

BOSCH SETTLEMENT BENEFITS
DISTRIBUTION PROTOCOL

DEFINITIONS

- a) **“2L Settlement”** means the Settlement made with Volkswagen Group Canada, Inc., Volkswagen Aktiengesellschaft, Volkswagen Group of America, Inc., Audi Canada, Inc., Audi Aktiengesellschaft, Audi of America, Inc., and VW Credit Canada Inc. in respect of certain Volkswagen and Audi 2.0L diesel vehicles, dated for reference December 15, 2016 and approved by the Ontario Superior Court of Justice in *Quenneville v. Volkswagen Group Canada Inc.*, 2017 ONSC 2448 and by the Superior Court of Quebec;
- b) **“2L VW or Audi Vehicles”** means the following diesel-powered vehicles:

MODEL	MODEL YEARS: INCLUSIVE
Volkswagen Jetta	2009-2015
Volkswagen Jetta Wagon	2009
Volkswagen Golf	2010-2013, 2015
Volkswagen Passat	2012-2015
Volkswagen Beetle	2013-2015
Volkswagen Golf Wagon	2010-2014
Volkswagen Golf Sportswagon	2015
Audi A3	2010-2013, 2015

- c) **“3L Generation 2 VW, Audi or Porsche Vehicles”** means the following diesel-powered vehicles:

MODEL	MODEL YEARS: INCLUSIVE
Audi A6, A7, A8, A8L, and Q5	2014-2016
Audi Q7	2013-2015
Porsche Cayenne	2013-2016
Volkswagen Touareg	2013-2016

d) **“3L Settlement”** means the Settlement made with Volkswagen Group Canada, Inc., Volkswagen Aktiengesellschaft, Volkswagen Group of America, Inc., Audi Canada, Inc., Audi Aktiengesellschaft, Audi of America, Inc., VW Credit Canada Inc., Porsche Cars Canada Ltd., Porsche Financial Services Canada, Porsche Cars North America, Inc., Dr. Ing. H.C.F. Porsche Aktiengesellschaft and Porsche Enterprises Incorporated in respect of certain Volkswagen, Audi and Porsche 3.0L diesel vehicles, dated for reference January 9, 2018 and approved by the Ontario Superior Court of Justice in *Quenneville v. Volkswagen Group Canada Inc.*, 2018 ONSC 2516 and by the Superior Court of Quebec;

e) **“3L VW, Audi or Porsche vehicles”** means the following diesel-powered vehicles:

MODEL	MODEL YEARS: INCLUSIVE
Audi A6, A7, A8, A8L, and Q5	2014-2016
Audi Q7	2009-2015
Porsche Cayenne	2013-2016
Volkswagen Touareg	2009-2016

f) **“Approval Notice”** means the notice that informs Bosch Settlement Class Members of the approval of the Bosch Settlement Agreement, as approved by the Court.

- g) **“Bosch Settlement Fund”** means the amount paid by Bosch in connection with the Bosch Settlement Agreement, minus any court-approved legal or administration fee or expenses, including applicable taxes.
- h) **“Class Counsel”** means the law firms appointed to represent the Bosch Settlement Class.
- i) **“Court”** means the Ontario Superior Court of Justice.
- j) **“Extended Warranty”** means the extended vehicle warranties and/or vehicle service contracts or plans purchased from authorized VW or Audi dealerships in Canada in respect of vehicles that were surrendered in exchange for Buyback or Buyback with Trade-in benefits in the 2L Settlement;
- k) **“Extended Warranty Claims Form”** means the claim form that must be submitted by Eligible 2L Extended Warranty Claimants in order to make a claim for the unused Extended Warranty in respect of a vehicle they owned and that was surrendered to obtain a Buyback or Buyback with Trade-In benefit in the 2L Settlement (the **“Extended Warranty Claim”**);
- l) **“Extended Warranty Claims Period”** means the period of time during which Extended Warranty Claims must be submitted to, and received by, the Claims Administrator, which period is calculated as 3 months from the first publication of the Approval Notice.
- m) **“Extended Warranty Payment Pool”** means the portion of the Settlement Fund that is allocated to satisfy Extended Warranty Claims, and which shall be the sum of

\$1,000,000 (one million Canadian dollars), plus any amounts from the Bosch Settlement Fund that were not used to make Direct Benefit Payments, and any unused or undeliverable Direct Benefit Payments that are forfeited in accordance with this Distribution Protocol.

