

Volkswagen Diesel Emissions Environmental Mitigation Trust for Indian Tribe Beneficiaries
Semi Annual Reporting Table of Contents
For the Reporting Period Ending June 30, 2020

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Subparagraph 3.3.1.2.iii

No activity in the reporting period

Subparagraph 3.3.1.4

Semi-Annual Reporting Package includes a 3-year projected annual budget for the Tribal Administration Cost Subaccount, as well as balance statements for all subaccounts as of June 30, 2020.

**The Volkswagen Diesel Emissions Environmental Mitigation Trust
for Indian Tribe Beneficiaries**

**Trustee Descriptive Report
for Period January 1, 2020 to June 30, 2020**

As required under subparagraphs 3.3.1.6 and 3.3.1.7

Establishment, Purpose, and Funding of the Indian Tribe Trust

As a result of the landmark settlement in the United States District Court, Northern District of California (the “Court”), Volkswagen AG (“VW”) required VW to establish the **Environmental Mitigation Trust for Indian Tribe Beneficiaries** (the “Indian Tribe Trust”) and to make deposits¹ in the amounts of \$2.7 billion and \$225 million to be used to fund environmental mitigation action (EMA) projects that reduce emissions of nitrogen oxides (“NOx”) and to pay for Trust Administration Costs. On March 15, 2017, the Court appointed Wilmington Trust, N.A. (“WTNA”) as the Trustee for the Indian Tribe Trust (the “Trustee”) and on October 2, 2017, the Indian Tribe Trust was established.

By the end of 2017, the Trustee had received approximately \$41.4 million was deposited into the Trust. The Trustee received from the Settling Defendants a deposit of approximately \$18 million at the end of 2018, which represented the Indian Tribe Trust’s portion of the final \$900 million required under the 2.0L Partial Consent Decree, meaning that the Indian Tribe Trust was considered fully funded at the start of this reporting period.

The Indian Tribe Trust was previously modified in accordance with Paragraph 6.5 on November 15, 2018 to make material modifications to the trust’s allocation formula in a manner that is consistent with the trust’s purpose “to timely and efficiently fund Eligible Mitigation Actions to be proposed and administered by the Beneficiaries” (subparagraph 2.0.3), while ensuring an equitable distribution of funds to participating Beneficiaries. In accordance with the requirements of Paragraph 6.5 those material modifications were filed with the Court on November 30, 2018 and those modifications became effective on November 30, 2018.

In the reporting period (January 1, 2019 to June 30, 2019), WTNA completed a number of actions permitted and required under the Trust Agreement and Consent Decrees, which included implementation of steps for the Third Funding Cycle; minor modifications to the Trust agreement; and, payment of Trust bills. A brief description of each of these actions is included below.

¹ Appendix D-1B allocates 97.97% of the deposited funds to the Environmental Mitigation Trust for State Beneficiaries, Puerto Rico, and the District of Columbia (the “State Trust”) and 2.03% of the funds to the Environmental Mitigation Trust for Indian Tribe Beneficiaries (the “Indian Tribe Trust”).

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**3.3.1.7 Actions taken in reporting period in accordance with Trust
Agreement and Consent Decrees**

Implementation of Steps for Third Funding Cycle under the Modified Indian Tribe Trust Agreement

In the reporting period, the Trustee implemented a number of actions required for the third funding cycle under the Modified Indian Tribe Trust agreement.

Notice of Third Funding Cycle

As required under subparagraph 5.0.5.1.b, on January 15, 2020 the Trustee posted a Notice of the opening of the Third Funding Cycle “stating that: (i) each Indian Tribe, which has not yet been designated a Beneficiary by the Trustee, may seek to become a Beneficiary hereunder by filing with the Court a Beneficiary Status Certification Form (Appendix D-3) consistent with Paragraph 4.2 by” the March 16, 2020 deadline.

Receipt of Appendix D-3 Filing and Notice of Beneficiary Designation

By the March 16th deadline, the Trustee had received Appendix D-3 filings from 24 federally-recognized Indian Tribes, which had also filed with the Court by the same deadline. These 24 Indian Tribes were each formally designated as Beneficiaries of the Indian Tribe Trust when the Trustee filed a formal Notice of Beneficiary Designation² with the Court on May 15, 2020.

Notice and Receipt of Designated Beneficiary’s Participation Notices (Appendix D-6)

On May 22, 2020, in accordance with subparagraph 5.0.5.3.3 the Trustee published a notice on its public-facing website and provided a notice to each Beneficiary via Intralinks³ stating that any Beneficiary that would like to participate in the third funding cycle should submit to the Trustee a Designated Beneficiary’s Participation Notice (Appendix D-6) by the June 15, 2020 deadline. By June 15, 2020, the Trustee had received timely-filed Appendix D-6 submissions from 58 Designated Beneficiaries.

