

## AGREEMENT FOR A REPRESENTATION ELECTION

This Agreement for a Representation Election ("Election Agreement") is made as of this 27<sup>th</sup> day of January 2014, by and between International Union, United Automobile, Aerospace and Agricultural Implement Workers of America ("UAW" or the "Union") and Volkswagen Group of America, Inc. on behalf of itself and its wholly-owned subsidiary Volkswagen Group of America Chattanooga Operations, LLC, referred to in this Election Agreement as "VWGOA," in connection with the UAW's request that VWGOA recognize it as the exclusive bargaining representative of a unit of Production and Maintenance employees employed by VWGOA (the "Hourly Unit") at VWGOA's facility located at 8001 Volkswagen Drive, Chattanooga, Tennessee 37416 (the "Chattanooga Plant") and the parties' agreement that a Question Concerning Representation ("QCR"), as that term is used in the administration of the National Labor Relations Act (the "Act") therefore exists, that said QCR shall be resolved, absent mutual agreement otherwise, through an expedited representation election conducted by the National Labor Relations Board (the "NLRB") in accordance with the terms of this Election Agreement, and as to certain shared principles that the UAW and VWGOA agree shall form the basis for their conduct, activities and relationship between the date of this Election Agreement and such NLRB-conducted representation election, and their future relationship and understandings in the event that either the UAW is certified by the NLRB as the bargaining representative of the Hourly Unit or the UAW does not receive a majority of the valid ballots cast.

**WHEREAS**, Volkswagen Group of America, Inc. a wholly owned subsidiary of Volkswagen AG, a German corporation, is engaged in the manufacture, import, sale and distribution of high quality automobiles; and

**WHEREAS**, VWGOA recognizes, supports and has adopted the principles, as affirmed in VWAG's Global Labour Charter on Labour Relations (the "Global Labour Charter") and Declaration on Social Rights and Industrial Relationships at Volkswagen Group (the "Declaration on Social Rights"), of employee participation and co-determination through the establishment and operation of a vibrant employee works councils and the

participation of such works councils in the Volkswagen Group Global Works Council, in a manner consistent with all relevant U.S. labor and employment laws; and

**WHEREAS**, VWGOA has adopted and supports the principle, as recognized in the Global Labour Charter, that maintaining sustainable corporate governance and Human Resources policies founded on a performance-based and participatory culture will help VWGOA, as it has other companies within the Volkswagen Group in other countries, contribute to securing and promoting competitiveness and economic efficiency while also helping to secure and develop jobs and workforce employability and that these principles are the basis for an appropriate means of addressing the challenges of market competition and of accommodating defined standards of labor relations within VWGOA, as they do elsewhere with the Volkswagen Group; and

**WHEREAS**, in the context of the Volkswagen Group's performance-based participatory culture, "Performance" stands for the active, competent and committed contribution by the workforce, employee representatives and management toward the collective success of the enterprise, "Participatory" means that the workforce is actively incorporated into the development of the organization, with employees making their contributions to the continual improvement of processes and working conditions and having a stake in the success of the enterprise, and "Participation" is characterized by co-operative, respectful interrelations among the parties concerned and by the understanding that all parties share responsibility for the enterprise and the workforce and therefore that the active definition and exercising of participation rights creates an innovative factor for successful development of the organization; and

**WHEREAS**, VWGOA has informed employees at the Chattanooga Plant that it believes the establishment of a works council at the Chattanooga Plant modeled upon those at plants of the Volkswagen Group in Germany and other countries, modified and adapted to comply with United States laws and customs, is in the common interest of VWGOA and its employees; and

**WHEREAS**, the UAW has been and continues to be engaged in an ongoing organizing campaign among the employees employed by VWGOA in the Chattanooga Plant in the Hourly Unit (“Employees”); and

**WHEREAS**, throughout the course of its campaign to organize the Hourly Unit the UAW has informed Employees and VWGOA that it is familiar with the works councils that exist at Volkswagen Group companies in Germany and elsewhere, the role they play and the voice they provide to all employees, and that the UAW acknowledges, supports and shares VWGOA’s commitment to the development of an innovative model of labor relations at the Chattanooga Plant, including the establishment of a works council, in which a lawfully recognized or certified bargaining representative would delegate functions and responsibilities ordinarily belonging to a union to a plant works council that engages in co-determination with the employer, which model of labor relations is referred to in this Election Agreement as the “Dual Model;” and