A. PRINCIPLES OF DISTRIBUTION

1. There have been two class action settlements in Canada related to the emissions of certain 2009-2016 Volkswagen, Audi or Porsche diesel vehicles for the benefit of owners and lessees:
 - a. The 2L Settlement; and
 - b. The 3L Settlement.
2. A number of different benefits were made available to persons who were eligible settlement class members in the 2L or 3L Settlement (the “**2&3L Settlement Class Members**”).
3. All Bosch Settlement Class Members were also 2&3L Settlement Class Members, and had an opportunity to claim benefits through the 2L Settlement and the 3L Settlement. However, some would not have not received full compensation for recoverable losses. The benefits available pursuant to the Bosch Settlement Agreement are designed to be payable in addition to the benefits made available pursuant to the 2L Settlement and the 3L Settlement.

5. It is the goal of this Distribution Protocol to identify categories of Bosch Settlement Class Members who, despite submitting a timely claim and doing all that was required to claim benefits pursuant to the 2L Settlement or 3L Settlement, may not have been fully compensated for their recoverable losses (the “**Bosch Eligible Claimants**”). Those Bosch Eligible Claimants will be eligible for additional compensation in the Bosch Settlement Agreement in accordance with this Distribution Protocol.
6. It is a further goal of this Distribution Protocol to make the most efficient use of the Bosch Settlement Fund, and to the extent possible, minimize administration costs to direct the greatest portion of those funds to compensating Bosch Eligible Claimants.

B. BOSCH ELIGIBLE CLAIMANTS

7. Keeping in mind the goals of this Distribution Protocol, as set out in paragraphs 5 and 6 above, Class Counsel has identified, with the assistance of expert evidence obtained in connection with the negotiation and approval of the 2L Settlement and the 3L Settlement, and through independent expert assistance and other data obtained through the mediation process and in this litigation, four categories of Bosch Eligible Claimants who will be eligible to receive additional compensation pursuant to the Bosch Settlement Agreement, as follows:
 - a. Eligible 3L Gen 2 Lessees: Bosch Settlement Class Members who leased 3L Generation 2 VW, Audi or Porsche Vehicles and who received Lessee benefits in relation to those vehicles pursuant to the 3L Settlement;

- b. Eligible 2L Sellers: Bosch Settlement Class Members who owned 2L VW or Audi Vehicles as of September 18, 2015 but sold their eligible vehicles before January 4, 2017, and for that reason received 2L Settlement benefits as “Sellers” rather than “Owners”;
- c. Eligible 3L Sellers: Bosch Settlement Class Members who owned 3L VW, Audi or Porsche Vehicles as of November 2, 2015 but sold their eligible vehicles before January 17, 2018 and for that reason received 3L Settlement benefits as “Sellers” rather than “Owners”; and
- d. Eligible 2L Extended Warranty Claimants: Bosch Settlement Class Members who successfully claimed a Buyback or Buyback with Trade-In benefit pursuant to the 2L Settlement, and at the time they surrendered their 2L VW or Audi Vehicle, had an unused portion of Extended Warranty coverage for the surrendered vehicle which could not be transferred to another vehicle and for which compensation was not made available pursuant to the 2L Settlement.