Application of Per-Capita/Pro-Rata Allocation and Notice to Participating Beneficiaries

As required under subparagraph 5.0.5.3.3, the Trustee determined the number of participating Beneficiaries and implemented the steps therein to determine the allocation that would be available to each of the 58 Designated Beneficiaries that timely filed an Appendix D-6. On June 29, 2020, the Trustee transmitted notice via Intralinks to each of the participating Beneficiaries regarding the Trustee’s allocation determination of the amount of funding available for each

² This Notice can be accessed online at <https://www.vwenvironmentalmitigationtrust.com/TribeNBD3>.

³ Intralinks - a secure method of internet-based communications for the use of the Trustee and the Beneficiaries.

The Volkswagen Diesel Emissions Environmental Mitigation Trust for Indian Tribe Beneficiaries

Beneficiary. Each Beneficiary must either submit to the Trustee an EMA Certification Form (Appendix D-4) to implement Eligible Mitigation Actions with the amount allocated to that Beneficiary, or elect to opt out of the funding cycle by submitting a Beneficiary's Election to Opt Out Form (Appendix D-7) by August 28, 2020.

COVID-19 Pandemic and Minor Modifications to the Trust Agreement

In light of the COVID-19 pandemic, the United States and Trustee agreed to a discreet number of minor modifications to the Indian Tribe Trust to address issues arising from market disruptions and State and Tribe-mandated office closures due to the COVID-19 pandemic. The modifications allow: (i) the Investment Manager to continue to invest and reinvest the principal and income of the Trust Assets in investments reasonably calculated to preserve the principal value, taking into account the need for safety and liquidity of principal as may be required to fund Eligible Mitigation Actions and Trust Administration Costs in accordance with Paragraph 3.2.1 of the Indian Tribe Trust; and (ii) the use of electronic signatures and electronic retention of certain documents, in accordance with the Trustee's new security procedures that respond to State and Tribe-mandated closures or other business interruptions caused by the COVID-19 pandemic.

In summary, the agreed changes include:

- A modification of Permitted Investments under Paragraph 3.2.1 to allow the investment of Trust Assets in the BlackRock Fed Fund (CUSIP 09248U809), other similar mutual funds, and U.S. Treasury bills, bonds, notes, and other government securities issued by agencies of the federal government; and
- An additional paragraph that allows electronic signatures and electronic retention of certain documents required under or related to the Indian Tribe Trust, as identified by the Trustee.

The Trustee provided notices⁴ to the Beneficiaries on May 19, 2020, and (in accordance with subparagraph 6.5) the minor modifications became effective on June 18, 2020.

A current copy of the Indian Tribe Trust as modified on May 19, 2020 is posted on our website at <https://www.vwenvironmentalmitigationtrust.com/tribe-trust-agreement>.

Payment of Trust Bills

In the period, the Indian Tribe Trust paid \$17,121 in Trust Administration Costs. The Indian Tribe Trust also paid approximately \$428,253 in costs to third-party professionals.

⁴ Relevant Trustee Notices can be viewed in the Current Updates & Key Information section of the Indian Tribe Trust's public website at <https://www.vwenvironmentalmitigationtrust.com/tribe-trust>.

**The Volkswagen Diesel Emissions Environmental Mitigation Trust
for Indian Tribe Beneficiaries**

**3.3.1.6 Previously unreported action taken by Trust that
materially adversely affects Trust**

Nothing to report.



By: _____
Name: Russell L. Crane, MBA
Title: Vice President
Wilmington Trust, N.A., as Trustee

Date: August 17, 2020

Volkswagen Diesel Emissions Environmental Trust for Indian Tribe Beneficiaries
Trust Asset Statements and Investments Listing
June 30, 2020
(Dollars in thousands)

