



Volkswagen Canada
P.O. Box 842, Str. A
Windsor, ON N9A 6P2

<MONTH YEAR>

<CUSTOMER NAME>

<CUSTOMER ADDRESS>

<CUSTOMER CITY PROVINCE POSTAL CODE>

This notice applies to your vehicle: <VIN>

Subject: Emissions Recall 23Q3

Emissions Modification Available for 2015 Model Year Volkswagen 2.0L TDI

Dear Volkswagen Owner or Lessee,

This notice is sent to you in accordance with the requirements of the *Canadian Environmental Protection Act, 1999*. On January 6, 2017, Volkswagen Group received approval from U.S. regulators, including the Environmental Protection Agency (EPA), for a two-phase emissions modification to address emissions system issues in model year 2015 Volkswagen 2.0L TDI vehicles. This emissions modification is being offered to the Canadian market free of charge. Our records show that you are the owner or lessee of an affected vehicle.

The purpose of this letter is to inform you of the approved emissions modification for your vehicle and to provide information on next steps. If you are subject to this recall, it does not prevent you from participating in the nationwide Class Action Settlement in Canada for 2.0L Volkswagen and Audi TDI vehicles (the "Settlement") if you are eligible.

IMPORTANT INFORMATION

The nationwide Settlement must be approved by Courts in Ontario and Quebec before the claims program begins in Canada. Settlement approval hearings are scheduled for the end of March 2017.

If you receive the modification through this recall before the Settlement claims program begins, there will be no impact on the choice of eligible benefits available to you under the Settlement.

Proceeding with the recall after the Settlement claims program begins will eliminate any rights that you may have to choose a buyback, trade-in or early lease termination under the Settlement.

Please note that by participating in the recall, you are not making a claim for benefits under the Settlement. Please visit www.VWCanadaSettlement.ca or call 1-888-670-4773 for more information.

What is the issue?

U.S. regulators have determined that Volkswagen vehicles equipped with a 2.0L 4-cylinder TDI engine do not comply with prescribed emissions standards in the U.S. These standards also apply in Canada. The emissions control systems in affected vehicles allow NOx emissions to exceed legal limits during typical driving conditions.

What will we do as part of this recall?

The emissions modification plan for affected vehicles has two phases. Phase 1 is ready to start now. Phase 2 will become available in early 2018. **Both phases are necessary for the emissions modification to be complete. Owners and lessees are expected to complete Phase 1 and, when available, Phase 2 if they keep their vehicle.**

Note: If you are eligible for the Settlement, you may qualify to choose a buyback, trade-in or early lease termination as an alternative to the approved emissions modification. Please visit www.VWCanadaSettlement.ca to learn more.

Emissions Modification Phase 1 (available now): During the first phase of the modification, Volkswagen will remove the software that reduced the effectiveness of your TDI's emissions control system and replace it with software that directs your vehicle's emissions controls to function effectively in all normal driving conditions.

Emissions Modification Phase 2 (available in early 2018): The second phase of the emissions modification will involve outfitting your car with new emissions control parts to ensure system reliability and durability over time. We will install updated emissions control system hardware - specifically a new Diesel Particulate Filter, Diesel Oxidation Catalyst, and Selective Catalytic Reduction Converter - that is needed to maintain emissions performance for the full useful life (240,000 km) of your vehicle. As part of the Phase 2 modification, we will also install a second NOx sensor and corresponding software to improve the performance of the on-board diagnostic (OBD) system.

When Phase 2 of the emissions modification is available, you will be notified. If your vehicle has accumulated fewer than 64,000 km (for automatic transmissions) or 112,000 km (for manual transmissions) at the time of your Phase 2 update, your car will need to have the Diesel Oxidation Catalyst replaced a second time before it reaches 240,000 km. If applicable, we will notify you when it is time to bring your car in for the second catalyst replacement.

We will extend the emissions control system warranty for certain components, as described in this letter.

Will this affect my vehicle performance?

Upon completion of Phase 1 of the emissions modification, other than as described in this letter, customers should not notice any adverse changes in vehicle reliability, durability, fuel economy, noise/vibration/harshness, vehicle performance (for example, 0-100 km/h time, top speed, etc.) or drivability. The software and hardware modifications will change the way your car's engine and emissions control systems interact. This will affect technical functions under some operating conditions, however, we do not expect any significant changes in fuel consumption or driving characteristics.