**WHEREAS**, the UAW has informed the Employees that if it is recognized or certified as the bargaining representative of the Hourly Unit, it shall be committed to the establishment through collective bargaining of a model of labor-management relations that includes an active and robust Plant Works Council (“Works Council”), and that if such a Works Council is established at the Chattanooga Plant, the UAW would delegate to the Works Council many of the functions and responsibilities ordinarily performed by unions as bargaining representative in the United States, that it shall support the Dual Model as the basis for a relationship with VWGOA and that it is committed to the delegation to the Works Council of certain duties, responsibilities and functions that are traditionally the subject of collective bargaining, with the understanding that such Dual Model shall be included in any and all collective bargaining agreements that the parties may enter into and that the Dual Model shall continue to be followed and maintained at the Chattanooga Plant for so long as the UAW shall represent the Hourly Unit or any other unit of employees at the Chattanooga Plant; and

**WHEREAS**, the UAW has informed VWGOA that a majority of the Employees employed by VWGOA at the Chattanooga Plant in the Hourly Unit have signed cards

designating the UAW as their representative for collective bargaining and it has asked that VWGOA recognize it as the representative of that unit; and

**WHEREAS**, VWGOA and the Union agree that a QCR now exists and that it should be resolved through an NLRB-conducted election, in which Employees in the Hourly Unit vote by secret ballot whether they want the UAW to be their bargaining representative; and

**WHEREAS**, VWGOA and the UAW agree, subject to the terms and conditions of this Election Agreement, that VWGOA shall file an "RM-Representation Petition (Employer Petition)," ("RM Petition") with the NLRB at the time and in the manner described in Paragraph 3(a) of this Election Agreement and they shall jointly request that the NLRB conduct a secret ballot representation election in the Hourly Unit on an expedited basis and they shall enter into a Stipulation for Certification Upon Consent Election ("Stipulation for Certification" or "Stipulation") with the NLRB, pursuant to which the NLRB shall conduct a secret ballot election consistent with the relevant terms agreed to in this Election Agreement and the parties shall cooperate to ensure that the Employees shall be able to freely exercise their right to vote in an informed and free manner, and the parties shall structure their future relationship and dealings following the NLRB's certification of the results of such election, whatever its outcome.

**NOW, THEREFORE**, in consideration for the mutual promises and commitments set forth in this Election Agreement, including but not limited to the parties' agreement, in the event the UAW is certified as the representative of the Hourly Unit, to support the establishment and perpetuation of the Dual Model and a strong and vibrant Works Council, the parties' mutual representations and warranties and the other terms and conditions contained herein, which each party acknowledges and agrees are material conditions which each relied upon in entering into this Election Agreement, without which they would not have done so and without which they would not have waived their rights in connection with the campaign, the UAW and VWGOA intending to be legally bound, agree as follows:

1. **INCORPORATION OF RECITALS**

Each of the preceding recitals is incorporated in and is a part of this Election Agreement as if set forth at length herein.

2. **PARTIES**

This Election Agreement is made and entered into by and between the UAW and VWGOA. The term "UAW" shall be deemed to include the International Union, United Automobile, Aerospace and Agricultural Implement Workers as well as its locals, regions, districts and other sub-units, and any officer, employee, agent or member acting on its behalf. Legal party to this Election Agreement is Volkswagen Group of America, Inc. on behalf of itself and its wholly-owned subsidiary Volkswagen Group of America Chattanooga Operations, LLC. It is understood and agreed that neither any parent of either party nor any other member of the Volkswagen Group is a party to nor bound by this Election Agreement.

3. **PETITION FOR AN NLRB ELECTION**

(a) The parties agree that within seven (7) days following their execution of this Election Agreement they shall together contact the NLRB and inform the Regional Director for Region 10 that (i) the UAW has requested that VWGOA recognize it as the exclusive bargaining representative of the Hourly Unit, (ii) the parties agree that a QCR exists between them and that said QCR should be resolved through a secret ballot election conducted by the NLRB, (iii) the parties have agreed to terms for a secret ballot election to be conducted by the NLRB at the Chattanooga Plant in the Hourly Unit, which terms they agree shall be incorporated in a Stipulation for Certification which the parties are prepared to sign contemporaneously with the filing of an RM Petition by VWGOA with Region 10 of the NLRB or such other office of the NLRB as the NLRB may direct, (iv) the Stipulation for Certification shall provide for the election, to the extent possible, to be conducted by the NLRB on February 12-14, 2014, or such other dates as are mutually agreed between the parties and the NLRB Regional Director, following the Regional Director's approval of the Stipulation for Certification, and (v) that the parties waive their right to a pre-election hearing with respect to the RM Petition.

