

# 3

## Corporate Governance

## **CORPORATE GOVERNANCE**

- 53**    Group Corporate Governance Declaration
- 62**    Members of the Board of Management
- 63**    Members of the Supervisory Board and Composition of the Committees
- 66**    Remuneration Report (part of the Group Management Report)

# Group Corporate Governance Declaration

The following chapter contains the content of the Group Corporate Governance Declaration required by sections 289f and 315d of the HGB and the recommendations and principles of the German Corporate Governance Code.

## THE GERMAN CORPORATE GOVERNANCE CODE – A BLUEPRINT FOR SUCCESSFUL CORPORATE GOVERNANCE

Corporate governance provides the regulatory framework for corporate management and supervision. This includes a company's organization and values, and the principles and guidelines for its business policy. The German Corporate Governance Code (the Code) contains principles, recommendations and suggestions for corporate management and supervision. Its recommendations and suggestions were prepared by a dedicated government commission on the basis of the material provisions and nationally and internationally accepted standards of sound, responsible corporate governance. In the interests of best practice, the government commission regularly reviews the Code's relevance in light of current developments and updates it as necessary. The Board of Management and the Supervisory Board of Volkswagen AG base their work on the principles, recommendations and suggestions of the Code. We consider good corporate governance to be a key prerequisite for achieving a lasting increase in the Company's value. It helps strengthen the trust of our shareholders, customers, employees, business partners and investors in our work and enables us to meet the steadily increasing demand for information from national and international stakeholders.

## DECLARATIONS OF CONFORMITY (VALID AS OF THE DATE OF THE DECLARATION)

The Board of Management and the Supervisory Board of Volkswagen AG issued the annual declaration of conformity with the Code as required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on November 13, 2020 with the following wording:

"The Board of Management and the Supervisory Board declare the following:

The recommendations of the Government Commission of the German Corporate Governance Code in the version dated 7 February 2017 (the 2017 Code) that was published by the

German Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) on 24 April 2017 was complied with in the period from the last Declaration of Conformity dated 15 November 2019 until the entry into force of the reformed Code in the version dated 16 December 2019 on 20 March 2020, with the exception of the sections and the stated reasons and periods listed below.

> a) 5.3.2(3) sentence 2 (independence of the Chair of the Audit Committee)

It is unclear from the wording of this recommendation whether the Chairman of the Audit Committee is "independent" within the meaning of section 5.3.2(3) sentence 2 of the 2017 Code. Such independence could be considered lacking in view of his seat on the Supervisory Board of Porsche Automobil Holding SE, kinship with other members of the Supervisory Board of the company and of Porsche Automobil Holding SE, his indirect minority interest in Porsche Automobil Holding SE, and business relations with other members of the Porsche and Piëch families who also have an indirect interest in Porsche Automobil Holding SE. However, it is our opinion that these relationships do not constitute a conflict of interest nor do they interfere with his duties as the Chairman of the Audit Committee. This deviation is therefore being declared purely as a precautionary measure.

> b) 5.4.1(6 to 8) (disclosure regarding election proposals)

With regard to the recommendation in section 5.4.1(6 to 8) of the 2017 Code according to which certain circumstances shall be disclosed when the Supervisory Board makes election proposals to the General Meeting, the guidelines in the Code are vague and the definitions unclear. Purely as a precautionary measure, we therefore declare a deviation from the Code in this respect.

> c) 5.4.5 sentence 2 (a maximum of three supervisory board mandates in non-group listed corporations or comparable companies)

The Chairman of the Supervisory Board is on the supervisory boards of three listed companies of the VOLKSWAGEN Group, namely VOLKSWAGEN AG, AUDI AG and TRATON SE, as well as on the Supervisory Board of Bertelsmann SE & Co. KGaA. He is also Chairman of the Board of Management of Porsche Automobil Holding SE. Porsche Automobil Holding SE is not part of the same group as AUDI AG, VOLKSWAGEN AG and TRATON SE. As it cannot be ruled out that the supervisory board mandate at Bertelsmann SE & Co. KGaA would involve similar requirements to those of a supervisory board mandate in a listed company, and as the precise method of counting the mandates is unclear, we therefore declare a deviation from section 5.4.5 sentence 2 of the 2017 Code as a precautionary measure. We are, however, confident that the Chairman of the Supervisory Board of VOLKSWAGEN AG has sufficient time at his disposal to fulfil the duties related to his mandate.

The Board of Management and the Supervisory Board also declare the following:

The recommendations of the Government Commission of the German Corporate Governance Code in the version dated 16 December 2019 (the 2020 Code) that was published by the German Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) on 20 March 2020 was complied with in the period since the entry into force of this version of the Code and will continue to be complied with, with the exception of the recommendations and their stated reasons and periods listed below.

- > a) Recommendation B.3 (Duration of first-time appointments to the Board of Management)

As it has done in the past, the Supervisory Board will determine the duration of first-time appointments to the Board of Management as it deems fitting for each individual case and the good of the company.

- > b) Recommendation C.5 (Mandate ceiling regarding Board of Management mandate)

The Chairman of the Supervisory Board is on the supervisory boards of three listed companies of the VOLKSWAGEN Group, namely VOLKSWAGEN AG, AUDI AG and TRATON SE (also as Chairman), as well as on the Supervisory Board of Bertelsmann SE & Co. KGaA. He is also Chairman of the Board of Management of Porsche Automobil Holding SE. Porsche Automobil Holding SE is not part of the same group as AUDI AG, VOLKSWAGEN AG and TRATON SE. We are, however, confident that the Chairman of the Supervisory Board of VOLKSWAGEN AG has sufficient time at his disposal to fulfil the duties related to his mandate.

- > c) Recommendation C.10 sentence 1 (Independence of the Chair of the Supervisory Board and Chair of the committee)
- According to this recommendation of the 2020 Code, the Chair of the Supervisory Board and the Chair of the committee that addresses Management Board remuneration shall be independent from the company and the Man-

agement Board. According to the criteria listed in Recommendation C.7, there is indication of a lack of independence if a member of the Supervisory Board was a member of the Management Board in the two years prior to their appointment to the Supervisory Board. The Chairman of the Supervisory Board, who is also the Chairman of the committee that addresses Board of Management remuneration, transferred directly from the Board of Management to the Supervisory Board at the time of his appointment to the Supervisory Board.

- > d) Recommendation C.10 sentence 2 (Farther-reaching independence of the Chair of the Audit Committee)

It is unclear from the wording of this recommendation whether the Chair of the Audit Committee is “independent from the controlling shareholder” within the meaning of this recommendation. Such “independence” could be considered lacking in view of the fact that the Chair of the Audit Committee, in addition to other members of the Porsche and Piëch families, who are also related to each other, has an indirect interest in Porsche Automobil Holding SE. However, it is our opinion that these relationships do not constitute a conflict of interest nor do they interfere with his duties as the Chairman of the Audit Committee. This deviation is therefore being declared purely as a precautionary measure.

- > e) Recommendation C.13 (Disclosure regarding election proposals)

With regard to this recommendation, according to which certain circumstances shall be disclosed when the Supervisory Board makes election proposals to the General Meeting, the guidelines in the Code are vague and the definitions unclear. Purely as a precautionary measure, we therefore declare a deviation from the Code in this respect. Notwithstanding this, the Supervisory Board will make every effort to satisfy the requirements of the recommendation.

- > f) Recommendation D.1 (Rules of Procedure for the Supervisory Board)

The Rules of Procedure for the Supervisory Board were published on the Company’s internet site on 6 April 2020.

- > g) Recommendation D.4 (Independence of the Chair of the Audit Committee)

Regarding justification, we refer to the statements made above regarding Recommendation C.10 sentence 2. If the Chair of the Audit Committee is not independent from the controlling shareholder, according to the definition of Recommendation C.6, sentence 2, he/she is also not independent within the meaning of Recommendation D.4.

- > h) Recommendations G.1 and G.2 (Remuneration system and target total remuneration)

The Supervisory Board introduced a new remuneration system in 2017, which takes into account all recommendations of the 2017 Code. The recommendations are significantly different in the reformed 2020 Code. The remuneration system from 2017 does not comply with these

amended recommendations in some aspects. The Supervisory Board is planning to introduce a new remuneration system that complies with the amended recommendations of the 2020 Code. Until this has been carried out, the deviations will be described here and in the following text. The Supervisory Board has not yet passed a resolution on a remuneration system within the meaning of Recommendation G.1. The justification from the Commission on Recommendation G.1 also establishes the following: the total remuneration is the sum of all remuneration components for the year in question, including the past service cost within the meaning of IAS 19. This will also apply to the maximum remuneration. The remuneration ceilings within our remuneration system were established without taking into account pension scheme expenses or fringe benefits and therefore do not represent maximum remuneration within the meaning of Recommendation G.1. Using the remuneration system in place to date, it is not possible to deduce the relative proportions of the individual remuneration components of target total remuneration, within the meaning of the recommendation. Furthermore, contrary to Recommendation G.2, the Supervisory Board has not yet passed a resolution on specific target total remuneration for the individual members of the Board of Management within the meaning of Recommendation G.1.

- > i) Recommendation G.10 sentence 2 (Four-year commitment period)

According to this recommendation, granted long-term variable remuneration components shall be accessible to members of the Board of Management only after a period of four years. As our current Performance Share Plan has a three-year term and there is a cash settlement at the end of this term, this remuneration component is available to the members of the Board of Management after only three years.

- > j) Recommendation G.11 sentence 2 (Clawback provision)
- Contrary to sentence 2 of this recommendation, the current remuneration system makes no provision for the company to retain or reclaim variable remuneration from the members of the Board of Management."

The current declaration of conformity and previous declarations of conformity are also published on our website [www.volkswagenag.com/en/InvestorRelations/corporate-governance/declaration-of-conformity.html](http://www.volkswagenag.com/en/InvestorRelations/corporate-governance/declaration-of-conformity.html).

**i** DECLARATION OF CONFORMITY OF VOLKSWAGEN AG  
[www.volkswagenag.com/en/InvestorRelations/corporate-governance/declaration-of-conformity.html](http://www.volkswagenag.com/en/InvestorRelations/corporate-governance/declaration-of-conformity.html)

**i** DECLARATION OF CONFORMITY OF TRATON SE  
<https://ir.traton.com/websites/traton/English/5000/corporate-governance.html>

**i** DECLARATION OF CONFORMITY OF MAN SE  
<https://www.corporate.man.eu/en/investor-relations/corporate-governance/corporate-governance-at-man/Corporate-Governance-at-MAN.html>

Our listed indirect subsidiaries TRATON SE and MAN SE have also each issued declarations of conformity with the German Corporate Governance Code. These can be accessed at the websites shown below.

The suggestions of the 2020 Code are complied with. The following applies to the suggestions that were not implemented in the past under the 2017 Code: The suggestions previously contained in section 5.1.2(2) sentence 1 ("Duration of first-time appointments") and section 4.2.3(2) sentence 9 ("No early disbursements of variable remuneration components") of the 2017 Code have been turned into recommendations in the 2020 Code. The deviation from the recommendation on the duration of first-time appointments to the Management Board (B.3 in the 2020 Code) is included in the above declaration of conformity. The recommendation that variable remuneration components should not be disbursed early (G.12 in the 2020 Code) is now complied with. The suggestions previously contained in section 2.3.2 sentence 2 ("Accessibility of the voting proxy during the Annual General Meeting") and section 2.3.3 ("Broadcast of the Annual General Meeting") of the 2017 Code have not been included in the 2020 Code.

