Volkswagen Emissions Scandal: Corporate Governance and Regulatory Issues

Time: 4:30pm - 6:00pm
Location: Silverman 2408

A panel of corporate governance, automotive industry and regulatory experts will discuss the corporate governance, regulatory and other legal aspects of this ongoing affair. The panel discussion will be followed by a reception.

The Volkswagen emissions affair was revealed in September 2015, when the Environmental Protection Agency (EPA) issued a notice of violation of the Clean Air Act to Volkswagen AG, Audi AG and Volkswagen Group of America, Inc. In its notice, the EPA alleged that the German automaker had installed “defeat devices” in certain model year 2009 through 2015 Volkswagen and Audi diesel vehicles. The purpose of these “defeat devices” was to activate certain emissions controls only during laboratory emissions testing, while producing up to 40 times higher emissions output during real-world driving.

Following the issuance of the notice of violation, Volkswagen had not only admitted cheating emissions tests in the United States but also confirmed that additional 10.5 million vehicles outside of the United States were similarly programmed to defeat laboratory emissions testing. Later, the EPA issued a second notice of violation alleging similar violations with respect to additional 800,000 diesel and gasoline engine vehicles as well as making additional allegations with respect to cheating on fuel consumption data.

While the EPA investigation is still ongoing, it has already become clear that this affair will result in massive liabilities and significant reputational damage to the Volkswagen Group. The debate around the causes and implications of this affair touches upon a wide array of issues, including Volkswagen’s corporate governance, management culture and crisis management, the implications for the future of diesel technology, the regulation of the automotive industry and the similarities of this affair to other recent automotive scandals, including the GM ignition switch scandal.