Portfolio(s)	Maturity Date	Rating	Amount
Tribal Allocation Subaccount			
BlackRock Liquidity Fund			\$ 388
Marketable Securities at Costs			
U.S. Treasury Bills	07/02/2020	AAA	372
U.S. Treasury Bills	07/23/2020	AAA	2,949
U.S. Treasury Bills	08/06/2020	AAA	1,856
U.S. Treasury Bills	08/20/2020	AAA	2,194
U.S. Treasury Bills	08/27/2020	AAA	8,710
U.S. Treasury Bills	09/03/2020	AAA	1,750
U.S. Treasury Bills	09/10/2020	AAA	9,296
U.S. Treasury Bills	10/01/2020	AAA	6,086
Marketable Securities at Costs Total			33,215
Accrued Interest Income			23
Tribal Allocation Subaccount Total			\$ 33,626
Tribal Tech Advisor Subaccount			
BlackRock Liquidity Fund			\$ 52
Marketable Securities at Costs			
U.S. Treasury Bills	07/02/2020	AAA	119
U.S. Treasury Bills	07/16/2020	AAA	74
U.S. Treasury Bills	07/23/2020	AAA	200
U.S. Treasury Bills	07/30/2020	AAA	35
U.S. Treasury Bills	08/06/2020	AAA	65
U.S. Treasury Bills	08/20/2020	AAA	135
U.S. Treasury Bills	08/27/2020	AAA	425
U.S. Treasury Bills	09/03/2020	AAA	95
U.S. Treasury Bills	09/10/2020	AAA	200
U.S. Treasury Bills	09/17/2020	AAA	130
U.S. Treasury Bills	10/01/2020	AAA	190
Marketable Securities at Costs Total			1,667
Accrued Interest Income			3
Tribal Tech Advisor Subaccount Total			\$ 1,722

Subparagraphs:
3.3.1.1.i
3.3.1.1.ii

Volkswagen Diesel Emissions Environmental Trust for Indian Tribe Beneficiaries
Trust Asset Statements and Investments Listing
June 30, 2020
(Dollars in thousands)

Portfolio(s)	Maturity Date	Rating	Amount
Tribal Administration Cost Subaccount			
BlackRock Liquidity Fund			\$ 84
Marketable Securities at Costs			
U.S. Treasury Bills	07/02/2020	AAA	184
U.S. Treasury Bills	07/16/2020	AAA	289
U.S. Treasury Bills	07/23/2020	AAA	265
U.S. Treasury Bills	07/30/2020	AAA	35
U.S. Treasury Bills	08/13/2020	AAA	182
U.S. Treasury Bills	08/20/2020	AAA	160
U.S. Treasury Bills	08/27/2020	AAA	859
U.S. Treasury Bills	09/03/2020	AAA	145
U.S. Treasury Bills	09/10/2020	AAA	220
U.S. Treasury Bills	09/17/2020	AAA	230
U.S. Treasury Bills	10/01/2020	AAA	640
Marketable Securities at Costs Total			3,206
Accrued Interest Income			7
Tribal Administration Cost Subaccount Total			\$ 3,297
Tribal Tax Subaccount			
Cash			\$ 797
Tribal Tax Subaccount Total			\$ 797
Tribal Advisory Council Subaccount			
BlackRock Liquidity Fund			\$ 6
Marketable Securities at Costs			
U.S. Treasury Bills	07/23/2020	AAA	5
U.S. Treasury Bills	08/27/2020	AAA	20
Marketable Securities at Costs Total			25
Accrued Interest Income			-
Tribal Advisory Council Subaccount Total			\$ 31
Indian Tribe Trust Total			
Cash			\$ 797
BlackRock Liquidity Fund			530
Marketable Securities at Costs			38,112
Accrued Interest Income			33
Indian Tribe Trust Total			\$ 39,472

Subparagraphs:
3.3.1.1.i
3.3.1.1.ii

Volkswagen Diesel Emissions Environmental Trust for Indian Tribe Beneficiaries
Tribe Trust Payments and Administration Costs Line Item
October 2, 2017 through June 30, 2020
(Dollars in thousands)

Subaccount	Cumulative Paid
Tribal Allocation	
Trust Administrator Costs	\$ 54
Tribal Allocation Total	\$ 54
Tribal Tech Advisor	
Trust Administrator Costs	\$ 1
Tribal Tech Advisor Costs	1,179
Tribal Allocation Total	\$ 1,180
Tribal Administration Cost	
Trust Administrator Costs	\$ 54
Trust Counsel	793
Insurance	307
Audit	105
Accounting	78
Tax Return	98
Consultant	190
Website Support	11
Tax Counsel	167
Intralink	2
Contingency Expenses	40
Tribal Administration Cost Total	\$ 1,845
Tribal Tax	
Estimated State Taxes Paid	\$ 3
Tribal Tax Total	\$ 3
Tribal Advisory Council	
Trust Administrator Costs	\$ 2
Tribal Advisory Council Total	\$ 2
Indian Tribe Trust Total	\$ 3,084

Subparagraphs:
3.3.1.1.iii
3.3.1.3.i

Volkswagen Diesel Emissions Environmental Trust for Indian Tribe Beneficiaries
Payments to Recipients
June 30, 2020
(Dollars in thousands)