#### BOARD OF MANAGEMENT

The Volkswagen AG Board of Management has sole responsibility for managing the Company in the Company's best interests, in accordance with the Articles of Association and the rules of procedure for the Board of Management issued by the Supervisory Board.

Accordingly, responsibilities were divided between eight Board of Management positions until December 31, 2020. In addition to the Chairman of the Board of Management, which also includes the Volume brand group, the other Board positions were: Components and Procurement, Finance and IT, Human Resources and Truck & Bus, Integrity and Legal Affairs, Premium, Sport & Luxury as well as China. As of December 31, 2020, the board member for Finance & IT was also responsible for Components and Procurement on a temporary basis, and the Chairman of the Board of Management was also responsible for China.

In December 2020, the Supervisory Board decided to split up the responsibility for Components and Procurement from January 1, 2021, replacing it with two new Board positions: Purchasing and Technology. The new Technology Board position will be responsible for all Group Components activities worldwide, the marketing of the Volkswagen toolkits to third parties, the development and manufacturing of battery cells as well as the associated procurement, the areas of charging and charging systems and the corresponding joint ventures worldwide.

Information on the composition of the Board of Management can be found in the "Members of the Board of Management" section.

### Working procedures of the Board of Management

In accordance with Article 6 of the Articles of Association, Volkswagen AG's Board of Management consists of at least three people, with the precise number determined by the Supervisory Board. As of December 31, 2020, there were six members of the Board of Management.

The Board of Management generally meets weekly. Its rules of procedure require it to meet at least twice a month. Meetings of the Board of Management are convened by the Chairman of the Board of Management. The Chairman is required to convene a meeting if requested by any member of the Board of Management. The Chairman of the Board of Management chairs the Board of Management meetings. In matters of general or fundamental importance, the decisions are taken by the entire Board of Management. The Board of Management takes decisions only after prior debate and/or using the written circulation procedure. Resolutions of the Board of Management are adopted by a majority vote. In the event of a tie, the Chairman of the Board of Management casts the deciding vote.

Each Board of Management member manages his Board position independently, without prejudice to the collective responsibility of the Board of Management. All Board of Management members must keep each other informed of events within their Board position.

The Volkswagen Group companies are managed solely by their respective managements. The management of each individual company takes into account not only the interest of its own company but also the interests of the Group and the individual brands in accordance with the framework laid down by law.

### Board of Management committees

Board of Management committees exist at Group level on the following topic areas: investments, digital transformation, management issues, human resources, integrity and compliance, risk management, products and technology. Alongside the responsible members of the Board of Management, the relevant central departments and the relevant functions of the divisions are represented on the committees.

### Cooperation with the Supervisory Board

The Supervisory Board advises and monitors the Board of Management with regard to the management of the Company. Through the requirement for the Supervisory Board to provide consent, it is directly involved in decisions of fundamental importance to the Company. In addition, the Supervisory Board of Volkswagen AG and the Board of Management regularly discuss factors affecting the strategic orientation of the Volkswagen Group. The two bodies jointly assess, at regular intervals, the progress made in implementing the corporate strategy. The Board of Management reports to the Supervisory Board regularly, promptly and comprehensively in both written and oral form on all issues

of relevance for the Company particularly with regard to strategy, planning, the development of the business, the risk situation, risk management and compliance.

The Chairman of the Board of Management is responsible for dealings with the Supervisory Board. He is in regular contact with the Chairman of the Supervisory Board and reports to him on all matters of particular significance without delay.

The Supervisory Board has set out the Board of Management's obligations to provide information and reports in an information policy. The Board of Management must report conscientiously and faithfully to the Supervisory Board or its committees. With the exception of the immediate reports from the Chairman of the Board of Management to the Chairman of the Supervisory Board on matters of particular importance, the Board of Management reports to the Supervisory Board in writing as a rule.

For transactions of fundamental importance, the Supervisory Board must provide its consent. The documents required for decision-making purposes are provided to the Supervisory Board members in good time in advance of the meeting.

### Diversity concept and succession planning for the Board of Management

The Supervisory Board has laid down the following diversity concept for the composition of the Board of Management (section 289f(2) no. 6 HGB):

The Supervisory Board must also take diversity into account when considering who would be the best persons to appoint to the Board of Management as a body. The Supervisory Board understands diversity, as an assessment criterion, to mean in particular different yet complementary specialist profiles and professional and general experience, also in the international domain, with both genders being appropriately represented. The Supervisory Board will also take the following aspects into account in this regard, in particular:

- > Members of the Board of Management should have many years of management experience.
- > Members of the Board of Management should, if possible, have experience based on different training and professional backgrounds.
- > The Board of Management as a whole should have technical expertise, especially knowledge of and experience in the manufacture and sale of vehicles and engines of any kind as well as other technical products, and experience in the international domain.
- > The Board of Management as a whole should have many years of experience in research and development, production, sales, finance and human resources management, as well as law and compliance.
- > Women should comprise a certain proportion of the Board of Management. Based on the statutory provisions, the Supervisory Board regularly sets targets for the proportion of women and deadlines for achieving them.

- > The Board of Management should also have a sufficient mix of ages.

The aim of the diversity concept is for the Board of Management members to embody a range of expertise and perspectives. This diversity promotes a good understanding of Volkswagen AG's organizational and business affairs. Particularly, it enables the members of the Board of Management to be open to new ideas by avoiding groupthink. In this way, it contributes to the successful management of the Company.

In deciding who should be appointed to a specific Board of Management position, the Supervisory Board takes into account the interests of the Company and all the circumstances of the specific case. In taking this decision and in long-term succession planning, the Supervisory Board orients itself on the diversity concept. The Supervisory Board is of the view that the diversity concept is reflected by the current composition of the Board of Management. The members of the Board of Management have many years of professional experience, particularly in an international context, and cover a broad spectrum of educational and professional backgrounds. The Board of Management as a whole has outstanding technical knowledge and many years of collective experience in research and development, production, sales, finance and human resources management, as well as law and compliance. There is also a sufficient mix of ages and a gender balance that meets the requirements set by the Supervisory Board.

The Supervisory Board also took into account the diversity concept that it had laid down upon appointing both of the new members of the Board of Management Murat Aksel and Thomas Schmall-von Westerholt with effect from January 1, 2021. Both of the new members of the Board of Management complement the existing broad spectrum of educational and professional backgrounds and have outstanding knowledge and expertise in the areas that have been assigned to them – Purchasing and Technology.

Long-term succession planning within the meaning of Recommendation B.2 of the 2020 Code is achieved through regular discussions between the Chairman of the Board of Management and the Chairman of the Supervisory Board as well as regular discussions in the Executive Committee. The contract terms for existing Board of Management members are discussed, along with potential extensions and potential successors. In particular, the discussions look at what knowledge, experience and professional and personal competencies should be represented on the Board of Management with regard to the corporate strategy and current challenges, and to what extent the current composition of the Board of Management already reflects this. Long-term succession planning is based on the corporate strategy and corporate culture and takes into account the diversity concept determined by the Supervisory Board.

As a rule, members of the Board of Management should be appointed for a term of office ending no later than their

65th birthday. Board of Management members may be appointed to serve beyond their 65th birthday until no later than their 68th birthday, provided this is agreed by a two-thirds majority of the Supervisory Board.

#### SUPERVISORY BOARD

The Volkswagen AG Supervisory Board performs its role through its members working together. It advises and monitors the Board of Management with regard to the management of the Company and, through the requirement for the Supervisory Board to provide consent, is directly involved in decisions of fundamental importance to the Company.

Information on the composition of the Supervisory Board and the Supervisory Board committees and their chairs as well as on the terms of office of the individual Supervisory Board members can be found in the "Members of the Supervisory Board and committees" section. Further information on support for Supervisory Board members upon induction and with respect to education and training as well as on the work of the Supervisory Board and the Chairman of the Supervisory Board's discussions with investors can be found in the Report of the Supervisory Board.

#### Overview

The Supervisory Board of Volkswagen AG consists of 20 members, half of whom are shareholder representatives. In accordance with Article 11(1) of the Articles of Association of Volkswagen AG, the State of Lower Saxony is entitled to appoint two of these shareholder representatives for as long as it directly or indirectly holds at least 15% of the Company's ordinary shares. The remaining shareholder representatives on the Supervisory Board are elected by the Annual General Meeting.

The other half of the Supervisory Board consists of employee representatives elected by the employees in accordance with the Mitbestimmungsgesetz (MitbestG – German Codetermination Act). A total of seven of these employee representatives are Company employees elected by the workforce; the other three employee representatives are trade union representatives elected by the workforce.

The Chairman of the Supervisory Board is generally a shareholder representative, and the Deputy Chairman is generally an employee representative. Both are elected by the other members of the Supervisory Board.

The business of the Supervisory Board is managed by a dedicated office of the Supervisory Board Chairman. The Chairman of the Supervisory Board ensures the independence of the office of the Supervisory Board Chairman and its staff and exercises the right to appoint and supervise staff in consultation with the responsible Board of Management members.

The Supervisory Board appoints the Board of Management members and, on the basis of the Executive Committee's recommendations, decides on a clear and compre-



hensible system of remuneration for the Board of Management members. It presents this system to the Annual General Meeting for approval every time there is a material change, but at least once every four years.

Each member of the Supervisory Board of Volkswagen AG is obliged to act in the Company's best interests. Supervisory Board members are not permitted to delegate their responsibilities to others.

Every Supervisory Board member is obliged to disclose any conflicts of interest to the Chairman of the Supervisory Board without delay. In its report to the Annual General Meeting, the Supervisory Board informs the Annual General Meeting of any conflicts of interest that have arisen and how these were dealt with. Material and not merely temporary conflicts of interest on the part of a Supervisory Board member should result in a termination of the member's mandate.

Supervisory Board members should not hold board or advisory positions at major competitors of Volkswagen AG or major competitors of a company dependent on Volkswagen AG and should not be in a personal relationship involving a major competitor.

Members of the Supervisory Board receive appropriate support from the Company upon induction as well as with respect to education and training. Education and training measures are outlined in the Report of the Supervisory Board.

#### Working procedures of the Supervisory Board

As a rule, the Supervisory Board adopts its resolutions in meetings of all its members. It must hold at least two meetings in both the first and second halves of the calendar year. The Supervisory Board generally holds five meetings a year. The main topics of these meetings are described in the Report of the Supervisory Board.

The Chairman of the Supervisory Board coordinates the work within the Supervisory Board. He represents the interests of the Supervisory Board externally and represents the Company to the Board of Management on behalf of the whole Supervisory Board. Within reason, the Chairman of the Supervisory Board discusses Supervisory Board-specific topics with investors and, in consultation with the Board of Management, may also discuss non-Supervisory Board-specific topics. More details can be found in the Report of the Supervisory Board.

