

The Volkswagen Emissions Scandal

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- Given \$70,000 in 2013
- VW 40x Nitrogen Oxide Emissions
- Cheat Software found

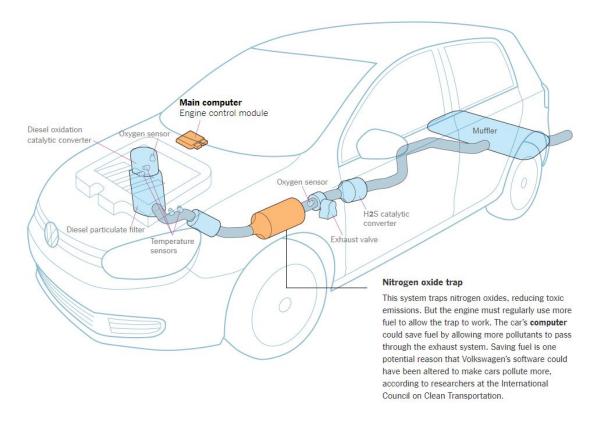




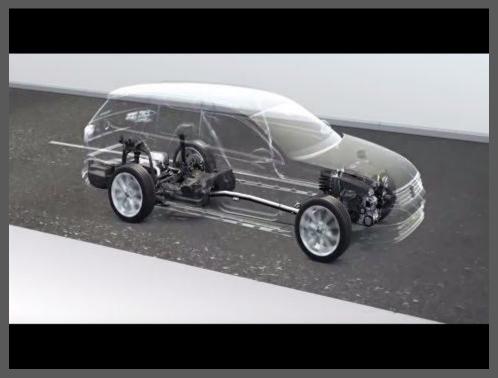
Dr. Arvind Thiruvengadam was a graduate student at the University who helped test emissions of the VW cars.

#### Cheat Software - How it worked

 The software could, "sense test scenarios by monitoring speed, engine operation, air pressure and even the position of the steering wheel." (Hotten, 2015)

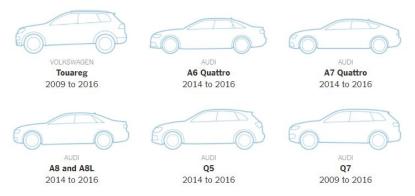


# Video Explanation



#### Affected vehicles

- 2009-2015
- Roughly 11 million cars worldwide
- 600,000 cars in the United States





VOLKSWAGEN

Jetta

2009 to 2015



VOLKSWAGEN

Beetle and Beetle Convertible
2012 to 2015



Passat 2012 to 2015



AUDI A3 2010 to 2015



VOLKSWAGEN

Jetta SportWagen
2009 to 2014



VOLKSWAGEN

Golf

2010 to 2015



Golf SportWagen 2015



#### What to do with U.S. Cars

- Recycle vehicles
- Buy back
- Sell in a different country



## **European Conspiracy**

- Government collusion (EU Preference to German automakers)
- More money for wrongdoing spent in U.S. than Europe
- German government allows software update fix
- Only 20% improvement by software update
- Actual emissions levels withheld by VW and DMV stating only that the cars now meet European emissions requirements
- Further fines against VW could affect entire German economy
- Could affect other German automakers
- Former government employees lobbyists for automakers



### Repercussions

- CEO Martin Winterkorn Stepped down September 23, 2015
- Some upper management fired
- October 2015 loses title of World's top Automaker
- \$4.3 Billion fine
- \$10 Billion buyback program
- Multiple lawsuits



#### Who's to blame?

 In October 2015 Michael Horn (VW of America CEO 2014-2016) testified in the US blaming the scandal on Engineers.

"This was a couple of software engineers who put this in for whatever reason."

- Claimed the cheat devices were not a corporate decision.
- 9 managers suspended

#### Not The First Time



VW 1970's defeat device

Other Manufactures

- **GM**
- Chrysler
- Renault

#### Resolution

- November 2015 VW gives \$500 to diesel owners in the U.S. as a goodwill gesture.
- VW issues a recall in Europe
- April 2016 VW buyback in U.S.
- Attempting to find solution to make U.S. cars meet emissions. Cars must be clean before being sold.
- Ongoing criminal investigations

#### **NSPE** Code of Ethics

- "Hold paramount the safety, health, and welfare of the public." (Code of Ethics), the first Fundamental
   Canon in the code of ethics
- "Engineers shall be guided in all their relations by the highest standards of honesty and integrity." (Code of Ethics)
- Avoid Deceptive Acts
- Conduct themselves honorably, responsibly, ethically, and lawfully so as to enhance the honor, reputation, and usefulness of the profession.
- Adhere to the principles of sustainable development in order to protect the environment for future generations.

### **Moral Theories**

- Duty Ethics
- Rights Ethics

#### What can be learned?

The VW emissions scandal will serve as a reminder to engineers and executives that their decisions to cut corners in order to meet goals or increase profits could have disastrous financial and social impacts on their company.