The new software will affect your car in the following ways:

- Engine sound may differ from your vehicle's prior operation. Although unlikely, the engine tone may vary slightly after the emissions modification is completed. This will not result in any noticeable change in the driving characteristics of your vehicle.
- An update to the engine cooling fan operation will allow your vehicle to cool more efficiently and may alter the sound that the fan of your vehicle makes once the engine has been turned off. This update is not related to the emissions issue and is addressed to provide continued vehicle performance improvement.
- Sport Mode Changes – While driving in Sport mode, the automatic transmission will shift earlier at low accelerator positions for improved driving comfort which results in a lower engine speed at constant driving.
- Improved Vehicle Drivability – Vehicles with automatic transmissions will exhibit an improvement in throttle response and a smoother acceleration and improved driving experience.
- High Altitude Shift Patterns – For Golf Automatic Transmission vehicles, the shifting behavior has been adapted to run with slightly higher engine speeds at

high altitudes.

- On-board diagnostic (OBD) system changes – Your vehicle's OBD system will be modified and certain emissions thresholds within the OBD system will be adjusted. These thresholds set new malfunction detection limits that may reduce the effectiveness of the OBD system in detecting malfunctions. We don't expect you will have any issues with the ability of your modified vehicle to pass any periodic provincial emissions tests to which it may be subject. The extended emissions warranty coverage outlined in this letter offers additional protection if your vehicle is still covered under warranty at the time of the emissions test. These OBD system changes should not be noticeable to a driver and do not impact driving characteristics.

The Phase 2 modification is expected to have no further impact on reliability, durability, fuel economy, engine sound, vehicle performance, or drivability.

Will this affect my vehicle maintenance intervals?

The new software will not affect oil change intervals, Exhaust Gas Recirculation (EGR) cleaning, or Diesel Particulate Filter (DPF) ash loading, as described in your maintenance booklet.

However, diesel exhaust fluid (DEF, also known as AdBlue®) usage may increase. The amount of increase will vary depending on driving habits. Some drivers may experience no change. Others will find their car uses 1%-14% more DEF on average and requires more frequent DEF tank refills as a result.

We do not anticipate that the modification will affect the OBD system in a manner that would make identification and repair of any components difficult, compromise warranty coverage, or compromise your vehicle's ability to pass any periodic provincial emissions tests to which it may be subject.

How will the modification affect emissions?

Your vehicle was originally certified to certain prescribed emissions standards. After the modification is completed, your vehicle's emissions will be reduced but will still be higher than the emissions standards to which it was originally certified. The certified emissions standards compared to the permissible emissions limits that apply to a modified vehicle are shown in Exhibit 1 below.

Two labels will be installed under the hood of your vehicle after Phase 1 of the modification is completed. The first label is an emissions modification completion label and the second is an updated Vehicle Emissions Control Information (VECI) label identifying the permissible emissions limits. An additional emissions modification label will also be installed under the hood of your vehicle after Phase 2 of the modification is completed.

Exhibit 1: Certification standards and permissible emissions limits for the U.S. Federal Test Procedure (FTP75¹) that are applicable to your vehicle before and after the emissions modification.

Emissions limits applicable to your vehicle before modification

Standard / Emissions limits in grams/mile	NOx (Nitrogen oxides)	NMOG (Non-methane hydrocarbons)	CO (Carbon monoxide)	PM (Particulate matter)	HCHO (Formaldehyde)
Tier 2 Bin 5 0-150,000 miles	0.07	0.090	4.2	0.01	0.018

Emissions limits applicable to your vehicle after modification

Standard / Emissions limits in grams/mile	NOx + NMOG (Nitrogen oxides + Non-methane hydrocarbons)	CO (Carbon monoxide)	PM (Particulate matter)	HCHO (Formaldehyde)
Automatic Transmissions 0-150,000 miles	0.160	4.2	0.01	0.018
Manual Transmissions 0-150,000 miles	0.190	4.2	0.01	0.018

1) Additional limits apply for the U.S.'s Supplemental Federal Test Procedure (SFTP), Highway Test Procedure and Federal Test Procedure at high altitude.

How do I receive the modification?

To receive the emissions modification, please contact an authorized Volkswagen dealer in Canada to book an appointment. Dealers' contact and location information is available at: <http://app.vw.ca/dcc/en/dealers.html>.