To underline the importance of environmental sustainability, social responsibility and good corporate governance, the Supervisory Board has appointed an ESG (environmental, social and governance) officer. This role is currently performed by Hans Dieter Pötsch.

The Supervisory Board should meet regularly also without the Board of Management. Each Supervisory Board meeting generally ends in a debate. Board of Management members are not present during this part of the meeting. The Chairman of the Supervisory Board convenes and chairs the

Supervisory Board meetings. If he is unable to do so, the Deputy Chairman performs these tasks.

The Supervisory Board is only quorate if at least ten members participate in passing the resolution. The Chairman of the Supervisory Board or of the relevant committee decides the form of the meeting and the voting procedure for the Supervisory Board and its committees. Should the Chairman so decide in individual cases, meetings may also be held using telecommunications technology, or members may participate in meetings using this technology. The Chairman may also decide that members can participate in the Supervisory Board's decision making in writing, by telephone or in another, similar form. Supervisory Board resolutions require a majority of votes cast, unless legislative provisions or the Articles of Association stipulate otherwise. Decisions to establish or relocate production sites require a two-thirds majority of the Supervisory Board members. If a vote results in a tie, the vote is repeated. If this vote is also tied, the Chairman of the Supervisory Board casts two votes. Minutes must be taken of each meeting of the Supervisory Board and its committees. Minutes of a meeting must record the time and location of the meeting, the participants, the items on the agenda, the material content of the discussions and the resolutions adopted.

In individual cases, the Supervisory Board may decide to call upon experts and other appropriate individuals to advise on individual matters.

#### Supervisory Board committees

In order to discharge the duties entrusted to it, the Supervisory Board has established five committees: the Executive Committee, the Nomination Committee, the Mediation Committee established in accordance with section 27(3) of the Mitbestimmungsgesetz (MitbestG – German Codetermination Act), the Audit Committee and, since October 2015, the Special Committee on Diesel Engines. The Executive Committee currently comprises four shareholder representatives and four employee representatives and the Special Committee on Diesel Engines three shareholder representatives and three employee representatives, respectively. The shareholder representatives on the Executive Committee make up the Nomination Committee. The remaining two committees are each composed of two shareholder representatives and two employee representatives.

At its meetings, the Executive Committee meticulously prepares the resolutions of the Supervisory Board, discusses the composition of the Board of Management and takes decisions on matters such as contractual issues concerning the Board of Management other than remuneration and consent to ancillary activities by members of the Board of Management. The Executive Committee supports and advises the Chairman of the Supervisory Board. It works with the



Chairman of the Board of Management to ensure long-term succession planning for the Board of Management.

The Nomination Committee proposes suitable candidates for the Supervisory Board to recommend to the Annual General Meeting for election. Before presenting such proposals, it ensures that the candidates can commit the expected time to their role and identifies the personal and business relationships of the candidates to Volkswagen AG and its Group companies, to Volkswagen AG's corporate bodies and to shareholders who directly or indirectly hold more than 10% of the voting shares in Volkswagen AG. In its proposals to the Supervisory Board, the Nomination Committee also takes into account the requirement for the Supervisory Board to adhere, in its proposals to the Annual General Meeting, to the specific targets it has set for the composition of the Supervisory Board and to the profile of skills and expertise it has decided on for the Board as a whole; the Nomination Committee also takes into account the diversity concept for the composition of the Supervisory Board.

The Mediation Committee has the task of submitting proposals to the Supervisory Board for an appointment or revocation of appointment if there is no majority for the relevant measure on the Supervisory Board in the first vote. The majority involves at least two-thirds of all Supervisory Board members.

Among other things, the Audit Committee discusses the auditing of financial accounting, including the annual and consolidated financial statements, as well as monitoring of the accounting process, and the examination thereof by the auditors. It also discusses compliance, the effectiveness of the risk management system, internal control system and internal audit system. In addition, the Audit Committee particularly concerns itself with the Volkswagen Group's quarterly reports and half-yearly financial report.

The Special Committee on Diesel Engines is responsible for supporting the investigations in connection with the manipulation of emissions figures for Volkswagen Group diesel engines and preparing Supervisory Board resolutions for necessary consequences at Supervisory Board level. To this end, the Special Committee on Diesel Engines is provided with regular information by the Board of Management. The Chairman of the Special Committee on Diesel Engines reports regularly on the Committee's work to the Supervisory Board.

#### **Objectives for the composition of the Supervisory Board, profile of skills and expertise and diversity concept**

In view of the Company's specific situation, its purpose, its size and the extent of its international activities, the Supervisory Board of Volkswagen AG strives to achieve a composition that takes the Company's ownership structure and the following aspects into account:

- > At least three members of the Supervisory Board should be persons who embody the criterion of internationality to a particularly high degree.

- > In addition, at least four of the shareholder representatives should be persons who, in line with the criteria of Recommendations C.7 to C.9 of the 2020 Code, are independent within the meaning of Recommendation C.6 of the 2020 Code.

- > At least three of the seats on the Supervisory Board should be held by people who make a special contribution to the diversity of the Board.

- > Proposals for election should not normally include persons who have reached the age of 75 on the date of the election.

The above criteria have been met. Numerous members of the Supervisory Board embody the criterion of internationality to a particularly high degree; various nationalities are represented on the Supervisory Board and numerous members have international professional experience. Several members of the Supervisory Board contribute to the Board's diversity to a particularly high degree, especially Ms. Hessa Sultan Al Jaber, Ms. Marianne Heiß, Ms. Bertina Murkovic and Mr. Hussain Ali Al Abdulla. The Supervisory Board comprises members of various generations. Independent Supervisory Board members within the meaning of Recommendation C.6 of the 2020 Code currently comprise at least the following: Ms. Hessa Sultan Al Jaber, Mr. Hussain Ali Al Abdulla, Mr. Bernd Althusmann and Mr. Stephan Weil.

In addition, the Supervisory Board has decided on the following profile of skills and expertise for the full Board: The Supervisory Board as a whole must collectively have the knowledge, skills and professional expertise required to properly perform its supervisory function and assess and monitor the business conducted by the company. For this, the members of the Supervisory Board must collectively be familiar with the sector in which the Company operates. The key skills and requirements of the Supervisory Board as a whole include, in particular:

- > Knowledge of or experience in the manufacture and sale of all types of vehicles and engines or other technical products,
- > Knowledge of the automotive industry, the business model and the market, as well as product expertise,
- > Knowledge in the field of research and development, particularly of technologies with relevance for the Company,
- > Experience in corporate leadership positions or in the supervisory bodies of large companies,
- > Knowledge in the areas of governance, law or compliance,
- > Detailed knowledge in the areas of finance, accounting, or auditing,
- > Knowledge of the capital markets,
- > Knowledge in the areas of controlling/risk management and the internal control system,
- > Human resources expertise (particularly the search for and selection of members of the Board of Management, and the succession process) and knowledge of incentive and remuneration systems for the Board of Management,

- > Detailed knowledge or experience in the areas of codetermination, employee matters and the working environment in the Company.

The Supervisory Board has also specified the following diversity concept for its composition:

- > The Supervisory Board must be comprised such that its members collectively have the knowledge, skills, and professional experience needed to properly perform their duties.
- > It has therefore set targets for its composition that also take into account the recommendations of the German Corporate Governance Code. The targets set by the Supervisory Board for its composition also describe the concept through which the Supervisory Board as a whole strives to achieve a diverse composition (diversity concept in accordance with section 289f(2) no. 6 of the HGB). Attention should also be generally paid to diversity when seeking qualified individuals to strengthen the specialist and managerial expertise of the Supervisory Board as a whole in line with these targets. In preparing proposals for appointments to the Supervisory Board, it should be considered in each case how the work of the Supervisory Board will benefit from a diversity of expertise and perspectives among its members, from professional profiles and experience that complement one another (including in the international domain) and from an appropriate gender balance. A wide range of experience and specialist knowledge should be represented on the Supervisory Board. In addition, the Supervisory Board should collectively have an extensive range of opinions and knowledge in order to develop a good understanding of the status quo and the longer-term opportunities and risks in connection with the Company's business activities.
- > In proposing candidates to the Annual General Meeting for the election of shareholder representatives to the Supervisory Board, the Supervisory Board should take its diversity concept into account in such a way that the corresponding election of these candidates by the Annual General Meeting would contribute to the implementation of this concept. However, the Annual General Meeting is not obliged to accept the candidates nominated.
- > The aim of the diversity concept is for the Supervisory Board to embody a range of expertise and perspectives. This diversity promotes a good understanding of Volkswagen AG's organizational and business affairs. It also enables the Supervisory Board members to challenge the Board of Management's decisions constructively and to be more open to new ideas by avoiding groupthink. In this way, it contributes to the effective supervision of the management.
- > The Supervisory Board and Nomination Committee, in particular, are called upon to implement the profile of skills and expertise and the diversity concept within the context of their candidate proposals to the Annual General

Meeting. The Supervisory Board also recommends to employee representatives and unions (which have the right to submit proposals in employee representative elections) and the State of Lower Saxony (which has a right to appoint Supervisory Board members) that the diversity concept, composition targets and profile of skills and expertise should be taken into account. The same applies to individuals entitled to make proposals should a court-appointed replacement be necessary.

The current composition of the Supervisory Board fulfills both the diversity concept and the profile of skills and expertise. The Supervisory Board collectively has outstanding knowledge of the manufacture and sale of vehicles and engines, of the automotive sector and of the technologies relevant for Volkswagen AG. Moreover, numerous Supervisory Board members have extensive experience in managerial and supervisory functions. All the relevant expertise in the further individual areas specified in the profile of skills and expertise is represented on the Supervisory Board. Further details can be found in the curriculum vitae of the Supervisory Board members. The curriculum vitae of the members of the Supervisory Board are available online at [www.volkswagenag.com/en/group/executive-bodies.html](http://www.volkswagenag.com/en/group/executive-bodies.html).

In their proposal to the Annual General Meeting in 2020 for the election of a new Supervisory Board member, the Nomination Committee and Supervisory Board took into account the diversity concept, specific composition targets and profile of skills and expertise. The composition targets, diversity concept and profile of skills and expertise were also taken into account in the appointment of a new Supervisory Board member by the employee representatives in 2020.

#### Self-evaluation of the Supervisory Board

The Supervisory Board regularly evaluates every two years how effectively the Board and its committees are performing their tasks. This initially involves distributing a questionnaire to all Supervisory Board members, in which they are able to give their view of the effectiveness of the work of the Supervisory Board and its committees and suggest possible improvements. Following analysis of the questionnaires, the findings and potential improvements are usually discussed at the next regular meeting of the full Board. The most recent self-evaluation took place from late 2019 to early 2020.

#### DISCLOSURES UNDER THE EQUAL PARTICIPATION ACT

The statutory quota of at least 30% women and at least 30% men has applied to new appointments to the Supervisory Board of Volkswagen AG since January 1, 2016 as required by the Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst (Führpos-GleichberG – German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors). Shareholder and employee representatives have resolved that each side will

meet this quota separately. The shareholder representatives have met the quota of at least 30% women and at least 30% men since the 56th Annual General Meeting on June 22, 2016. The employee representatives have met the quota since the end of the 57th Annual General Meeting on May 10, 2017. Both the shareholder and the employee representatives fulfilled the quota on December 31, 2020.

