

Volkswagen Diesel Emissions Environmental Mitigation Trust for Indian Tribe Beneficiaries
Semi Annual Reporting Table of Contents
For the Reporting Period Ending June 30, 2022

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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, 2022.

The Volkswagen Diesel Emissions Environmental Mitigation Trust for Indian Tribe Beneficiaries

Trustee Descriptive Report for Period January 1, 2022 to June 30, 2022

As required under subparagraphs 3.3.1.6 and 3.3.1.7

Establishment, Purpose, Funding, and Modification 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 all in accordance with the terms of the Indian Tribe Trust. 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.

The Indian Tribe Trust was previously modified in accordance with Paragraph 6.5 on three occasions:

1. Effective November 30, 2018, there were 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.
2. Effective June 18, 2020, there were a discreet number of modifications, including: 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.
3. Effective March 29, 2022, there were several minor modifications, including: the change of date by which the Trustee must notify the Beneficiaries of the availability of a fifth funding cycle to May 31, 2022 to give the United States and the Trustee time to conduct outreach to the Beneficiaries, the Technical Assistance Provider, and the Tribal Advisory Council; a corresponding extension of the key filing dates related to a possible fifth funding cycle; and a

¹ Appendix D-1B allocates 2.03% of the deposited funds to the Indian Tribe Trust and 97.97% of the deposited funds to State Trust.

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request (in an effort to reduce expenditures associated with termination of the Trust) that the final Trustee report following termination need not include an audit opinion.

A copy of the Indian Tribe Trust as modified on March 29, 2022 is posted on the Trust's website at <https://www.vwenvironmentalmitigationtrust.com/tribe-trust-agreement>.

In the reporting period, WTNA completed a number of actions permitted and required under the Trust Agreement and Consent Decrees, which included implementation of the Trustees Accounting and payment of Trust bills. A brief description of each of these actions is included below.

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

Disbursement of EMA Funds Pending From Prior Period

At the end of the prior reporting period, 16 Beneficiary Tribes' disbursements totaling approximately \$3.3 million were still pending processing. In January and February, the Trustee completed these disbursements after requirements were met by the Beneficiaries in question. No outstanding EMA disbursements, from any of funding cycles 1-4 remain at the end of this reporting period.

Trustee's Accounting

As required under subparagraph 5.0.5.3.4, on February 28, 2022 the Trustee filed with the Court, delivered to the United States, by and through EPA, and to each of the 119 Indian Tribes previously designated a Beneficiary of the Indian Tribe Trust, and published on its public-facing website, an accounting of all Trust Assets in the Tribal Allocation Subaccount and Tribal Administration Cost Subaccount that were not by that date been expended on or obligated to approved Eligible Mitigation Actions or prior Trust Administration Costs, together with an estimate of funding reasonably needed to cover the remaining Trust Administration Costs for the Tribal Allocation Subaccount.

After determining the Tribal Subaccounts Remainder Balance, the Trustee met and conferred with the United States in order to determine whether the Tribal Subaccounts Remainder Balance contained sufficient funds for a fifth funding cycle.**Discussion Session with Indian Tribe Beneficiaries**

On May 24, 2022, the Office of Tribal Justice for the United States Department of Justice hosted a discussion session to review the findings of the Trustee's Accounting and to consider alternatives. Attending the meeting were representatives of some of the invited 119 Indian Tribes Designated as Beneficiaries of the Indian Tribe Trust, EPA officials, DOJ personnel, and members of the Trustee team. Varying recommendations and viewpoints were discussed, and the meeting wrapped up with a commitment to announce a fifth funding cycle, if viable, by May 31, 2022.

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Notice Regarding Whether A Fifth Funding Cycle Would Be Held

In accordance with Subparagraph 5.0.5.3.5 of the Indian Tribe Trust (as modified on March 29, 2022), the Trustee, if there were determined to be sufficient funds, was to provide notice to all 119 Designated Beneficiaries by May 31, 2022 that a fifth funding cycle would be held. After further consultation after the discussion session, the United States and the Trustee agreed there were not sufficient funds in the Tribal Subaccounts Remainder Balance calculated in accordance with the Indian Tribe Trust Agreement to conduct a Fifth Funding Cycle. On June 1, 2022, the Trustee sent a notice to the 119 Designated Beneficiary Tribes indicating that a fifth funding cycle would not be held, adding that the United States and the Trustee will be holding further discussions to determine how funds remaining in the Indian Tribe Trust Subaccounts will be distributed, consistent with the purposes of the Trust.