C. ALLOCATION OF BENEFITS

- 8. There will be two types of payments made pursuant to the Bosch Settlement Agreement:
 - a. Direct Benefit Payments, which will be automatically made to Eligible 3L Gen 2 Lessees, Eligible 2L Sellers and Eligible Sellers based on records from the implementation of the 2L Settlement or 3L Settlement, as the case may be, without the need to submit a claim form, in the following amounts:

- i. 3L Gen 2 Lessees will receive \$1,000 for each vehicle in respect of which they received an Eligible Lessee of Generation 2 Vehicle payment pursuant to the 3L Settlement (the “3L Gen 2 Lessee Payment”);
 - ii. 2L Eligible Sellers will receive \$750 for each vehicle in respect of which they received an Eligible Seller payment pursuant to the 2L Settlement (the “2L Seller Payment”); and
 - iii. 3L Eligible Sellers will receive \$2,500 for each vehicle in respect of which they received an Eligible Seller payment pursuant to the 3L Settlement (the “3L Seller Payment”).
- b. Claimed Warranty Payments, which will be made to Eligible 2L Extended Warranty Claimants who make a valid Extended Warranty Claim during the Extended Warranty Claims Period. These Eligible 2L Extended Warranty Claimants will each receive a pro-rata share of the amounts available for distribution in the Extended Warranty Payment Pool, calculated by allocating a notional entitlement of \$100 for each period of up to 12 months of unused Extended Warranty coverage remaining at the surrender of their 2L Vehicles (the “**Extended Warranty Notional Entitlement**”), up to a maximum payment of \$500 per Extended Warranty Claim.

9. Persons who were eligible to claim, but did not claim or did not obtain the benefits claimed pursuant to the 2L Settlement or the 3L Settlement are not Bosch Eligible

Claimants and will not be entitled to receive any benefits pursuant to the Bosch Settlement Agreement.

D. PAYMENT OF BENEFITS TO BOSCH ELIGIBLE CLAIMANTS

10. During the Extended Warranty Claims Period, the Claims Administrator will:
 - a. Compile the necessary information to make Direct Benefit Payments to 3L Gen 2 Lessees, 2L Eligible Sellers and 3L Eligible Sellers, including the most recent contact information for each claimant in connection with the implementation of the 2L Settlement or the 3L Settlement;
 - b. Update the contact information of Bosch Eligible Claimants based on updated records from Class Counsel, or upon receipt of a direct request from a Bosch Eligible Claimant;
 - c. Report to Class Counsel on the anticipated Direct Benefit Payments that will be made to 3L Gen 2 Lessees, 2L Eligible Sellers and 3L Eligible Sellers, and on the amounts in the Settlement Bosch Fund expected to remain available for distribution to Eligible 2L Extended Warranty Claimants; and
 - d. On an as-received basis, review and evaluate the Extended Warranty Claims and calculate the Extended Warranty Notional Entitlement of each Eligible 2L Extended Warranty Claimant.

Direct Benefit Payments

11. There will be no claims process in connection with the payment of Direct Benefit Payments to Eligible 3L Gen 2 Lessees, 2L Eligible Sellers and 3L Eligible Sellers.
12. As soon as possible after the end of the Extended Warranty Claims Period, the Claims Administrator will make all Direct Benefit Payments by mailing cheques to Eligible 3L Gen 2 Lessees, 2L Eligible Sellers and 3L Eligible Sellers who, based on the Claims Administrator's review of records that it already has or that VW provides, received the corresponding Eligible Lessee or Eligible Seller benefits in the 2L Settlement or in the 3L Settlement.
13. The Direct Benefit Payments will be accompanied by a letter, in a form approved by Class Counsel, explaining the payment and advising Bosch Eligible Claimant that cheques that remain uncashed after 6 months will be deemed forfeited and will be transferred to the Extended Warranty Payment Pool (the "Direct Benefit Payment Letter").
14. Bosch Settlement Class Members who received a Generation 2 Lessee Payment or an Eligible Seller Payment in the 2L Settlement or the 3L Settlement but who do not receive a cheque for a Direct Benefit Payment within 60 days from the end of the Extended Warranty Claims Period may complain to the Claims Administrator within 75 days from the end of the Extended Warranty Claims Period.
15. If the Claims Administrator determines that there was an error and additional Bosch Eligible Claimants should receive a Direct Benefit Payment, or that a Direct Benefit

Payment was sent to an incorrect address, the Claims Administrator will make the necessary arrangements to make or reissue the Direct Benefit Payment, as the case may be, within 2 weeks from receipt of the complaint from the Bosch Eligible Claimant, which payment will be accompanied by a new or revised Direct Benefit Payment Letter. If however the Claims Administrator determines those persons are not Bosch Settlement Class Members or did not receive a Generation 2 Lessee Payment or an Eligible Seller Payment in the 2L Settlement or the 3L Settlement, the decision of the Claims Administrator will be affirmed.