In accordance with the rules pertaining to the proportion of females on the Board of Management as defined by the FührungsGleichberG, the Supervisory Board set a target quota of 11.1% for the period after December 31, 2016. The new deadline set for achievement of this target is December 31, 2021. The proportion of female members on the Board of Management at Volkswagen AG as of December 31, 2020 was 16.7%, thus meeting the target quota.

For the proportion of women in management in accordance with the FührungsGleichberG, Volkswagen AG has set itself the target of 13.0% women in the first level of management and 16.9% women in the second level of management for the period up to the end of 2021. As of December 31, 2020, the proportion of women in the active workforce at the first level of management was 10.9 (11.4)% and at the second level of management it was 16.7 (16.4)%.

#### REMUNERATION REPORT

Extensive explanations of the remuneration system and the individual remuneration of the members of the Board of Management and Supervisory Board can be found in the Remuneration Report of the 2020 annual report, in the notes to Volkswagen's 2020 consolidated financial statements and in the notes to the 2020 annual financial statements of Volkswagen AG.

#### CORPORATE PRACTICES APPLIED IN ADDITION TO STATUTORY REQUIREMENTS

##### Compliance & risk management

To ensure the Volkswagen Group's lasting success, we use forward-looking risk management and a uniform Group-wide framework based on the compliance management system. This includes:

- > Compliance. Adherence to statutory provisions, internal company policies, ethical principles and our own values in order to protect the Company and its brands.
- > Whistleblower system. The Volkswagen whistleblower system is the central point of contact for reporting potential cases of serious rule-breaking in the Volkswagen Group. It focuses on investigating serious infringements that could cause major damage to the Company's reputation or finan-

cial interests or that involve major breaches of the Volkswagen Group's ethical principles.

- > Business and human rights. Volkswagen fully recognizes its corporate responsibility for human rights. We essentially orient ourselves on the UN (United Nations) Guiding Principles on Business and Human Rights that are available on the website of the UN (United Nations Global Compact), the content of which particularly relates to the Universal Declaration of Human Rights and the core conventions of the ILO (International Labor Organization) that can be accessed on the website of the ILO.
- > Risk management and internal control system. A comprehensive risk management and internal control system (RMS/ICS) helps the Volkswagen Group deal with risks in a responsible manner. The organizational design of the Volkswagen Group's RMS/ICS is based on the internationally recognized COSO framework for enterprise risk management (COSO: Committee of Sponsoring Organizations of the Treadway Commission) and can be accessed on the COSO website. Uniform Group principles are used as the basis for managing risks in a transparent and appropriate manner.

##### Voluntary commitments and principles

The Volkswagen Group has committed itself to sustainable, transparent and responsible corporate governance.

We coordinate our sustainability activities across the entire Group and have put in place a forward-looking system of risk management and a clear framework for dealing with environmental issues in a future-oriented manner, for employee responsibility and for social commitment across our brands and in the regions in which we operate.

Voluntary commitments and principles that apply across the Group are the basis and backbone of our sustainability management. These documents are publicly accessible on the Company's internet site in the section entitled "Sustainability."

##### Code of Collaboration and Together4Integrity

The Code of Collaboration, along with our integrity and compliance program Together4Integrity (T4I), is a central pillar of the Group strategy TOGETHER 2025+. This Code describes how collaboration is to take place within the Group and between individuals in their day-to-day work. Its core values are encapsulated in the terms "genuine", "straight-forward", "open-minded", "as equals" and "united". T4I brings together all activities relating to integrity, culture, compliance, risk management and human resources management, creating a common path toward a new corporate culture.

## MEMBERS OF THE BOARD OF MANAGEMENT

(Appointments: as of December 31, 2020  
or the leaving date from the Board of  
Management of Volkswagen AG)

### DR.-ING. HERBERT DIESS (\*1958)

Chairman (since April 13, 2018),  
Chairman of the Brand Board of Management  
of Volkswagen Passenger Cars (until June 30, 2020),  
Volume brand group,  
China  
July 1, 2015<sup>1</sup>, appointed until 2023  
Nationality: Austrian

#### Appointments:

- FC Bayern München AG, Munich

### MURAT AKSEL (\*1972)

Purchasing (since January 1, 2021),  
January 1, 2021<sup>1</sup>, appointed until 2023  
Nationality: German

### OLIVER BLUME (\*1968)

Chairman of the Executive Board of  
Dr. Ing. h.c. F. Porsche AG,  
Sport & Luxury brand group  
April 13, 2018<sup>1</sup>, appointed until 2023  
Nationality: German

### MARKUS DUESMANN (\*1969)

Chairman of the Board of Management of AUDI AG,  
Premium brand group  
April 1, 2020<sup>1</sup>, appointed until 2025  
Nationality: German

### GUNNAR KILIAN (\*1975)

Human Resources and Truck & Bus  
(since July 15, 2020)  
April 13, 2018<sup>1</sup>, appointed until 2023  
Nationality: German

#### APPOINTMENTS:

- Wolfsburg AG, Wolfsburg

### ANDREAS RENSCHLER (\*1958)

Chairman of the Board of Management of TRATON SE,  
Truck & Bus brand group  
February 1, 2015 – July 15, 2020<sup>1</sup>  
Nationality: German

#### Appointments (as of July 15, 2020):

- Deutsche Messe AG, Hanover

### THOMAS SCHMALL-VON WESTERHOLT (\*1964)

Technology (since January 1, 2021),  
Chairman of the Board of Management of  
Volkswagen Group Components,  
January 1, 2021<sup>1</sup>, appointed until 2023  
Nationality: German, Brazilian

### ABRAHAM SCHOT (\*1961)

Chairman of the Board of Management of AUDI AG,  
Premium brand group  
January 1, 2019 – March 31, 2020<sup>1</sup>  
Nationality: Dutch

### DR.-ING. STEFAN SOMMER (\*1963)

Components and Procurement  
September 1, 2018 – June 30, 2020<sup>1</sup>  
Nationality: German

### HILTRUD DOROTHEA WERNER (\*1966)

Integrity and Legal Affairs  
February 1, 2017<sup>1</sup>, appointed until 2022  
Nationality: German

### FRANK WITTER (\*1959)

Finance and IT,  
Components and Procurement  
(acting, July 1 – December 31, 2020)  
October 7, 2015<sup>1</sup>, appointed until 2021  
Nationality: German

As part of their duty to manage and supervise the Group's business, the members of the Board of Management hold other offices on the supervisory boards of consolidated Group companies and other significant investees.

- Membership of statutory supervisory boards in Germany.
- Comparable appointments in Germany and abroad.

<sup>1</sup> Beginning or period of membership of the Board of Management.

## MEMBERS OF THE SUPERVISORY BOARD AND COMPOSITION OF THE COMMITTEES

(Appointments: as of December 31, 2020  
or the leaving date from the Supervisory Board  
of Volkswagen AG)

### HANS DIETER PÖTSCH (\*1951)

Chairman (since October 7, 2015),  
Chairman of the Executive Board and  
Chief Financial Officer of Porsche Automobil  
Holding SE

October 7, 2015<sup>1</sup>, elected until 2021

Nationality: Austrian

#### Appointments:

- AUDI AG, Ingolstadt
- Autostadt GmbH, Wolfsburg
- Bertelsmann Management SE, Gütersloh
- Bertelsmann SE & Co. KGaA, Gütersloh
- Dr. Ing. h.c. F. Porsche AG, Stuttgart
- TRATON SE, Munich (Chairman)
- Wolfsburg AG, Wolfsburg
- Porsche Austria Gesellschaft m.b.H., Salzburg (Chairman)
- Porsche Holding Gesellschaft m.b.H., Salzburg (Chairman)
- Porsche Retail GmbH, Salzburg (Chairman)
- VfL Wolfsburg-Fußball GmbH, Wolfsburg (Deputy Chairman)

### JÖRG HOFMANN (\*1955)

Deputy Chairman (since November 20, 2015),  
First Chairman of IG Metall

November 20, 2015<sup>1</sup>, appointed until 2022

Nationality: German

#### Appointments:

- Robert Bosch GmbH, Stuttgart

### DR. HUSSAIN ALI AL ABDULLA (\*1957)

Board Member of the Qatar Investment Authority  
April 22, 2010<sup>1</sup>, elected until 2025

Nationality: Qatari

#### Appointments:

- Gulf Investment Corporation, Safat/Kuwait (Board member)
- Qatar Investment Authority, Doha (Board member)
- Qatar Supreme Council for Economic Affairs and Investment, Doha (Board member)

### DR. HESSA SULTAN AL JABER (\*1959)

Former Minister of Information and Communications  
Technology, Qatar

June 22, 2016<sup>1</sup>, elected until 2024

Nationality: Qatari

#### Appointments:

- Malomatia, Doha (Chairwoman)
- MEEZA, Doha
- Qatar Satellite Company (Es'hailSat), Doha (Chairwoman)
- Trio Investment, Doha (Chairwoman)

### DR. BERND ALTHUSMANN (\*1966)

Minister of Economic Affairs, Labor, Transport and  
Digitalization for the Federal State of Lower Saxony  
December 14, 2017<sup>1</sup>, delegated until 2022

Nationality: German

#### Appointments:

- Deutsche Messe AG, Hanover (Deputy Chairman)
- Container Terminal Wilhelmshaven JadeWeserPort-Marketing GmbH & Co. KG, Wilhelmshaven (Chairman)
- JadeWeserPort Realisierungs GmbH & Co. KG, Wilhelmshaven (Chairman)
- JadeWeserPort Realisierungs-Beteiligungs GmbH, Wilhelmshaven (Chairman)
- Niedersachsen Ports GmbH & Co. KG, Oldenburg (Chairman)

### KAI BLIESENER (\*1971)

Head of Vehicle Construction and  
Automotive and Supplier Industry Coordinator  
at IG Metall

June 20, 2020<sup>1</sup>, appointed until 2022

Nationality: German

### DR. JUR. HANS-PETER FISCHER (\*1959)

Chairman of the Board of Management of Volkswagen  
Management Association e.V.

January 1, 2013<sup>1</sup>, appointed until 2022

Nationality: German

#### Appointments:

- Volkswagen Pension Trust e.V., Wolfsburg

○ Membership of statutory supervisory boards in Germany.  
○ Comparable appointments in Germany and abroad.