Payment of Trust Bills

In the period, the Indian Tribe Trust paid \$136,364.84 in Trust Administration Costs. The Indian Tribe Trust also paid approximately \$126,495.61 in costs to third-party professionals.

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 15, 2022

Volkswagen Diesel Emissions Environmental Trust for Indian Tribe Beneficiaries
Trust Asset Statements and Investments Listing
June 30, 2022
(Dollars in thousands)

Portfolio(s)	Maturity Date	Rating	Amount
Tribal Allocation Subaccount			
Cash			\$ -
BlackRock Liquidity Fund			2,052
Marketable Securities at Costs			-
Marketable Securities at Costs Total			-
Accrued Interest Income			1
Tribal Allocation Subaccount Total			\$ 2,053
Tribal Tech Advisor Subaccount			
Cash			\$ -
BlackRock Liquidity Fund			535
Marketable Securities at Costs			
U.S. Treasury Bills	07/14/2022	AAA	165
U.S. Treasury Bills	07/21/2022	AAA	65
U.S. Treasury Bills	08/04/2022	AAA	125
U.S. Treasury Bills	08/25/2022	AAA	60
U.S. Treasury Bills	09/01/2022	AAA	60
U.S. Treasury Bills	09/08/2022	AAA	299
Marketable Securities at Costs Total			773
Accrued Interest Income			1
Tribal Tech Advisor Subaccount Total			\$ 1,309

Subparagraphs:
3.3.1.1.i
3.3.1.1.ii

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Trust Asset Statements and Investments Listing
June 30, 2022

(Dollars in thousands)

Portfolio(s)	Maturity Date	Rating	Amount
Tribal Administration Cost Subaccount			
Cash			\$ -
BlackRock Liquidity Fund			1,586
Marketable Securities at Costs			
U.S. Treasury Bills	07/14/2022	AAA	250
U.S. Treasury Bills	07/21/2022	AAA	165
U.S. Treasury Bills	08/04/2022	AAA	339
U.S. Treasury Bills	08/25/2022	AAA	80
U.S. Treasury Bills	09/01/2022	AAA	80
U.S. Treasury Bills	09/08/2022	AAA	150
Marketable Securities at Costs Total			1,063
Accrued Interest Income			2
Tribal Administration Cost Subaccount Total			\$ 2,651
Tribal Tax Subaccount			
Cash			\$ 797
Tribal Tax Subaccount Total			\$ 797
Tribal Advisory Council Subaccount			
Cash			\$ -
BlackRock Liquidity Fund			11
Marketable Securities at Costs			
U.S. Treasury Bills	07/14/2022	AAA	10
U.S. Treasury Bills	08/04/2022	AAA	10
Marketable Securities at Costs Total			20
Accrued Interest Income			-
Tribal Advisory Council Subaccount Total			\$ 31
Indian Tribe Trust Total			
Cash			\$ 797
BlackRock Liquidity Fund			4,184
Marketable Securities at Costs			1,856
Accrued Interest Income			4
Indian Tribe Trust Total			\$ 6,841

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, 2022
(Dollars in thousands)

Subaccount	Cumulative Paid
Tribal Allocation	
Trust Administrator Costs	\$ 70
Tribal Allocation Total	\$ 70
Tribal Tech Advisor	
Trust Administrator Costs	\$ 4
Tribal Tech Advisor Costs	1,473
Tribal Allocation Total	\$ 1,477
Tribal Administration Cost	
Trust Administrator Costs	\$ 110
Trust Counsel	1,041
Insurance	306
Audit	197
Accounting	145
Tax Return	98
Consultant	197
Website Support	9
Tax Counsel	215
Intralink	7
Contingency Expenses	28
Tribal Administration Cost Total	\$ 2,354
Tribal Tax	
Estimated State Taxes Paid	\$ 35
Tribal Tax Total	\$ 35
Indian Tribe Trust Total	\$ 3,936

Subparagraphs:

3.3.1.1.iii

3.3.1.3.i