(b) The parties shall ask the NLRB to conduct the election on three (3) consecutive weekdays, February 12-14, 2014, and shall propose that the NLRB conduct the election in the locations of its choosing at the Chattanooga Plant, with the polls to be open from 5 a.m. to 8 p.m. each day, or such other times as are mutually agreed between the parties and the NLRB Regional

Director, to allow the maximum opportunity for eligible Employees to vote if they wish to exercise their right to vote in the election.

(c) VWGOA agrees that it shall provide the UAW with a list of the names and home addresses of Employees in the Hourly Unit (the "Excelsior List") within twenty-four (24) hours of their signing the Stipulation. In return for VWGOA complying with the foregoing and if the UAW nonetheless receives the Excelsior List fewer than seven (7) calendar days before the date of the election (due to the expedited dates set for the election) then the UAW represents that by entering into this Election Agreement that it clearly and unequivocally waives the balance of the period that it would otherwise be entitled to have the Excelsior List in its possession prior to the election. The UAW agrees that it will not make visits to the homes of Employees unless an Employee has explicitly requested that the UAW make a visit to the Employee's home.

(d) The initial announcement of the reaching of this Election Agreement, the filing of the RM Petition and the terms of the Stipulation for Certification, including the date(s), time(s) and location(s) of the voting if it has been approved by the Regional Director, shall be made by each party at such time(s) as the parties jointly agree. The parties shall also agree on the content of such initial announcement(s) and any accompanying press release(s) to be individually released. The parties agree that they shall coordinate their announcements and statements concerning the subject matter of this Election Agreement, including but not limited to their respective initial announcements to Employees.

(e) Following the signing of the Election Agreement and the NLRB's approval of the Stipulation for Certification the parties will mutually agree on the form of communication for informing the Employees of the parties' Election Agreement and its terms, which will include placement of copies of the Election Agreement on plant bulletin boards.

(f) The parties agree that during the period following their initial announcements they shall advise one another of their planned communication activities and shall seek, as appropriate, to align messages and communications through the time of the election and the certification of the results by the NLRB.

**4. BARGAINING UNIT**

(a) This Election Agreement shall cover the Employees in the Hourly Unit at the Chattanooga Plant, which is composed of all employees employed by Employer in the classifications listed in Exhibit A, or in classifications called by different names when performing similar duties at the Chattanooga Plant. This unit shall be the unit named in the Petition and the Stipulation.

(b) Eligibility to vote shall be in accordance with the standards and practices of the NLRB, and those Employees employed in the Hourly Unit as of the end of the payroll period immediately preceding the approval by the NLRB of the Stipulation for Certification who are employed by VWGOA in positions in the Hourly Unit at the time of the election shall be eligible to vote in the election.

(c) The parties further agree that persons employed by contractors, employee leasing companies, temporary agencies, and other persons supplying labor to VWGOA in connection with operations of any type at the Chattanooga Plant are excluded from and shall not be included in any bargaining unit with respect to which the election may occur under this Election Agreement.

**5. PRE-ELECTION CAMPAIGN PERIOD**

The parties agree that it is their mutual priority that there shall not be any interruption or disruption to production or quality at the Chattanooga Plant or any other interference with the business and operations of VWGOA between the date of this Election Agreement and the election that it contemplates. For the purpose of ensuring an orderly environment for the exercise by the Employees of their rights under Section 7 of the Act and to avoid picketing and/or other economic action directed at VWGOA during the UAW's organizing campaign among the Employees employed in the Hourly Unit, the parties agree as follows:

(a) The parties mutually recognize that national labor law guarantees employees the right to form or select any labor organization to act as their exclusive representative for the purpose of collective bargaining with their employer, as well as the right to refrain from such activity.

(b) The parties and their representatives will communicate with Employees in a non-adversarial, positive manner and will not defame or make any untruthful statements regarding one another or their respective employees and representatives, including locals and affiliates of the UAW and other members of the Volkswagen Group. Neither party nor any of its representatives will interfere with the right of Employees to vote in the election contemplated in this Election Agreement and each party shall respect the right of Employees to decide whether to be represented for purposes of collective bargaining by the UAW. VWGOA shall not take a position opposed to such representation. The parties' communications with Employees shall be consistent with the foregoing.