1. Beginning or period of membership of the Supervisory Board.

**MARIANNE HEIß (\*1972)**

Chief Executive Officer of BBDO Group Germany GmbH, Düsseldorf

February 14, 2018<sup>1</sup>, elected until 2023

Nationality: Austrian

**Appointments:**

- AUDI AG, Ingolstadt
- Porsche Automobil Holding SE, Stuttgart

**JOHAN JÄRVKLO (\*1973)**

Secretary-General of the European and Global Group Works Council of Volkswagen AG  
November 22, 2015 – May 29, 2020<sup>1</sup>  
Nationality: Swedish

**ULRIKE JAKOB (\*1960)**

Deputy Chairwoman of the Works Council of Volkswagen AG, Kassel plant  
May 10, 2017<sup>1</sup>, appointed until 2022  
Nationality: German

**DR. LOUISE KIESLING (\*1957)**

Entrepreneur  
April 30, 2015<sup>1</sup>, elected until 2021  
Nationality: Austrian

**PETER MOSCH (\*1972)**

Chairman of the General Works Council of AUDI AG  
January 18, 2006<sup>1</sup>, appointed until 2022  
Nationality: German

**Appointments:**

- AUDI AG, Ingolstadt (Deputy Chairman)
- Audi Pensionskasse – Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt
- ⊙ Audi Stiftung für Umwelt GmbH, Ingolstadt

**BERTINA MURKOVIC (\*1957)**

Chairwoman of the Works Council of Volkswagen Commercial Vehicles

May 10, 2017<sup>1</sup>, appointed until 2022

Nationality: German

**Appointments:**

- ⊙ MOIA GmbH, Berlin

**BERND OSTERLOH (\*1956)**

Chairman of the General and Group Works Councils of Volkswagen AG

January 1, 2005<sup>1</sup>, appointed until 2022

Nationality: German

**Appointments:**

- Autostadt GmbH, Wolfsburg
- TRATON SE, Munich
- Wolfsburg AG, Wolfsburg
- ⊙ Allianz für die Region GmbH, Braunschweig
- ⊙ Porsche Holding Gesellschaft m.b.H., Salzburg
- ⊙ SEAT, S.A., Martorell
- ⊙ ŠKODA Auto a.s., Mladá Boleslav
- ⊙ VfL Wolfsburg-Fußball GmbH, Wolfsburg
- ⊙ Volkswagen Group Services GmbH
- ⊙ Volkswagen Immobilien GmbH, Wolfsburg

**DR. JUR. HANS MICHEL PIÉCH (\*1942)**

Lawyer in private practice  
August 7, 2009<sup>1</sup>, elected until 2024  
Nationality: Austrian

**Appointments:**

- AUDI AG, Ingolstadt
- Dr. Ing. h.c. F. Porsche AG, Stuttgart
- Porsche Automobil Holding SE, Stuttgart (Deputy Chairman)
- ⊙ Porsche Cars Great Britain Ltd., Reading
- ⊙ Porsche Cars North America Inc., Atlanta
- ⊙ Porsche Greater China, consisting of:  
Porsche (China) Motors Limited, Shanghai  
Porsche Hong Kong Limited, Hong Kong
- ⊙ Porsche Holding Gesellschaft m.b.H., Salzburg
- ⊙ Schmittenhöhebahn AG, Zell am See
- ⊙ Volksoper Wien GmbH, Vienna

**DR. JUR. FERDINAND OLIVER PORSCHE (\*1961)**

Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft

August 7, 2009<sup>1</sup>, elected until 2024

Nationality: Austrian

**Appointments:**

- AUDI AG, Ingolstadt
- Dr. Ing. h.c. F. Porsche AG, Stuttgart
- Porsche Automobil Holding SE, Stuttgart
- ⊙ Porsche Holding Gesellschaft m.b.H., Salzburg
- ⊙ Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Ludwigsburg

**DR. RER. COMM. WOLFGANG PORSCHE (\*1943)**

Chairman of the Supervisory Board of Porsche Automobil Holding SE;  
Chairman of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG  
April 24, 2008<sup>1</sup>, elected until 2023  
Nationality: Austrian

**Appointments:**

- AUDI AG, Ingolstadt
- Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chairman)
- Porsche Automobil Holding SE, Stuttgart (Chairman)
- ⊙ Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)
- ⊙ Porsche Cars Great Britain Ltd., Reading
- ⊙ Porsche Cars North America Inc., Atlanta
- ⊙ Porsche Greater China, consisting of:  
Porsche (China) Motors Limited, Shanghai  
Porsche Hong Kong Limited, Hong Kong
- ⊙ Porsche Holding Gesellschaft m.b.H., Salzburg
- ⊙ Schmittenhöhebahn AG, Zell am See

- Membership of statutory supervisory boards in Germany.
- ⊙ Comparable appointments in Germany and abroad.

<sup>1</sup> Beginning or period of membership of the Supervisory Board.



**CONNY SCHÖNHARDT (\*1978)**

Union Secretary to the board of IG Metall  
June 21, 2019<sup>1</sup>, appointed until 2022  
Nationality: German

**ATHANASIOS STIMONIARIS (\*1971)**

Chairman of the Group Works Council of MAN SE,  
MAN Truck & Bus SE and TRATON SE  
May 10, 2017<sup>1</sup>, appointed until 2022  
Nationality: German

**Appointments:**

- MAN SE, Munich
- MAN Truck & Bus SE, Munich
- MAN Truck & Bus Deutschland GmbH, Munich
- Rheinmetall MAN Military Vehicles GmbH, Munich
- TRATON SE, Munich (Deputy Chairman)

**STEPHAN WEIL (\*1958)**

Minister-President of the Federal State of  
Lower Saxony  
February 19, 2013<sup>1</sup>, delegated until 2022  
Nationality: German

**WERNER WERESCH (\*1961)**

Member of the Executive Committee of the Works  
Council of Porsche Automobil Holding SE and  
Chairman of the General and Group Works Councils  
of Dr. Ing. h.c. F. Porsche AG  
February 21, 2019<sup>1</sup>, appointed until 2022  
Nationality: German

**Appointments:**

- Dr. Ing. h.c. F. Porsche AG, Stuttgart

**COMMITTEES OF THE SUPERVISORY BOARD  
AS OF DECEMBER 31, 2020**
**Members of the Executive Committee**

Hans Dieter Pötsch (Chairman)  
Jörg Hofmann (Deputy Chairman)  
Peter Mosch  
Bertina Murkovic  
Bernd Osterloh  
Dr. Hans Michel Piëch  
Dr. Wolfgang Porsche  
Stephan Weil

**Members of the Mediation Committee established  
in accordance with section 27(3) of the  
Mitbestimmungsgesetz (German  
Codetermination Act)**

Hans Dieter Pötsch (Chairman)  
Jörg Hofmann (Deputy Chairman)  
Bernd Osterloh  
Stephan Weil

**Members of the Audit Committee**

Dr. Ferdinand Oliver Porsche (Chairman)  
Bernd Osterloh (Deputy Chairman)  
Marianne Heiß  
Conny Schönhardt

**Members of the Nomination Committee**

Hans Dieter Pötsch (Chairman)  
Dr. Hans Michel Piëch  
Dr. Wolfgang Porsche  
Stephan Weil

**Special Committee on Diesel Engines**

Dr. Wolfgang Porsche (Chairman)  
Dr. Bernd Althusmann  
Peter Mosch  
Bertina Murkovic  
Bernd Osterloh  
Dr. Ferdinand Oliver Porsche

- Membership of statutory supervisory boards in Germany.
- ⊙ Comparable appointments in Germany and abroad.

1. Beginning or period of membership of the Supervisory Board.

# Remuneration Report

(Part of the Group Management Report)

This chapter describes the main elements of the remuneration system for the Board of Management. In addition, the Remuneration Report details the individualized remuneration of the Board of Management and the Supervisory Board, broken down into components, as well as individualized pension provision disclosures for the members of the Board of Management.

## PRINCIPLES OF BOARD OF MANAGEMENT REMUNERATION

Matters involving the remuneration system and the total remuneration of each individual member of the Volkswagen AG Board of Management are decided on by the Supervisory Board on the basis of the Executive Committee's recommendations.

At the beginning of 2017, the Supervisory Board of Volkswagen AG resolved to adjust the remuneration system of the Board of Management with effect from January 1, 2017. The system for remuneration of the Board of Management was approved by the Annual General Meeting on May 10, 2017 with 80.96% of the votes cast. The adjustment, in which the Supervisory Board was assisted by renowned, independent external remuneration and legal consultants, resulted in an alignment with the Group strategy. In addition to the statutory requirements of the Aktiengesetz (AktG – German Stock Corporation Act), the Supervisory Board took into account the recommendations of the German Corporate Governance Code (the Code) in the version dated February 7, 2017 in the existing remuneration system. In particular, the remuneration structure is focused on ensuring sustainable business development. The Supervisory Board revised the remuneration system for the members of the Board of Management in fiscal year 2020 and adopted the enhanced remuneration system on December 14, 2020 with effect from January 1, 2021. The enhanced remuneration system implements the requirements of the AktG as amended by the German Act on the Implementation of the Second Shareholders' Rights Directive (ARUG II – Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie) and takes into account the recommendations of the Code in the version dated December 19, 2019 (that took effect on March 20, 2020). The Supervisory Board will submit the revised remuneration system to the Annual General Meeting for approval in 2021 in line with the requirements of the AktG as amended by the ARUG II. For Board of Management members already appointed, sub-

stantial parts of the enhanced remuneration system will apply from January 1, 2021. The remainder of the enhanced remuneration system will apply from the time of reappointment and for first time appointees to the Board of Management. The enhanced remuneration system particularly implements environmental, social and governance targets (ESG targets), introduces penalty and clawback rules for variable remuneration components and extends the assessment period for performance share plans to four years.

The level of the Board of Management remuneration should be appropriate and attractive in the context of the Company's national and international peer group. Criteria include the tasks of the individual Board of Management member, their personal performance, the economic situation, and the performance of and outlook for the Company, as well as how customary the remuneration is when measured against the peer group and the remuneration structure that applies to other areas of Volkswagen. In this context, comparative studies on remuneration are conducted on a regular basis.

## COMPONENTS OF BOARD OF MANAGEMENT REMUNERATION

In this chapter, we provide an overview of the Board of Management's remuneration system in the reporting year before going into the components of the remuneration for the reporting period.

### Overview of the remuneration system

The remuneration system of the Board of Management comprises non-performance-related and performance-related components. The performance-related remuneration consists of an annual bonus with a one-year assessment period and a long-term incentive (LTI) in the form of a performance share plan with a forward-looking three-year term. The performance share plan is linked to business development in the next three years and is thus based on a multiyear, forward-

looking assessment that reflects both positive and negative developments. The non-performance-related component creates an incentive for individual members of the Board of Management to perform their duties in the best interests of the Company and to fulfill their obligation to act with proper business prudence without needing to focus on merely short-term performance targets. The performance-related components, dependent among other criteria on the financial performance of the Company, serve to ensure the long-term impact of behavioral incentives.

If 100% of the targets agreed with each of the members of the Board of Management are achieved, the annual target remuneration for each member will amount to a total of €4,500,000 (corresponding to a fixed remuneration of €1,350,000, a target amount from the annual bonus of €1,350,000 and a target amount from the performance share plan of €1,800,000). The annual target remuneration for the Chairman of the Board of Management amounts to a total of €9,000,000 (fixed remuneration of €2,125,000, a target amount from the annual bonus of €3,045,000, and a target amount from the performance share plan of €3,830,000).

Board of Management members who also have duties as members of other corporate bodies within the Volkswagen Group generally do not receive separate remuneration for these.

Annual minimum remuneration of €3.5 million (sum of fixed remuneration, annual bonus, LTI and any special payments) was contractually agreed with Mr. Sommer. This applied pro rata for fiscal year 2020 due to his departure from the Board of Management.