Claimed Warranty Payments

16. Claimed Warranty Payments will be made to Eligible 2L Extended Warranty Claimants who, within the Extended Warranty Claims Period, submit to the Claims Administrator a signed and completed Extended Warranty Claim Form with full contact information, including email address where available, accompanied by proof that (a) the Eligible 2L Extended Warranty Claimant purchased Extended Warranty coverage for the surrendered 2L Vehicle, and (b) at the time of surrender of the 2L Vehicle, there remained an unused portion of the Extended Warranty coverage (collectively, the "Extended Warranty Criteria").
17. To the extent a Bosch Eligible Claimant does not have documents to prove compliance with the Extended Warranty Criteria, he or she must instead ensure that the "Declaration" portion of the Extended Warranty Claim Form includes the following information:

- a. The date when the Extended Warranty was purchased;
 - b. The name or the location of the VW or Audi authorized dealership where the Extended Warranty was purchased;
 - c. The amount paid for the Extended Warranty; and
 - d. The original coverage period for the Extended Warranty, and the amount of unused coverage that remained when the vehicle was surrendered in the 2L Settlement.
18. For those Bosch Eligible Claimants who have included a valid email in the Extended Warranty Claim, the Claims Administrator will send an email within 2 business days from receipt of the Extended Warranty Claim acknowledging receipt of same. This courtesy email will expressly note that the Extended Warranty Claim has not yet been reviewed and that the determination as to whether it is accepted will be made at a later date.
19. The Claims Administrator will have discretion to determine whether a Bosch Eligible Claimant has submitted sufficient proof to meet the Extended Warranty Criteria.
20. The Claims Administrator will be at liberty to make any inquiries deemed necessary to verify the information provided by the Bosch Eligible Claimant, and may deny the Extended Warranty Claim if not satisfied that the Extended Warranty Criteria is met.
21. Within 30 days from the end of the Extended Warranty Claims Period, the Claims Administrator will:

- a. report to Class Counsel on the total number of Extended Warranty Claims received, and the total amount expected to be paid in connection with those claims, including if applicable the percentage by which those payments are pro-rated, and
 - b. send a letter, by email wherever possible, to all persons who submitted an Extended Warranty Claim, in a form acceptable to Class Counsel, indicating whether their claims were accepted or denied (the “**Extended Warranty Eligibility Letter**”).
22. If the Extended Warranty Claim is accepted, the Extended Warranty Eligibility Letter will set out the Notional Extended Warranty Entitlement, indicating that this amount may be increased or reduced depending on the number of approved Extended Warranty Claims and the amounts available in the Extended Warranty Payment Pool. A determination by the Claims Administrator about the Notional Extended Warranty Payment is not reviewable.
23. If the Extended Warranty Claim is denied, the Extended Warranty Eligibility Letter will indicate the reasons for the denial. A determination by the Claims Administrator that an Extended Warranty Claim should be denied is reviewable, at the claimant’s request, by the Court. A request for review by the Court must be submitted to the Claims Administrator within 4 weeks from the date of the Extended Warranty Eligibility Letter, accompanied by an up to 3 page letter setting out the claimant’s views and any supporting documents.

24. All requests for review received by the Claims Administrator with respect to the denial of an Extended Warranty Claim will be delivered to Class Counsel, who will then review the material, prepare a summary of the disputes, and deliver the material to the Court for determination. Unless the Court directs otherwise, the Court will issue a decision in respect of the requests for review without the need for an oral hearing.