(c) Beginning with the filing of the Petition and continuing up until 11.59 p.m. the day before the voting begins, VWGOA shall provide UAW access to its premises and the Employees, including access to and use of the room designated "RB2, 009, HR Planning" in the Chattanooga Plant, where the UAW's representatives may meet with interested Employees who elect to discuss the election and the Union with it. Such access shall be limited to persons employed by the UAW. VWGOA shall provide the UAW with access to suitable locations where the UAW may post notices and announcements to Employees and provide the UAW with tables in mutually agreed non-work areas where UAW representatives may make literature available for Employees who wish to receive such materials and speak to Employees who approach them with questions. The UAW agrees that it shall not approach or seek to speak with Employees who do not approach it. The UAW agrees that it shall provide VWGOA with reasonable advance notice, including the name, position and affiliation of its representatives who it proposes to bring into the Chattanooga Plant and VWGOA agrees that it will not unreasonably deny admittance to such persons. Provided, however, in the event of any delay to the election or any of the other events contemplated by this Election Agreement due to any external considerations, the parties shall meet and confer to discuss whether and how such events may affect the terms of this Paragraph 5(c). The UAW acknowledges and agrees that all UAW representatives granted entry to the Chattanooga Plant under this Paragraph 5(c) shall be required to comply with VWGOA's normal requirements and restrictions upon access and admission to the Chattanooga Plant and that persons admitted to the Chattanooga Plant under this Election Agreement shall not be permitted to enter production, manufacturing or other work areas in the Chattanooga Plant.



(d) VWGOA shall schedule and conduct shift meetings for all Hourly Unit Employees on two consecutive dates, during their working time, beginning within two (2) working days of the NLRB's approval of the Stipulation for Certification, unless otherwise agreed to by the parties. At these meetings VWGOA shall communicate to the Employees the organizational framework for the election, the fact that it respects the right of the Employees to decide on union representation, its support for the values described in the recitals above and its views concerning the establishment of a Works Council. Following such introductory remarks by VWGOA, the UAW shall be given the opportunity to speak to the Employees present at the meeting. While the Employees' attendance at the first portion of the meeting during which VWGOA will present to the Employees shall be mandatory, attendance at the second part of the meeting during which the UAW will present to the Employees present shall be voluntary. VWGOA supports the attendance of Employees at the second portion of the meeting during which the UAW shall have the opportunity to address Employees in attendance in order that all Employees have the opportunity to hear the UAW and so that they may make well informed decisions concerning voting in the Election, and so that they may gain a clear understanding what they would be voting on, while agreeing that Employees' attendance and participation shall be voluntary. The parties acknowledge and agree that each such meeting shall last a total of approximately one (1) hour or less. The parties agree that these meetings shall be conducted in a manner so that there is no adverse effect on the business or operations of the Chattanooga Plant.

(e) VWGOA's communications during the period between the date of this Election Agreement and the election contemplated by it shall be consistent with the recitals described above and the right of the Employees to decide by secret ballot election whether they want to be represented by the Union.

(f) VWGOA shall provide appropriate training and counseling for its supervisors and managers at the Chattanooga Plant within two (2) days of the NLRB's approval of the Stipulation with respect to the election and VWGOA's position concerning the election, the Dual Model and VWGOA's positions concerning neutrality and the right of the Employees to decide whether they wish to be represented by the Union.

(g) The parties agree that in order to fulfill their mutual obligations and commitments to ensure a fair election conducted in accordance with the principles set forth in the recitals and the terms of this Election Agreement, each party shall each designate an appropriate representative who shall have responsibility for ensuring compliance with the party's obligations under this Paragraph 5. The parties' designees shall meet and confer as necessary to discuss and address reports of actions inconsistent with the parties' obligations. Each party's designee shall have the authority to promptly investigate and where appropriate and necessary to take appropriate action to address any actions or statements by the parties that are inconsistent with these principles and/or the terms of this Election Agreement and to effect the resolution of such matters. The parties further agree that they shall designate a mutually acceptable neutral person to serve as a mediator or facilitator to be available to assist their designated representatives, if necessary, in resolving such matters as may arise under this Paragraph 5(g) to the extent that they agree is necessary.

(h) VWGOA and the UAW agree that the UAW Principles for Fair Union Elections set forth appropriate practices in connection with a representation election, which reflect the parties' support for allowing employees to decide by secret ballot election whether they wish to be represented. It is agreed that nothing contained in those Principles shall override any provision of this Election Agreement and that in the event of any inconsistency between them, this Election Agreement shall control.