#### Non-performance-related remuneration

The non-performance-related remuneration comprises fixed remuneration and fringe benefits. The fringe benefits result from noncash benefits and include in particular the use of operating assets such as company cars and the payment of insurance premiums. Taxes due on these noncash benefits are mainly borne by Volkswagen AG.

The fixed level of remuneration is reviewed regularly and adjusted if necessary.

Mr. Duesmann received compensation of entitlements lost due to his change of employer in the amount of €7.3 million.

#### Performance-related remuneration

The performance-related/variable remuneration consists of an annual performance-related bonus with a one-year assessment period and a long-term incentive (LTI) in the form of a performance share plan with a forward-looking three-year term (long-term incentive components). The components of performance-related/variable remuneration reflect both positive and negative developments.

#### Annual bonus

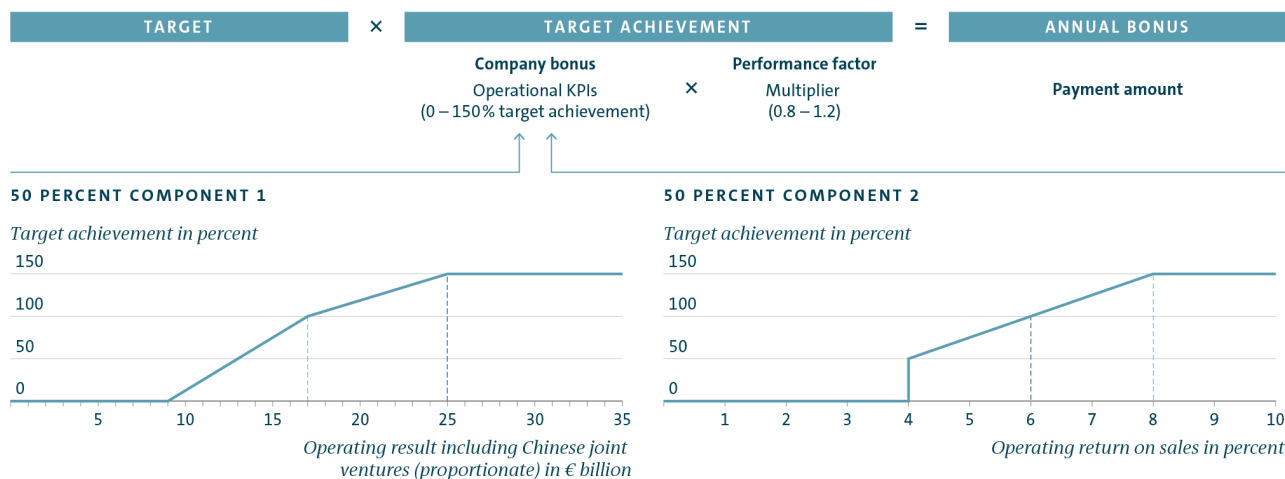
The annual bonus is based upon the result for the respective fiscal year. Operating profit achieved by the Volkswagen Group plus the proportionate operating profit of the Chinese joint ventures form half of the basis for the annual bonus, with operating return on sales achieved by the Volkswagen Group making up the second half. Each of the two components of the annual bonus are only payable if certain thresholds are reached or exceeded.

The calculated payment amount may be individually reduced by up to 20% (multiplier of 0.8) or increased by up to 20% (multiplier of 1.2) by the Supervisory Board, taking into account the degree of achievement of individual targets agreed between the Supervisory Board and the respective member of the Board of Management, as well as the success of the full Board of Management in transforming the Volkswagen Group by transferring employees to new areas of activity.

The payment amount for the annual bonus is capped at 180% of the target amount for the annual bonus. The cap arises from 150% of the maximum financial target achievement and a performance factor of a maximum of 1.2. For fiscal year 2020, the Supervisory Board has established the performance factor of 1.2 for existing Board of Management members. This was primarily due to the Board of Management members' outstanding pandemic management and the fact that complete attainment of the transformation target would have been expected under non-pandemic-related conditions.

The annual bonus is payable following approval of the consolidated financial statements for the respective financial year. Deferral is generally not allowed.

## CALCULATION OF THE PAYMENT AMOUNT FOR THE ANNUAL BONUS


**COMPONENT 1: OPERATING RESULT INCLUDING  
CHINESE JOINT VENTURES (PROPORTIONATE)**

€ billion	2019	2020
Maximum threshold	25.0	25.0
100% level of target	17.0	17.0
Minimum threshold	9.0	9.0
Actual	21.4	13.3
Target achievement (in %)	127	53

**COMPONENT 2: OPERATING RETURN ON SALES**

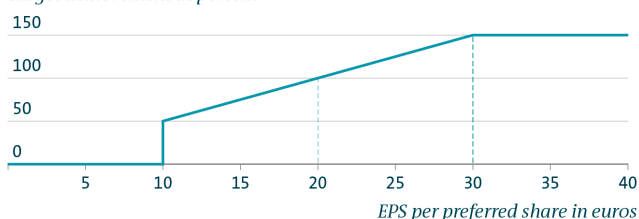
%	2019	2020
Maximum threshold	8.0	8.0
100% level of target	6.0	6.0
Minimum threshold	4.0	4.0
Actual	6.7	4.3
Target achievement (in %)	118	58

#### Performance share plan – long-term incentive (LTI)

The LTI is granted to the Board of Management annually in the form of a performance share plan. Each performance period of the performance share plan has a term of three years. At the time the LTI is granted, the annual target amount under the LTI is converted on the basis of the initial reference price of Volkswagen's preferred shares into performance shares of Volkswagen AG, which are allocated to the respective member of the Board of Management purely for calculation purposes. The conversion is performed based on the unweighted average of the closing prices of Volkswagen's preferred shares for the last 30 trading days preceding January 1 of a given fiscal year. At the end of each year, the number of performance shares is determined definitively for one-third of the three-year performance period based on the degree of target achievement for the annual earnings per Volkswagen preferred share (EPS – earnings per share per preferred share in €). A prerequisite for this is that a threshold is reached.

#### EPS PERFORMANCE MEASUREMENT

Target achievement in percent



#### PERFORMANCE PERIOD 2017–2019

€	2017	2018	2019
Maximum threshold	30.0	30.0	30.0
100% level of target	20.0	20.0	20.0
Minimum threshold	10.0	10.0	10.0
Actual	22.69	23.63	26.66
Target achievement (in %)	113	118	133

#### PERFORMANCE PERIOD 2018–2020

€	2018	2019	2020
Maximum threshold	30.0	30.0	30.0
100% level of target	20.0	20.0	20.0
Minimum threshold	10.0	10.0	10.0
Actual	23.63	26.66	16.66
Target achievement (in %)	118	133	83

#### PERFORMANCE PERIOD 2019–2021

€	2019	2020
Maximum threshold	30.0	30.0
100% level of target	20.0	20.0
Minimum threshold	10.0	10.0
Actual	26.66	16.66
Target achievement (in %)	133	83

#### PERFORMANCE PERIOD 2020–2022

€	2020
Maximum threshold	30.0
100% level of target	20.0
Minimum threshold	10.0
Actual	16.66
Target achievement (in %)	83

After the end of the three-year term of the performance share plan, a cash settlement takes place. The payment amount corresponds to the final number of determined performance shares, multiplied by the closing reference price at the end of the three-year period plus a dividend equivalent for the relevant term. The closing reference price is the unweighted average of the closing prices for Volkswagen's preferred shares for the 30 trading days preceding the last day of the three-year performance period. The dividend equivalent corresponds to the dividends distributed during the holding period on a genuine Volkswagen preferred share.

The performance share plan is focused exclusively on cash payment. Stock options are not part of the Volkswagen AG remuneration system. Consequently, there is no obligation to hold shares for members of the Board of Management.

	PERFORMANCE-PERIOD			
	2017 – 2019	2018 – 2020	2019 – 2021	2020 – 2022
Initial reference price	127.84	169.42	147.08	177.44
Closing reference price	177.44	149.14	– <sup>1</sup>	– <sup>1</sup>
Dividend equivalent				
2017	2.06	–	–	–
2018	3.96	3.96	–	–
2019	4.86	4.86	4.86	–
2020	–	4.86	4.86	4.86

<sup>1</sup> Determined at the end of the performance period.

The payment amount under the performance share plan is limited to 200% of the target amount. The payment amount is reduced by 20% if the average ratio of capex to sales revenue or the R&D ratio in the Automotive Division of the last three years is smaller than 5%. The Supervisory Board may cap the LTI in the event of extraordinary developments.

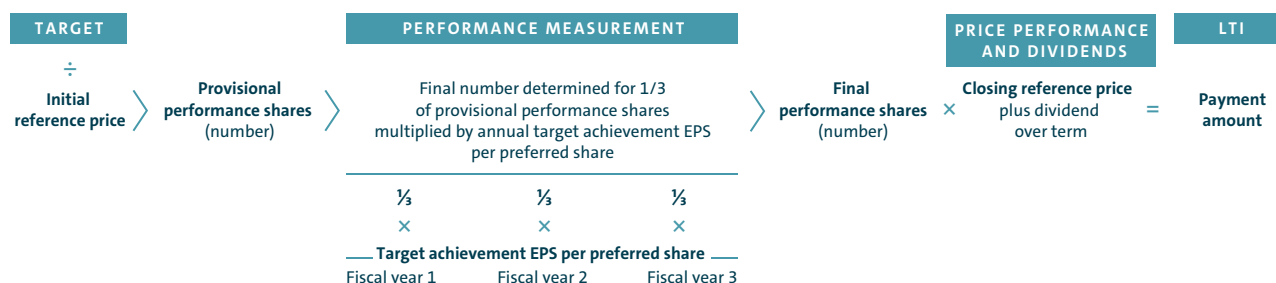
If the employment contract of a member of the Board of Management concludes prior to the end of the performance period due to extraordinary termination based on good cause, or if the member of the Board of Management starts working for a competitor (also referred to as "bad-leaver cases"), the non-vested performance shares will expire. For members of the Board of Management who held their seat as of December 31, 2016, this rule only applies in the event of a reappointment or new appointment.

In connection with the appointment of the Chairman of the Board of Management, the employment contract of Mr. Diess was terminated by mutual agreement in 2018 and a new employment contract was entered into, whereby the expiry rule described above applies from the 2018 to 2020 performance period onwards. In connection with the reappointment of Mr. Witter, the expiry rule applies from the 2020 to 2022 performance period onwards.

In the introductory phase of the performance share plan, the members of the Board of Management who were Board members as of December 31, 2016 generally received advances of 80% of their target amount for the 2017 to 2019 and 2018 to 2020 performance periods. Mr. Blume receives corresponding advances for the performance periods 2018 to 2020 (proportionate) and 2019 to 2021. The two advances will each be paid after the first year of the performance period. Final settlement is based on actual achievement of targets at the end of the relevant three-year performance period.



