



Volkswagen Canada
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<March 2018>

<CUSTOMER NAME>
<CUSTOMER ADDRESS>
<CUSTOMER CITY PROVINCE POSTAL CODE>

This notice applies to your vehicle: <VIN>

**Subject: Emissions Recall 23U3 – Update
Emissions Modification Available for All Model Year 2010 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 July 27, 2017, Volkswagen Group received approval from U.S. regulators, including the Environmental Protection Agency (EPA), for an emissions modification to address the emissions system issues in Model Year 2009-2014 Volkswagen 2.0L TDI vehicles. As initially noticed in September 2017, this previously approved emissions modification takes approximately 2.5 to 3 hours to complete for Model Year 2010 vehicles. It was later determined that some Model Year 2010 vehicles, upon inspection, require additional hardware updates as part of the approved emissions modification, which could take approximately 6 hours to complete. The resulting emissions modification for those impacted Model Year 2010 vehicles will still be identical to the one previously approved by the EPA. Our records show that your Model Year 2010 vehicle **may** be an impacted vehicle. Whether or not a vehicle is impacted, an emissions modification is available to the Canadian market free of charge for all Model Year 2010 Volkswagen 2.0L TDI vehicles and a complimentary loaner will be provided in all cases while the modification is being completed.

The purpose of this letter is to inform you of the EPA-approved emissions modification for your vehicle and to provide information on next steps if you have not yet completed the modification for your vehicle. 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

If you are eligible for the Settlement, you may qualify under the Settlement to choose a buyback, trade-in or early lease termination as an alternative benefit to the approved emissions modification.

The Settlement has received court approval and its implementation started on April 28, 2017. Claimants have until September 1, 2018 to submit a claim for benefits under the Settlement and until at least December 30, 2018 to receive benefits.

However, obtaining the approved emissions modification by recall will eliminate any rights that you 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 the Canadian Settlement Claims Centre at 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?

An emissions modification is available now free of charge from your preferred Volkswagen dealership in Canada for your Model Year 2010 Volkswagen 2.0L TDI vehicle. Owners and lessees are expected to complete the modification 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: During 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. The modification will also include the replacement of the NOx Reduction Catalyst, Exhaust Gas Recirculation (EGR) filter and exhaust flap, and for **some** Model Year 2010 vehicles, the added replacement of the Diesel Oxidation Catalyst, Diesel Particulate Filter and, where applicable based on inspection, the Glow Plug Control Module.

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 the emissions modification, drivers may notice some differences in vehicle operating characteristics, as described in this letter, but no significant additional changes are expected to key vehicle attributes, including reliability, durability, performance, drivability, or other driving characteristics.

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

- Engine sound will differ from your vehicle's prior operation. There will be increased noise from the engine that is most noticeable at midrange engine speeds, specifically during moderate acceleration. Low fuel quality can amplify the sound. The change in sound will not result in any noticeable changes to the driving characteristics of your vehicle.
- Frequency and occurrence of special engine operating modes (such as when and how the Diesel Particulate Filter regenerates) will differ from the way these modes operated with the previous software.
- Drive Mode Changes – While driving in normal Drive mode, vehicles with **automatic** transmissions will shift at slightly higher engine speeds during medium acceleration. This is most noticeable at high altitudes and during engine warm-up.
- Sport Mode Changes – While driving in Sport mode, vehicles with **automatic** transmissions will shift earlier at low accelerator positions for improved driving comfort which results in a lower engine speed at constant driving.
- Vehicle Drivability – There will be minor changes in engine torque while transitioning between operating modes. Volkswagen does not expect these changes to be noticeable for drivers.
- Fuel Consumption – Your vehicle's fuel consumption will increase by up to 0.4 L/100 km. However, it is important to note that, as with all vehicles, an individual's on-road fuel consumption results may vary depending on driving style and habits.
- 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.

Will this affect my vehicle maintenance intervals?

The emissions modification of your Volkswagen does not affect the recommended vehicle maintenance schedule for oil change intervals and Exhaust Gas Recirculation (EGR) cleaning as described in your maintenance booklet.

We do not anticipate that the modification will affect the On-Board Diagnostic (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 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.

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 0-50,000 miles	0.05	0.075	3.4	0.01	0.015
Tier 2 Bin 5 50,001-120,000 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 0-120,000 miles	0.160	4.2	0.01	0.018
Manual Transmissions 0-120,000 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 dealer will complete the modification in approximately 2.5 to 3 hours, or, in the event your vehicle requires the additional hardware updates discussed above, the modification may take approximately 6 hours to complete. In all cases of Model Year 2010 vehicles, if you come in for the modification, Volkswagen will provide you with a loaner vehicle at zero cost to you.

There are occasionally outstanding recalls that your vehicle may be subject to. Any such open items will be completed at the time of the emissions modification and may require increased time at the dealer. You will be notified of any outstanding recalls and duration of the service action when calling in to schedule your appointment.

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 applicable warranty period for the "Extended Emissions Warranty" is as follows:

<p>Automatic Transmission Vehicles</p>	<p>The greater of:</p> <ul style="list-style-type: none"> • 10 years or 193,000 km, whichever occurs first, from the vehicle's original in-service date; OR • 4 years or 77,000 km, whichever occurs first, from the date and mileage of the completion of the emissions modification.
<p>Manual Transmission Vehicles</p>	<p>The greater of:</p> <ul style="list-style-type: none"> • 10 years and 6 months or 203,000 km, whichever occurs first, from the vehicle's original in-service date; OR • 4 years and 6 months or 87,000 km, whichever occurs first, from the date and mileage of the completion of the emissions modification.

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 gas after treatment system, including the Diesel Oxidation Catalytic Converter, NOx Reduction Catalytic Converter, Diesel Particulate Filter, 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 Exhaust Gas Recirculation (EGR) system, including EGR valves, EGR cooler, EGR filter, EGR temperature sensor, all related hoses and pipes, and all sensors and actuators;

- The air intake pipe and charge air cooler, charge air temperature sensor and air-mass sensor;
- The turbocharger, including the turbocharger damper;
- The Glow Plug; and
- The On-Board Diagnostic (OBD) system, including 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 remains 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. If the warranty service is expected to take longer than 3 hours, Volkswagen will provide a loaner vehicle. 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, but only if the damage or malfunction is causally related to the accident or vehicle misuse.

All existing 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.

More information about your Extended Emissions Warranty coverage is available at www.vw.ca/tidiwarranty.

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.