## **6. POST-ELECTION OBLIGATIONS**

(a) The parties agree that following the NLRB election, if the UAW is certified as the representative of the Hourly Unit, they shall promptly confirm their commitment and agreement to the Dual Model and the fact that the Dual Model shall be an integral and fundamental part of their collective bargaining relationship unless and until such time as both parties may agree to modify or discontinue the Dual Model and that the UAW shall, through collective bargaining for an initial collective bargaining agreement, which shall establish the timing and details for the establishment and functioning of the Dual Model, delegate to a Works Council to be established by VWGOA at the Chattanooga Plant certain issues, functions and responsibilities that would otherwise be subject to collective bargaining, consistent with the concepts and principles set forth in Exhibit B to this Election Agreement. It is the express understanding and agreement of

the parties that and any and all future collective bargaining agreements that may be entered into by them shall confirm and maintain their commitment to the Dual Model including the Works Council's role. The parties agree that and the UAW represents and warrants that the UAW's delegation to the Works Council shall be specified and confirmed in the parties' initial collective bargaining agreement and in any and all subsequent renewals, extensions and future agreements, that the Dual Model shall be established, continued and maintained as the status quo and that any future changes to the UAW's delegation to the Works Council and/or to the Dual Model would require the express written agreement of both VWGOA and the UAW and that absent such agreement, the UAW's delegation to the Works Council and their agreement as to the Dual Model shall continue in effect.

(b) If the UAW is certified as the bargaining representative of the Hourly Unit by the NLRB, the parties shall commence negotiations for a collective bargaining agreement, including the establishment of a Works Council, not later than thirty (30) days from the date that the parties receive the Certification of Representative from the NLRB. The parties recognize and agree that any such negotiations for an initial collective bargaining agreement and any future agreements shall be guided by the following considerations: (a) maintaining the highest standards of quality and productivity, (b) maintaining and where possible enhancing the cost advantages and other competitive advantages that VWGOA enjoys relative to its competitors in the United States and North America, including but not limited to legacy automobile manufacturers, and (c) ensuring that the Dual System is successfully implemented and maintained at the Chattanooga Plant, including the parties' continuing obligations as described in the Recitals to this Election Agreement and Paragraphs 6(a) and Paragraph 6(b). The parties agree that as a part of their negotiations for an initial collective bargaining agreement they shall negotiate for the prompt establishment of a Works Council and for its commencement as described in this Election Agreement and shall take all steps necessary to enable the Works Council to be constituted as quickly as possible.

(c) Unless otherwise agreed to by the parties, if the UAW does not receive a majority of the valid ballots cast in the election and the NLRB's final certification of the results of the election does not certify the UAW as the bargaining representative of the Hourly Unit, the UAW (i) shall discontinue all organizing activities at the Chattanooga Plant and all other VWGOA

facilities and locations for a period of not less than one (1) year beginning with the date of the election, (ii) that it shall not make another request for recognition or file a representation petition with the NLRB to seek a representation election in the Hourly Unit or any other unit at the Chattanooga Plant for a period of not less than one (1) year from that date, and (iii) that it shall not engage in or resume any organizing or other activity in connection with the Chattanooga Plant or any other facility or operation of VWGOA for a period of not less than one (1) year from the date of the election. Provided, in the event that another union commences a serious, concerted and legitimate effort to organize the Employees during the period covered by Paragraph 6(c) (iii), the UAW shall, upon notice to VWGOA, be released of its obligations under Paragraph 6(c).

**7. NO STRIKE – NO LOCKOUT**

While this Election Agreement remains in effect, and if the UAW is certified as the representative of the Hourly Unit, while the parties negotiate for an initial collective bargaining agreement, (a) the UAW will not engage in picketing, strikes, boycotts, or work slowdowns, and (b) VWGOA will not engage in a lockout of Employees. The parties agree that in the event that the UAW is certified as the representative of the Hourly Unit the parties would, if they are unable to reach agreement for an initial collective bargaining agreement in an appropriate period of time, agree to select a mediator or other third party acceptable to both, to assist them in their efforts to timely complete negotiations for a Collective Bargaining Agreement, which may include interest arbitration.

**8. TERM**

This Election Agreement shall be in full force and effect for a period of one (1) year from the signing of this Election Agreement, or until such earlier date as the parties execute a collective bargaining agreement, which shall supersede this Election Agreement. Provided, the parties further agree that in the event the NLRB conducts a representation election and the NLRB's final certification of the results of the election does not certify the UAW as the representative of the Hourly Unit, VWGOA shall not have any further obligations under this Election Agreement. Provided further, however that in the event of any termination of this Election Agreement following an NLRB election in which the UAW is certified as the

representative of the Hourly Unit, the UAW and VWGOA shall continue to be bound by all obligations under Paragraphs 6 and 7 as well as those contained in the Recitals to this Election Agreement.

9. **NO DISPARAGEMENT**

The UAW agrees that it will not make any (written or verbal) negative comments about VWGOA, its parents and affiliates, or any other member of the Volkswagen Group or their management or their products. VWGOA agrees that it will not make any negative comments (written or verbal) against the UAW.