## CALCULATION OF THE PAYMENT AMOUNT FROM THE PERFORMANCE SHARE PLAN



## INFORMATION ON THE PERFORMANCE SHARES

	PERFORMANCE -PERIOD 2017 – 2019	PERFORMANCE -PERIOD 2018 – 2020	PERFORMANCE -PERIOD 2019 – 2021	PERFORMANCE -PERIOD 2020 – 2022
	Number of performance shares allocated at the grant date	Number of performance shares allocated at the grant date	Number of performance shares allocated at the grant date	Number of performance shares allocated at the grant date
€			Fair value at the grant date	Fair value at the grant date
Herbert Diess	14,080	19,212	26,040	3,350,046
Oliver Blume	–	7,614	12,238	1,574,419
Markus Duesmann (since April 1, 2020)	–	–	–	7,608
Gunnar Kilian	–	7,614	12,238	1,574,419
Andreas Renschler (until July 15, 2020)	14,080	10,624	12,238	1,574,419
Abraham Schot (until March 31, 2020)	–	–	12,238	1,574,419
Stefan Sommer (until June 30, 2020)	–	3,541	12,238	1,574,419
Hiltrud Dorothea Werner	12,907	10,624	12,238	1,574,419
Frank Witter	14,080	10,624	12,238	1,574,419
<b>Total</b>	<b>55,147</b>	<b>69,853</b>	<b>111,706</b>	<b>14,370,977</b>

	Provision as of Dec. 31, 2020	Intrinsic value as of Dec. 31, 2020	Comprehensive income 2020 arising from performance shares	Provision as of Dec. 31, 2019	Intrinsic value as of Dec. 31, 2019	Comprehensive income 2019 arising from performance shares
€						
Herbert Diess	6,019,320	2,060,142	4,300,115	3,504,374	3,687,200	3,490,713
Oliver Blume	775,860	355,226	1,231,600	984,260	–	1,614,937
Markus Duesmann (since April 1, 2020)	321,159	–	321,159	–	–	–
Gunnar Kilian	3,247,860	1,387,226	1,231,600	2,016,260	–	1,614,937
Andreas Renschler (until July 15, 2020)	3,351,992	3,351,992	–235,112	5,572,774	3,879,394	1,713,961
Abraham Schot (until March 31, 2020)	2,398,671	2,398,671	110,408	3,925,694	–	3,925,694
Stefan Sommer (until June 30, 2020)	–	–	–707,720	1,415,440	–	1,317,674
Hiltrud Dorothea Werner	4,025,798	1,935,604	1,963,018	5,019,403	2,782,969	2,852,956
Frank Witter	3,550,948	2,501,995	–1,644,971	6,981,087	3,879,394	2,054,256
<b>Total</b>	<b>23,691,608</b>	<b>13,990,856</b>	<b>6,570,097</b>	<b>29,419,292</b>	<b>14,228,957</b>	<b>18,585,127</b>

The number of performance shares equals the provisional performance shares allocated at the grant date of the performance share plan. The fair value as at the grant date was determined using a recognized valuation technique.

To determine the amount of the obligation, the provisional performance shares determined or allocated for the performance periods 2018 to 2020, 2019 to 2021 and 2020 to 2022 were taken into account. The intrinsic value of the obligation was calculated in accordance with IFRS 2 and corresponds to the amount that the members of the Board of Management would have received if they had stepped down on December 31, 2020. Only the nonforfeitable (vested) performance shares at the reporting date are included in the calculation. The intrinsic value was calculated based on the unweighted average share price for the last 30 trading days (Xetra closing prices of Volkswagen's preferred shares) preceding December 31, 2020, taking the dividends paid per preferred share during the performance period into account. The net value of all amounts recognized in income for the performance shares in fiscal year 2020 is recorded in "Comprehensive income 2020 arising from performance shares" according to the IFRSs. Those members who left during the year were shown pro rata.

#### Phantom preferred shares

The phantom preferred shares for the remuneration withheld for 2015 formed part of the Board of Management remuneration until they were paid out in 2019. In fiscal year 2019, changes in the value of the phantom shares led to the recognition of expenses of €0.1 million.

#### Total remuneration cap

In addition to the cap on the individual variable components of the remuneration for the members of the Board of Management, the annual benefits received according to the Code in the version dated February 7, 2017, consisting of fixed remuneration and the variable remuneration components (i.e. annual bonus and performance share plan) for one fiscal year may not exceed an amount of €10,000,000 for the Chairman of the Board of Management and €5,500,000 for each member of the Board of Management. If the total

remuneration cap is exceeded, the variable components will be reduced proportionately.

#### Regular review and adjustment

The Supervisory Board regularly reviews and, if necessary, adjusts the level of the total remuneration, the total remuneration cap and the individual targets. Among other things, the Supervisory Board performs a vertical comparison with the remuneration and employment terms of the Company's employees and a horizontal comparison with the remuneration and employment terms of other companies' management board members. The Supervisory Board uses an appropriate peer group of other companies to assess how customary the Board of Management members' specific total remuneration is when measured against other businesses. This peer group is regularly reviewed and adjusted, most recently in February and December 2020. The peer group currently comprises the following companies: BMW, Daimler, Ford, General Motors, PSA Groupe, Nissan Motor Corporation, Toyota, BYD, Tesla (excluding CEO), hp, IBM, Uber, SAP, Samsung, General Electric, Siemens, Hitachi and Boeing.

#### Other agreements

Members of the Board of Management are entitled to payment of their normal remuneration for six months in the event of illness. In the event of disability, they are entitled to the retirement pension.

Surviving dependents receive a widow's pension of 66  $\frac{2}{3}$ % and orphans' benefits of 20% of the former member of the Board of Management's pension. Contracts with members of the Board of Management whose first term of office began after April 1, 2015, provide for an entitlement – in line with the principles of the works agreement that also applies to employees of Volkswagen AG covered by collective agreements – to a widow's pension of 60%, an orphan's benefit of 10% for half-orphans and an orphan's benefit of 20% for full orphans, based in each case on the former member of the Board of Management's pension.

Members of the Board of Management and the Supervisory Board generally have the opportunity to obtain loans from Group companies.

## REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE

€	2020			2019	
	Non-performance-related component	Performance-related component	Long-term incentive component	Total remuneration	Total remuneration
Herbert Diess	2,322,725	2,027,285	3,584,837	7,934,847	9,850,742
Oliver Blume	1,420,701	1,038,796 <sup>1</sup>	1,684,716	4,144,213	4,894,440
Markus Duesmann (since April 1, 2020)	8,475,236 <sup>2</sup>	674,097	1,088,933	10,238,266	–
Gunnar Kilian	1,435,899	898,796	1,684,716	4,019,411	4,938,205
Andreas Renschler (until July 15, 2020)	802,746	466,563	912,610	2,181,919	5,085,259
Abraham Schot (until March 31, 2020)	417,122	–	421,179	838,301	5,285,583
Stefan Sommer (until June 30, 2020)	809,815	–	–	809,815	5,344,523
Hiltrud Dorothea Werner	1,472,776	898,796	1,684,716	4,056,288	4,940,663
Frank Witter	1,421,549	898,796	1,684,716	4,005,061	4,888,285
Members of the Board of Management who left in the previous year	–	–	–	–	166,574
<b>Total</b>	<b>18,578,569</b>	<b>6,903,129</b>	<b>12,746,420</b>	<b>38,228,118</b>	<b>45,394,272</b>

1 Includes a special bonus by Porsche AG in the amount of €140,000.

2 Includes compensation of entitlements lost due to a change of employer in the amount of €7.3 million.

## REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The amounts shown as “benefits received” in the Board of Management tables in accordance with the Code in the version dated February 7, 2017 correspond, in principle, to the amounts paid out for the fiscal year in question.

In 2020, Mr. Blume received an advance on the target amount for the 2019 to 2021 performance period. In accordance with the Code, this was reported in the tables in 2019 as benefits for the fiscal year.

The amounts shown as “Benefits granted” in the Board of Management remuneration tables in accordance with the Code in the version dated February 7, 2017 are based on 100% of the targets for the annual bonus and on the fair value at the grant date for the performance share plan. In the case of the performance share plan, the respective tranches are only payable to the Board of Management members at the end of the respective performance period (except for the advance described above). It is not until this time that the tranches are available to the Board of Management members. However, the tranches are shown as “Benefits granted” in the fiscal year in which they are allocated.

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED AND BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN THE VERSION DATED FEBRUARY 7, 2017**

HERBERT DIESS						
Chairman of the Board of Management of Volkswagen AG, Chairman of the Brand Board of Management of Volkswagen Passenger Cars (until June 30, 2020), Volume brand group, China						
€	Benefits received		Benefits granted			
	2020	2019	2019	2020	2020 (minimum)	2020 (maximum)
Fixed remuneration	2,125,000	2,125,000	2,125,000	2,125,000	2,125,000	2,125,000
Fringe benefits	197,725	87,694	87,694	197,725	197,725	197,725
<b>Total</b>	<b>2,322,725</b>	<b>2,212,694</b>	<b>2,212,694</b>	<b>2,322,725</b>	<b>2,322,725</b>	<b>2,322,725</b>
One-year performance-related remuneration	2,027,285	4,288,002	3,045,000	3,045,000	–	5,481,000
Multiyear performance-related remuneration	1,785,168	540,445	3,350,046	3,584,837	–	7,660,000
LTI (performance share plan 2017–2019)	1,785,168	–	–	–	–	–
LTI (performance share plan 2018–2020)	–	–	–	–	–	–
LTI (performance share plan 2019–2021)	–	–	3,350,046	–	–	–
LTI (performance share plan 2020–2022)	–	–	–	3,584,837	–	7,660,000
Phantom shares	–	540,445	–	–	–	–
<b>Total</b>	<b>6,135,178</b>	<b>7,041,141</b>	<b>8,607,740</b>	<b>8,952,562</b>	<b>2,322,725</b>	<b>15,463,725</b>
Pension expense	1,568,053	1,354,053	1,354,053	1,568,053	1,568,053	1,568,053
<b>Total remuneration</b>	<b>7,703,231</b>	<b>8,395,194</b>	<b>9,961,793</b>	<b>10,520,615</b>	<b>3,890,778</b>	<b>17,031,778</b>

OLIVER BLUME						
Chairman of the Board of Management of Dr. Ing. h.c. F. Porsche AG, Sport & Luxury brand group						
€	Benefits received		Benefits granted			
	2020	2019	2019	2020	2020 (minimum)	2020 (maximum)
Fixed remuneration	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Fringe benefits	70,701	68,936	68,936	70,701	70,701	70,701
<b>Total</b>	<b>1,420,701</b>	<b>1,418,936</b>	<b>1,418,936</b>	<b>1,420,701</b>	<b>1,420,701</b>	<b>1,420,701</b>
One-year performance-related remuneration <sup>1</sup>	1,038,796	1,901,085	1,500,000	1,350,000	–	2,430,000
Multiyear performance-related remuneration	–	1,440,000	1,574,419	1,684,716	–	7,200,000
LTI (performance share plan 2018–2020)	–	–	–	–	–	–
LTI (performance share plan 2019–2021)	–	1,440,000	1,574,419	–	–	3,600,000
LTI (performance share plan 2020–2022)	–	–	–	1,684,716	–	3,600,000
<b>Total</b>	<b>2,459,497</b>	<b>4,760,021</b>	<b>4,493,355</b>	<b>4,455,417</b>	<b>1,420,701</b>	<b>11,050,701</b>
Pension expense	997,938	808,544	808,544	997,938	997,938	997,938
<b>Total remuneration</b>	<b>3,457,435</b>	<b>5,568,565</b>	<b>5,301,899</b>	<b>5,453,355</b>	<b>2,418,639</b>	<b>12,048,639</b>

1 In 2019, Mr. Blume was granted a performance-related bonus payment by Porsche AG up to an amount of €150,000, which led to benefits received of €140,000 in 2020. The bonus payment was not taken into consideration in the remuneration from Volkswagen AG.