25. As soon as possible after 6 months from the date of the last Direct Benefit Payment, but not before there is a determination by the Court on any outstanding requests for review of denials of Extended Warranty Claims, the Claims Administrator will:
 - a. report to Class Counsel on the total amount of Direct Payment Benefits that remain undeliverable or uncashed, and transfer these funds to the Extended Warranty Payment Pool;

 - b. taking into account any additional amounts made available in the Extended Warranty Payment Pool, calculate the final amount payable in respect of Extended Warranty Claims to each 2L Extended Warranty Claimant;

 - c. report to Class Counsel on the overall adjustments made to the Claimed Warranty Payments, and seek approval of the form of letter to be sent to Eligible 2L Extended Warranty Claimants explaining the final calculation of their respective Claimed Warranty Payments (the “**Extended Warranty Payment Letter**”); and

- d. Make payment of all successful Extended Warranty Claims by mailing cheques to each of those Bosch Eligible Claimants with the Extended Warranty Payment Letter.

E. LIMITED REVIEW RIGHTS

26. Other than the right to ask the Court to review the denial of an Extended Warranty Claim as set out in paragraphs 23 and 24 above, there will be no right of appeal from any determinations made by the Claims Administrator.
27. Notwithstanding paragraph 26 above, Bosch Eligible Claimants who believe the Claims Administrator made an arithmetic error in the application of the criteria set out in this Distribution Protocol for calculation and payment of benefits may contact the Claims Administrator and ask that the error be rectified within two weeks from receipt of the Direct Benefit Payment Letter or the Extended Warranty Payment Letter. The Claims Administrator will then review the matter, and either affirm the prior determination or make any necessary adjustments. The decision of the Claims Administrator is not subject of further review.

F. PAYMENTS AND CORRESPONDENCE

28. Any payments made or correspondence with Bosch Eligible Claimants pursuant to this Distribution Protocol will be addressed to (a) the most current address available for each Bosch Eligible Claimant in connection with the 2L Settlement or 3L Settlement, or (b) upon receipt of updated contact information from Class Counsel or from the Bosch

Eligible Claimant, to such updated address, in all cases subject to any reasonable verification the Claims Administrator deems necessary, and preferably by email.

G. UNDELIVERABLE / UNCASHED AMOUNTS

29. Any Bosch Eligible Claimants whose cheques are returned undeliverable or remain uncashed within 4 months from delivery will receive a courtesy notice from the Claims Administrator reminding them that a payment attempt has been made or that the payment sent to them is about to expire.
30. Any Bosch Eligible Claimant who receives an undeliverable payment notice in accordance with this Distribution Protocol will have 4 weeks from the date of said notice to request a further delivery of their benefit.
31. Any payments that remain uncashed or undeliverable after 6 months from their issuance will be considered forfeited. Forfeited Direct Benefit Payments will be included in the Extended Warranty Payment Pool.

H. FINAL REPORT TO COURT AND RESIDUE

32. As soon as practicable after all Direct Payment Benefits and Claimed Warranty Benefits have been paid, the Claims Administrator will report to Class Counsel on:
 - a. The total amounts paid to each of the four categories of Bosch Eligible Claimants with a breakdown including number of claimants per category;

- b. The total amount of undeliverable or uncashed notices sent in respect of Direct Benefit Payments or Claimed Warranty Payments, and to the extent any payments were reissued, the number of those;
 - c. The total amount of forfeited Direct Benefit Payments and the resulting amounts transferred to the Extended Warranty Payment Pool;
 - d. The total amounts paid in Claimed Warranty Payments, including any pro-rating adjustments made;
 - e. The total administration costs incurred; and
 - f. Any amounts that remain unused in the Settlement Fund.
33. Upon receipt of the Claims Administrator report, Class Counsel will consider what should be done with any unused or forfeited amounts that may remain in the Settlement Fund, and will schedule an appearance before the Court to provide a final report, make recommendations and seek direction from the Court with respect to the allocation of those amounts.