10. **NO THIRD PARTY BENEFICIARIES**

(a) The parties agree that it is their understanding and agreement that there are not intended to be and shall not be any third party beneficiaries to this Election Agreement and that neither Employees nor any other person, party or entity of any type is vested with any right under this Election Agreement. Therefore no party other than the UAW and VWGOA shall have any right to bring any action to enforce any provision of this Election Agreement.

11. **NOTICE**

Any notice given or required under this Election Agreement shall be in writing and may be sent by overnight delivery service or by email with an immediate overnight copy to follow.

Notice to the Union shall be sent to:

Gary Casteel  
Director  
UAW, Region 8

With a copy to:

Michael Nicholson, Esq.  
General Counsel  
International Union, UAW

Notice to VWGOA shall be sent to:

Sebastian Patta  
Vice President, Human Resources  
Volkswagen Group of America  
Chattanooga Operations, LLC

With a copy to:

Steven M. Swirsky, Esq.  
Epstein Becker & Green, P.C.

With a copy to:

David Geanacopoulos, Esq.  
Executive Vice President, General Counsel  
Volkswagen Group of America

**12. COMPLETE AGREEMENT**

This Election Agreement is the complete agreement of the parties concerning the subject matters hereof. It may not be altered or amended except in a signed writing signed by authorized representatives of the parties.

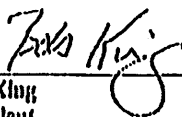
**VOLKSWAGEN GROUP OF AMERICA INC.**

signed on January 28, 2014


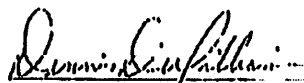

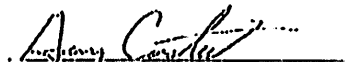


Michael Horn  
President & CEO

**INTERNATIONAL UNION, UNITED  
AUTOMOBILE, AEROSPACE AND  
AGRICULTURAL IMPLEMENT  
WORKERS OF AMERICA**



Bob King  
President

  
Frank Fischer  
Chairman & CEO,  
Chattanooga Operations LLC  
Dennis Williams  
Secretary-Treasurer  
Sebastian Patta  
Vice President, Human Resources,  
Chattanooga Operations LLC  
Gary Cusick  
Director, Region B

## **EXHIBIT A**

The parties agree that the Hourly Unit shall be described as follows in all filings and agreements, including the RM Petition and the Stipulation for Certification:

All regular full-time and regular part-time production and maintenance employees employed by Volkswagen Group of America at its facility located at 8001 Volkswagen Drive, Chattanooga, TN 37421 (the "Chattanooga Plant"), including Team Members, Skilled Team Members and Team Leaders but excluding all Specialists, Technicians, temporary and causal employees, plant clericals, office clericals, professional employees and managerial employees, engineers, purchasing and inventory employees, all secretarial, office clerical, and all managers, supervisors, and guards as defined in the National Labor Relations Act. Any and all persons employed by contractors, employee leasing companies, temporary agencies, and other persons supplying labor to in connection with operations of any type at the Chattanooga Plant are excluded from the bargaining unit.



## EXHIBIT B

### DUAL MODEL INCLUDING WORKS COUNCIL

#### 1.1 General Description of the Dual Model

The Dual Model is based on the Volkswagen Culture of cooperative labor relations, which is practiced by companies in the Volkswagen Group all over the world. The Dual Model is intended to adopt the practices of the Volkswagen Group culture to the fullest extent possible, in a manner consistent with all applicable US labor and employment laws.

Under the Dual Model employees are represented by a union for collective bargaining with their employer. They also participate in and receive representation by a Works Council that plays an important role in the day to day operation of the plant. In the Dual Model, the respective roles and responsibilities of the union and the Works Council would be established through collective bargaining between the Company and a Union. They would be defined in an agreement, reached in bargaining between the Employer and the Union and put in writing in a collective bargaining agreement and/or other legally binding written agreements (collectively referred to as a "CBA").

The Dual Model is conceived as a model of labor relations that would allow for development and establishment of a robust Works Council through collective bargaining between the Company and a legally recognized/certified labor union that represents a unit of employees. Under this model, the Union and the Works Council would each have defined roles and responsibilities, which would be established and defined through collective bargaining.

As part of their contract negotiations, the bargaining parties will also negotiate to include in their initial **collective bargaining agreement** the establishment of a Works Council including its organizational framework, and the responsibilities and authorities which will be delegated to the Works Council, as more thoroughly explained below. The parties will also establish the process and timing for the Works Council assuming the delegated functions and for the employer's retention, through a retained rights and/or management rights clause in the CBA, of responsibility for such matters until they are assumed by the Works Council.