Your Volkswagen dealer will complete Phase 1 of the modification in approximately an hour, and Phase 2 in approximately 9 hours. If either phase takes longer than three hours, Volkswagen will provide you with a loaner vehicle for that phase at zero cost to you.

For vehicles that do not receive the emissions modification, some emissions-related replacement and repair parts associated with the old emissions system will no longer be available from Volkswagen. Accordingly, in the future, if your unmodified vehicle requires maintenance and repairs of the emissions system we may need to install parts associated with the emissions modification, and in some cases, install all aspects of the emissions modification. This may lead to changes to the vehicle's operation or performance resulting from those modifications discussed in this letter.

Warranty extension for certain emissions-related components

Once the updated emissions control system software has been installed in your vehicle, Volkswagen will extend your Emissions Control System Warranty for certain emissions-related components. The warranty period for the "Extended Emissions Warranty" is the **greater** of:

- 11 years or 261,000 km, whichever occurs first, from the vehicle's original in-service date; **OR**
- 5 years or 97,000 km, whichever occurs first, from the date and mileage of the completion of Phase 1 of the emissions modification. At the time of the subsequent Phase 2 modification, the extended warranty will be honoured for 5 years or 97,000 km, whichever occurs first, from the date and mileage of the completion of Phase 2.

The vehicle's original in-service date will be identified by an authorized Volkswagen dealer and refers to the date that the vehicle was originally leased or sold to a retail customer, or, if the vehicle was first placed in service as a "demonstrator" or "company" car, the date that such vehicle was first placed in service.

The Extended Emissions Warranty covers all components which are replaced as part of the emissions modification and any component which can reasonably be impacted by effects of the emissions modification.

The Extended Emissions Warranty shall cover the following parts or systems:

- The entire exhaust after treatment system, including the Diesel Oxidation Catalyst, the Diesel Particulate Filter, the Selective Catalytic Reduction converter, the dosing injector and other Diesel Exhaust Fluid system components, the exhaust flap, and all sensors and actuators;
- The entire fuel system, including fuel pumps, high pressure fuel rail, fuel injectors, vibration damper, pressure control valve and all sensors and actuators;
- The EGR system, including EGR valves, EGR cooler, EGR filter, EGR temperature sensor, all related hoses and pipes, and all sensors and actuators;
- The turbocharger, including the turbocharger damper; and
- The On-Board Diagnostic (OBD) system, including SCR DEF quality sensor, and any malfunctions detected by the OBD system other than those related to the transmission.

Additionally, the engine long block warranty shall cover the engine sub-assembly that consists of the assembled block, crankshaft, cylinder head, camshaft, and valve train.

In our continuing efforts to assure proper performance of Volkswagen vehicles, your dealer will diagnose and replace the emissions-related components listed in this section, if necessary, at no cost to you as long as the vehicle is still within the time and mileage limits of this warranty extension. Please keep this letter with your warranty booklet and deliver it to any new owner, along with the owner's manual.

This warranty extension covers only the diagnosis and replacement of the emissions-related components listed in this section. Should you ever sell the vehicle, this

warranty extension is fully transferable to subsequent owners.

This warranty extension will not cover:

- Any damage or malfunctions caused by installation of emissions-related parts not certified by the EPA or California Air Resources Board (CARB), including such damage or malfunction to parts needed for proper diagnosis of a covered part; or
- Damage or malfunctions caused by outside influence, such as damage due to an accident, or vehicle misuse or neglect.

All normal warranty provisions remain in effect. The extended emissions warranty includes parts, labour, and applicable taxes. The extended emissions warranty shall not void or supersede any existing warranty.

If the vehicle has been modified by the customer prior to receiving the emissions modification in a manner that may yield a non-compliant emissions system (for example, removal of a catalyst, installation of parts that impact emissions or emissions-related parts, or modifications to the engine control unit (ECU) or computer software of the vehicle), Volkswagen may not be able to perform the emissions modification until the customer corrects such modification.

Leased vehicles and address changes

If you are the lessor and registered owner of the vehicle identified in this letter, please forward this letter to the lessee if you would like them to receive the emissions modification on your behalf.

If you have sold the vehicle identified in this letter or changed your address, please fill out the enclosed prepaid Owner Reply Card and mail it to us so we can update our records.

Can we assist you further?

If you have any questions regarding this recall please contact Volkswagen Canada Customer CARE at 1-800-822-8987 or vwcarecanada@vw.ca.