty and method of operating of the supervisory board

In accordance with the Dutch Claim Code, the Foundation's supervisory board consist of three members, which members have the relevant legal and financial expertise required. A short version of each of their curriculum vitae is published on the website of the Foundation.

Each year, the supervisory board will draft and adopt an accountability document in which it



accounts for its supervision in the past year. This document will be published on the website of the Foundation.

The members of the supervisory board receive remuneration for their services in line with the Dutch Claim Code. Their remuneration has been determined by the joint meeting of the Board and supervisory board. The chairman of the supervisory board receives an hourly fee of EUR 500 ex VAT/gross and (part of the) costs of travel and accommodation. The other members of the Board receive an hourly fee of EUR 400 ex VAT/gross and (part of the) costs of travel and accommodation. The members of the supervisory board are not entitled – neither directly nor indirectly - to any form of remuneration for services rendered other than the aforesaid remuneration.

The supervisory board meets at least once a year. The Board and the supervisory board hold a joint meeting at least once a year to discuss the broad outline of current and future policy of the Foundation.

The supervisory board is composed in such a way that its members are able to operate independent of each other, the members of the Board and the investors whose interests the Foundation serves to protect. There are no close family - or other comparable relationships within the bodies of the Foundation.

Huub Willems

Jean Frijns

Frans van der Wel

Rob Okhuijsen

Ben Knüppe

Hans de Munnik

Astrid Stadler