The Employer and the Union in its capacity as the lawful bargaining representative of the Hourly Unit would agree to the delegation of designated topics and responsibilities to the Works Council. They would also define the organizational structure for participation through collective bargaining. These assigned and delegated responsibilities would thereafter be retained by the Works Council unless and until both the Employer and the Union agree to change that.

A Works Council is intended to offer a voice for all plant employees (except employees employed in supervisory and/or managerial capacities as those terms are defined under the National Labor Relations Act). All employees (other than supervisors and managers) (including both hourly and salary employees) would have the right to participate in Works Council elections regardless of whether they are represented by or belong to a union. All employees (other than

supervisory and managerial employees) would also be eligible to run for membership and serve as members of the Works Council.

## **2. THE WORKS COUNCIL**

### **2.1 The Role of the Works Council**

The Works Council would operate on the basis of authority delegated to it by the Union and Employer and in compliance with U.S. labor and employment laws to carry out assigned roles in accordance with direction and procedures, as well as in the spirit of the Volkswagen Group culture as reflected in its Social Charter and Charter on Labour Relations. The functioning of the Works Council would also be guided by and consistent with the terms of the CBA relative to represented employees. It would be expected to carry out its responsibilities in accordance with the best interests of the employees and the employer and with respect for the principles outlined and with respect for the roles of the Union and the Employer as bargaining partners.

The roles of the Works Council would include:

- making decisions by majority vote of its elected members for the good of the employees as well as the Employer on all issues for which the Works Council would have responsibility;
- representing the interests of employees in the day to day running of the plant. The Works Council members would deal with complaints and suggestions and cases where there is a need of individual support or advice;
- serving as the contact for management for all intra-company issues concerning the topics and tasks assigned to the Works Council under the CBA and the documents establishing the Works Council and its operative documents;
- communicating to the employees concerning the Works Council's activities and conveying information given by the Employer to it;
- initiating, discussing and/or negotiating ideas and other intra-company needs with management;
- acting in a respectful and non-discriminatory manner, in the interests of all employees without regard to gender, race, age, religion, sexual orientation or other legally protected characteristics and without regard to union membership or job classification;
- conducting its activities in a manner that ensures compliance with regulations and the adherence to the applicable laws; and
- carrying out operational management and guideline setting with respect to designated matters, in accordance with the direction of the parties.

### **2.2 Definition of Participation Rights**

A CBA would provide for delegation of specific responsibilities to the Works Council. These responsibilities would be described in detail in the CBA and/or other agreements between the bargaining partners. The bargaining parties would also describe in their agreement the respective level of authority, role and rights of the Works Council as to with each such responsibility.

Each delegated topic would be assigned to the Works Council with a particular "participation right," either Information, Consultation or Co-Determination. In the Charter on Labor Relations, these are defined as follows:

- a. The right to **Information** means that on-site employee representatives must be given comprehensive information in due time in order to have opportunity to assimilate the facts of a given circumstance and form an opinion. "In due time" means that information concerning measures must be provided at the time of commencement of any planning process. "Comprehensive" means that all relevant aspects and data must be relayed in comprehensible form. Information must previously have been provided before any measure can be implemented.
- b. The right to **Consultation** refers to the necessity for active dialogue between on-site employee representatives and management. The aim of consultation is to give employee representatives opportunity for initiative or protest concerning a given issue or circumstance and, where necessary, for discussion about how to prevent detrimental effects. Consultation would be compulsory prior to the implementation of any measure.
- c. The right to **Co-Determination** means the right of on-site employee representatives to consent, control and take initiative in connection with any shared active decision-making process or responsibility. Prior consent must be solicited before any measure can be implemented.

### 2.3 The Gradual Approach

Since the Works Council would be new for all parties involved, a step by step approach would be followed. At the start, all Works Council members would need to learn to deal with new topics and responsibilities. Similarly, management would have to learn to work with the newly established Works Council. The step by step approach would give the Works Council the opportunity to gain experience and to become engaged with more topics and more rights over what would be an agreed upon period of time, which would be established through negotiations. Through the gradual approach, the parties would seek to avoid overloading and overwhelming the new body with too many tasks and setting expectations too high. Phased assumption of topics and responsibilities would provide it a chance to establish itself.

Initially, the Works Council would be expected to focus on:

- a. topics where a high need for involvement is readily apparent; these include work organization, especially agreements on shift calendars and scheduling of overtime;
- b. "social issues," such as health and safety; and
- c. participation in the implementation of a grievance procedure. It is envisioned that the grievance procedure would include the Works Council as a first level, where it could pursue informal resolution of problems at the plant level. This would be in furtherance of the shared objectives of avoiding the filing and processing of formal grievances and the prompt, non-adversarial resolution of concerns and issues on the shop floor.

