

# VOLKSWAGEN

GROUP ECUADOR

VOLKSWAGEN GROUP ECUADOR 170007 QUITO ECUADOR

Mr. Rafael Colonia Castellanos

Appointee for,

**PORSCHE SIEBTE VERMÖGENSVERWALTUNG GMBH**

**VOLKSWAGEN GROUP SERVICES GMBH**

R.Kuhnert

+59322433000

ralf.kuhnert@volkswagen.de

Quito D.M, 14 de Marzo de 2019

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## CEO Report 2018

Dear Mr. Castellanos,

2018 was the first full business year for the Volkswagen Group Ecuador, founded in August 2016. For me it was the first full calendar year in the position of the CEO. To guarantee the established representation of the Volkswagen Group Ecuador and to continue the relationship between both VWAG and our CKD-Partner Fisum, my appointment as CEO was extended for one more year.

In the last year all employees received a labour contract in order to comply with the local ecuadorian law. At the end of 2018 a contract for the provision of the professional services of the COO was signed with a representative of LexArtis.

During 2018 we supported our CKD-partner for the localization of parts in Ecuador. Since the ecuadorian Government has changed the roles for local content for CKD projects in 2017, there was an increase of localization necessary. This process will continue until October 2020.

During the year, several audit took place. The Financial Audit did confirm the established procedures related to tax and social security payments. The Business process audit made a deep analysis of all processes of VWGE. There were some medium findings, but none of them are critical. Together with internal Treasury representative we were preparing the upcoming Audit, scheduled for 2019.

During the whole year 2018 we supported our CKD-Partner Fisum for the production of the Amarok. Daily random checks at finished units as well as weekly audits were executed to guarantee the high Quality at Volkswagen level.

VOLKSWAGEN GROUP ECUADOR  
AV. REPUBLICA DE EL SALVADOR  
309 Y SUIZA  
EDIFICIO DYGOIL  
PISO 7, OFFICE 7AB  
PHONE +593 (0) 2 2433 000

BOARD OF DIRECTORS:  
ANDREAS SPINDLER  
CHAIRMAN OF THE CdA  
STEPHAN SEVENICH  
RAFAEL COLONIA CASTELLANOS

RALF KUHNERT  
CEO VOLKSWAGEN GROUP-ECUADOR



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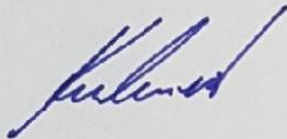
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In the year 2018 there were 4 Board Management meetings executed, with the attendance of the CdA members, and 3 shareholder meetings.

Based on the compliance rules and regulations from VW AG, all employees of the VWGE were informed, trained and advised to the awareness of all valid compliance tasks and topics of the Volkswagen compliance system.

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With kind regards,



Ralf Kuhnert  
CEO - VOLKSWAGEN GROUP ECUADOR S.A.

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