Recipient	2020	2019	Cumulative
Beaver Village	\$ -	\$ 68	\$ 68
Bishop Paiute Tribe	-	77	77
Blue Lake Rancheria	-	275	275
Central Council Tlingit & Haida Indian Tribes of Alaska	-	158	158
Chefornak Traditional Council	-	170	170
Cherokee Nation	-	2,600	2,600
Cheyenne River Sioux Tribe	-	567	567
Chickaloon Native Village	-	228	228
Citizen Potawatomi Nation	-	555	555
Confederated Tribes and Bands of the Yakama Nation	-	645	645
Confederated Tribes of CLUS	-	101	101
Confederated Tribes of the Colville Reservation	-	304	304
Coquille Indian Tribe	-	118	118
Elk Valley Rancheria	-	28	28
Forest County Potawatomi	-	173	173
Fort Independence Indian Community	-	117	117
Galena Village (Louden)	-	167	167
Gila River Indian Community	-	794	794
Gulkana Village Council	161	-	161
Hoopa Valley Tribe	-	390	390
Koyukuk Village Council	-	149	149
Lower Brule Sioux Tribe	-	334	334
Mashantucket Pequot Indian Tribe	-	284	284
Minnesota Chippewa Tribe (Fond du Lac)	-	365	365
Mohegan Tribe of Indians of Connecticut	-	275	275
Muscogee (Creek) Nation	-	2,079	2,079
Native Village of Brevig Mission	-	169	169
Native Village of Koyuk	-	167	167
Native Village of Port Heiden	-	160	160
Native Village of Savoonga	-	177	177
Native Village of Stevens	-	76	76
Native Village of White Mountain	-	162	162
Nez Perce Tribe	-	237	237
Oglala Sioux Tribe	-	1,056	1,056
Pueblo of Isleta	-	420	420
Quapaw Tribe of Indians (The)	-	334	334
Saint Regis Mohawk Tribe	-	249	249
Salt River Pima-Maricopa Indian Community	-	489	489
Sault Ste. Marie of Chippewa Indians	-	194	194
Shoshone-Bannock Tribes	-	448	448
Swinomish Indian Tribal Community	-	179	179
The Chickasaw Nation	-	748	748
The Fond du Lac Band of Lake Superior Chippewa	-	595	595
The Red Cliff Band of Lake Superior Chippewa	-	187	187
The Red Lake Band of Chippewa Indians	-	329	329
Three Affiliated Tribes (MHA)	-	494	494
Upper Sioux Community	-	162	162
Ute Mountain Ute Tribe	207	-	207
Venetie Village	-	151	151
White Mountain Apache Tribe	-	876	876
Yocha Dehe Wintun Nation	-	159	159
Yurok Tribe	-	179	179
	\$ 368	\$ 19,418	\$ 19,786

Volkswagen Diesel Emissions Environmental Trust for Indian Tribe Beneficiaries
Trust Asset Allocation and Allocation Adjustment
June 30, 2020
(Dollars in thousands)

	Funding			Tax Transfer from Tribal Allocation and Administration Costs Subaccounts to Tribe Tax
	October 31, 2017	November 30, 2017	November 30, 2018	
Tribal Allocation	\$ 20,333	\$ 15,723	\$ 15,723	\$ (124)
Tribal Tech Advisor	1,070	828	828	(3)
Tribal Administration Cost	1,874	1,509	1,509	(13)
Tribal Advisory Council	30	-	-	-
	\$ 23,307	\$ 18,060	\$ 18,060	\$ (140)
Tribal Tax Subaccount	-	-	-	140
Total	\$ 23,307	\$ 18,060	\$ 18,060	\$ -

**Volkswagen Diesel Emissions Environmental Trust for Indian Tribe Beneficiaries
Administration Costs Three Year Projected Budget**
(Dollars in thousands)

	2020	2021	2022	Total 3-year projected budget
Governance Costs				
Trust Administrator (Wilmington Trust) *	\$23	\$23	\$23	\$69
Subtotal for Governance Costs	\$23	\$23	\$23	\$69
Trust Professionals				
Trust Counsel	\$100	\$100	\$45	\$245
Trust Accountants	58	58	58	174
Tax Return Preparation	15	15	15	45
Trust Auditors	50	50	50	150
Consultants	24	24	24	72
Website support **	-	-	-	-
Intralinks **	1	1	1	3
Tax Counsel	10	10	10	\$30
Subtotal for Trust Professionals	\$258	\$258	\$203	\$719
Other Expenses				
Contingency	\$25	\$25	\$25	\$75
Subtotal for Other Expenses	\$25	\$25	\$25	\$75
Total Reporting Costs	\$306	\$306	\$251	\$863

* includes quarterly Trustee Administration Fees, annual QSF Administration Fee, and estimated Trustee out-of-pocket expenses

** represents 2% of shared cost with State Trust (see subparagraph 2.1.3.2 of Indian Tribe Trust)