Step by step, the other agreed upon responsibilities and functions would gradually be added to the day to day work of the Works Council. Nevertheless the basic division of responsibilities between the Union and the Works Council, which would be agreed to in bargaining and confirmed in the CBA, would not be affected or reduced by this gradual approach and it would be agreed that matters to be delegated would remain the responsibility of the Employer until they were assumed by the Works Council.

The same gradual approach would apply to the respective Participation rights. At the beginning the Works Council would be granted the rights of Information and Consultation and with the experience gained after an agreed upon time period, it would ultimately assume the right for Co-Determination, as defined in the Volkswagen Charter on Labour Relations and adapted to the US legal setting.

The goal would be to achieve a consensus on the agreements between Works Council and the Employer.

In order to ensure that the Works Council would be able to successfully assume all of its responsibilities, VWGoA would commit to providing the necessary training and resources for the Works Council members and for their Employer counterparts. To the extent applicable, VWGoA and the UAW would explore with the Federal Mediation and Conciliation Service what assistance, training, support and other resources are available under the Labor Management Cooperation Act of 1978 for cooperative programs.

Each of the topics, the timeframe and the level of the rights as to each would be described clearly in an agreement – including the description of the framework regulations that will have to be implemented by the Works Council.

### **3. FUNCTIONING OF THE WORKS COUNCIL**

The CBA would include processes for the formation and sustainability of the Works Council.

#### **3.1 The Election and Eligibility**

All hourly and salary employees of Volkswagen Chattanooga (except employees with a leadership/management function such as supervisors, assistant managers, managers, general managers and board) would be eligible to serve on, vote for and would be represented by a Works Council.

#### **3.2 Structure of the Works Council**

The initial structure of the Works Council would be described in the CBA.

Members of the Works Council would be elected in secret ballot elections. The election procedures would be structured to ensure that members would be chosen from the various areas of the plant and employees from all areas have a voice on the Works Council.

After the Works Council is elected, it would “constitute” itself by electing a chairperson and vice-chairperson from among its members and defining the Works Council’s guidelines.

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**MEMORANDUM**

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**To:** All Team Members  
**From:** Sebastian Patta  
Vice President, Human Resources  
**Date:** February 4, 2014  
**Re:** Voting Hours February 12, 13 and 14, 2014

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We want to make sure that all Team Members are aware of the actual times are aware of the actual times for voting in the representation election. The times are as follows:

<b>Date</b>	<b>Time</b>	<b>Location</b>
<b>February 12, 2014</b>	6:00-9:30 a.m.	Conference Center
	11:00-11:45 a.m.	RB1 Conference Room
	3:00-8:30 p.m.	Conference Center
	11:00-11:45 p.m.	RB1 Conference Room
<b>February 13, 2014</b>	6:00-9:30 a.m.	Conference Center
	11:00-11:45 a.m.	RB1 Conference Room
	3:00-8:30 p.m.	Conference Center
	11:00-11:45 p.m.	RB1 Conference Room
<b>February 14, 2014</b>	6:00-8:30 p.m.	Conference Center

These Times, which are different than those described in paragraph 3(b) on page 5 of the Election Agreement between the Company and the UAW were determined by the National Labor Relations Board to be appropriate times to make sure that all eligible Team Members have the opportunity to vote if they wish to do so.

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**MEMORANDUM**

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**To:** All Team Members

**From:** Sebastian Patta  
Vice President, Human Resources

**Date:** February 4, 2014

**Re:** Bargaining Unit Description – Which Team Members Will Be Eligible to Vote

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There are minor wording differences in the description of which Team Members will and will not be eligible to vote in the Representation Election that the NLRB will conduct on February 12, 13 and 14, 2014 at the Plant. The actual description of the Unit that is in the Stipulated Election Agreement and will be in the NLRB Notices is as follows:

All full-time and regular part-time production and maintenance employees employed by Volkswagen Group of America, Inc., and/or its wholly-owned subsidiary Chattanooga Operations LLC, at its facility located at 8001 Volkswagen Drive, Chattanooga, TN 37421 (the “Chattanooga Plant”), including Team Members, Skilled Team Members and Team Leaders but excluding all Specialists, Technicians, plant clerical employees, office clerical employees, engineers, purchasing and inventory employees, all temporary and casual employees, all employees employed by contractors, employee leasing companies, and/or temporary agencies, all professional employees, and all guards, managers and supervisors as defined in the Act.

While this wording is slightly different than that in Exhibit A of the Election Agreement between Volkswagen Group of America and the UAW, the meaning is the same. The wording has been changed to comply with the NLRB’s practices and requirements.