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED AND BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN THE VERSION DATED FEBRUARY 7, 2017**

MARKUS DUESMANN						
Chairman of the Board of Management of AUDI AG, Premium brand group						
Joined: April 1, 2020						
€	Benefits received		Benefits granted			
	2020	2019	2019	2020	2019 (minimum)	2019 (maximum)
Fixed remuneration	8,277,583 <sup>1</sup>	–	–	8,277,583	8,277,583	8,277,583
Fringe benefits	197,653	–	–	197,653	197,653	197,653
<b>Total</b>	<b>8,475,236</b>	<b>–</b>	<b>–</b>	<b>8,475,236</b>	<b>8,475,236</b>	<b>8,475,236</b>
One-year performance-related remuneration	674,097	–	–	1,012,500	–	1,822,500
Multiyear performance-related remuneration	–	–	–	1,088,933	–	2,700,000
LTI (performance share plan 2020–2022)	–	–	–	1,088,933	–	2,700,000
<b>Total</b>	<b>9,149,333</b>	<b>–</b>	<b>–</b>	<b>10,576,669</b>	<b>8,475,236</b>	<b>12,997,736</b>
Pension expense	849,934	–	–	849,934	849,934	849,934
<b>Total remuneration</b>	<b>9,999,267</b>	<b>–</b>	<b>–</b>	<b>11,426,603</b>	<b>9,325,170</b>	<b>13,847,670</b>

1 Includes compensation for entitlements lost due to a change of employer in the amount of €7.3 million, which is not taken into consideration in the total remuneration cap.

GUNNAR KILIAN						
Human Resources and Truck & Bus (since July 15, 2020)						
€	Benefits received		Benefits granted			
	2020	2019	2019	2020	2020 (minimum)	2020 (maximum)
Fixed remuneration	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Fringe benefits	85,899	112,701	112,701	85,899	85,899	85,899
<b>Total</b>	<b>1,435,899</b>	<b>1,462,701</b>	<b>1,462,701</b>	<b>1,435,899</b>	<b>1,435,899</b>	<b>1,435,899</b>
One-year performance-related remuneration	898,796	1,901,085	1,350,000	1,350,000	–	2,430,000
Multiyear performance-related remuneration	–	–	1,574,419	1,684,716	–	3,600,000
LTI (performance share plan 2018–2020)	–	–	–	–	–	–
LTI (performance share plan 2019–2021)	–	–	1,574,419	–	–	–
LTI (performance share plan 2020–2022)	–	–	–	1,684,716	–	3,600,000
<b>Total</b>	<b>2,334,695</b>	<b>3,363,786</b>	<b>4,387,120</b>	<b>4,470,615</b>	<b>1,435,899</b>	<b>7,465,899</b>
Pension expense	1,170,535	886,559	886,559	1,170,535	1,170,535	1,170,535
<b>Total remuneration</b>	<b>3,505,230</b>	<b>4,250,345</b>	<b>5,273,679</b>	<b>5,641,150</b>	<b>2,606,434</b>	<b>8,636,434</b>

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED AND BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN THE VERSION DATED FEBRUARY 7, 2017**

ANDREAS RENSCHLER						
Chairman of the Board of Management of TRATON SE, Truck & Bus brand group						
Left: July 15, 2020						
€	Benefits received		Benefits granted			
	2020	2019	2019	2020	2020 (minimum)	2020 (maximum)
Fixed remuneration	731,250	1,350,000	1,350,000	731,250	731,250	731,250
Fringe benefits	71,496	259,755	259,755	71,496	71,496	71,496
<b>Total</b>	<b>802,746</b>	<b>1,609,755</b>	<b>1,609,755</b>	<b>802,746</b>	<b>802,746</b>	<b>802,746</b>
One-year performance-related remuneration	466,563	1,901,085	1,350,000	731,250	–	1,316,250
Multiyear performance-related remuneration	1,785,168	990,754	1,574,419	912,610	–	1,950,000
LTI (performance share plan 2017–2019)	1,785,168	–	–	–	–	–
LTI (performance share plan 2018–2020)	–	–	–	–	–	–
LTI (performance share plan 2019–2021)	–	–	1,574,419	–	–	–
LTI (performance share plan 2020–2022)	–	–	–	912,610	–	1,950,000
Phantom shares	–	990,754	–	–	–	–
<b>Total</b>	<b>3,054,477</b>	<b>4,501,594</b>	<b>4,534,174</b>	<b>2,446,606</b>	<b>802,746</b>	<b>4,068,996</b>
Pension expense	–	5,025,570	5,025,570	–	–	–
<b>Total remuneration</b>	<b>3,054,477</b>	<b>9,527,164</b>	<b>9,559,744</b>	<b>2,446,606</b>	<b>802,746</b>	<b>4,068,996</b>

ABRAHAM SCHOT						
Chairman of the Board of Management of AUDI AG, Premium brand group						
Left: March 31, 2020						
€	Benefits received		Benefits granted			
	2020	2019	2019	2020	2020 (minimum)	2020 (maximum)
Fixed remuneration	337,500	1,350,000	1,350,000	337,500	337,500	337,500
Fringe benefits	79,622	460,079	460,079	79,622	79,622	79,622
<b>Total</b>	<b>417,122</b>	<b>1,810,079</b>	<b>1,810,079</b>	<b>417,122</b>	<b>417,122</b>	<b>417,122</b>
One-year performance-related remuneration	–	1,901,085	1,350,000	–	–	–
Multiyear performance-related remuneration	–	–	1,574,419	421,179	–	900,000
LTI (performance share plan 2019–2021)	–	–	1,574,419	–	–	–
LTI (performance share plan 2020–2022)	–	–	–	421,179	–	900,000
<b>Total</b>	<b>417,122</b>	<b>3,711,164</b>	<b>4,734,498</b>	<b>838,301</b>	<b>417,122</b>	<b>1,317,122</b>
Pension expense	56,049	2,222,572	2,222,572	56,049	56,049	56,049
<b>Total remuneration</b>	<b>473,171</b>	<b>5,933,736</b>	<b>6,957,070</b>	<b>894,350</b>	<b>473,171</b>	<b>1,373,171</b>



**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED AND BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN THE VERSION DATED FEBRUARY 7, 2017**

STEFAN SOMMER						
Components and Procurement						
Left: June 30, 2020						
€	Benefits received		Benefits granted			
	2020	2019	2019	2020	2020 (minimum)	2020 (maximum)
Fixed remuneration	675,000	1,350,000	1,350,000	675,000	675,000	675,000
Fringe benefits	134,815	519,019	519,019	134,815	134,815	134,815
<b>Total</b>	<b>809,815</b>	<b>1,869,019</b>	<b>1,869,019</b>	<b>809,815</b>	<b>809,815</b>	<b>809,815</b>
One-year performance-related remuneration	–	1,901,085	1,350,000	–	–	–
Multiyear performance-related remuneration	–	–	1,574,419	–	–	–
LTI (performance share plan 2018–2020)	–	–	–	–	–	–
LTI (performance share plan 2019–2021)	–	–	1,574,419	–	–	–
LTI (performance share plan 2020–2022)	–	–	–	–	–	–
<b>Total<sup>1</sup></b>	<b>809,815</b>	<b>4,019,019</b>	<b>4,793,438</b>	<b>809,815</b>	<b>809,815</b>	<b>809,815</b>
Pension expense	447,742	761,437	761,437	447,742	447,742	447,742
<b>Total remuneration</b>	<b>1,257,557</b>	<b>4,780,456</b>	<b>5,554,875</b>	<b>1,257,557</b>	<b>1,257,557</b>	<b>1,257,557</b>

1 Benefits received for 2019 included a top-up amount on the minimum remuneration of €3.5 million.

HILTRUD DOROTHEA WERNER						
Integrity and Legal Affairs						
€	Benefits received		Benefits granted			
	2020	2019	2019	2020	2020 (minimum)	2020 (maximum)
Fixed remuneration	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Fringe benefits	122,776	115,159	115,159	122,776	122,776	122,776
<b>Total</b>	<b>1,472,776</b>	<b>1,465,159</b>	<b>1,465,159</b>	<b>1,472,776</b>	<b>1,472,776</b>	<b>1,472,776</b>
One-year performance-related remuneration	898,796	1,901,085	1,350,000	1,350,000	–	2,430,000
Multiyear performance-related remuneration	2,956,624	–	1,574,419	1,684,716	–	3,600,000
LTI (performance share plan 2017–2019)	2,956,624	–	–	–	–	–
LTI (performance share plan 2018–2020)	–	–	–	–	–	–
LTI (performance share plan 2019–2021)	–	–	1,574,419	–	–	–
LTI (performance share plan 2020–2022)	–	–	–	1,684,716	–	3,600,000
<b>Total</b>	<b>5,328,196</b>	<b>3,366,244</b>	<b>4,389,578</b>	<b>4,507,492</b>	<b>1,472,776</b>	<b>7,502,776</b>
Pension expense	1,149,571	956,364	956,364	1,149,571	1,149,571	1,149,571
<b>Total remuneration</b>	<b>6,477,767</b>	<b>4,322,608</b>	<b>5,345,942</b>	<b>5,657,063</b>	<b>2,622,347</b>	<b>8,652,347</b>

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED AND BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN THE VERSION DATED FEBRUARY 7, 2017**

FRANK WITTER						
Finance and IT						
Components and Procurement (acting July 1, 2020 – December 31, 2020)						
€	Benefits received		Benefits granted			
	2020	2019	2019	2020	2020 (minimum)	2020 (maximum)
Fixed remuneration	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Fringe benefits	71,549	62,781	62,781	71,549	71,549	71,549
<b>Total</b>	<b>1,421,549</b>	<b>1,412,781</b>	<b>1,412,781</b>	<b>1,421,549</b>	<b>1,421,549</b>	<b>1,421,549</b>
One-year performance-related remuneration	898,796	1,901,085	1,350,000	1,350,000	–	2,430,000
Multiyear performance-related remuneration	1,785,168	249,128	1,574,419	1,684,716	–	3,600,000
LTI (performance share plan 2017–2019)	1,785,168	–	–	–	–	–
LTI (performance share plan 2018–2020)	–	–	–	–	–	–
LTI (performance share plan 2019–2021)	–	–	1,574,419	–	–	–
LTI (performance share plan 2020–2021)	–	–	–	1,684,716	–	3,600,000
Phanton shares	–	249,128	–	–	–	–
<b>Total</b>	<b>4,105,513</b>	<b>3,562,994</b>	<b>4,337,200</b>	<b>4,456,265</b>	<b>1,421,549</b>	<b>7,451,549</b>
Pension expense	1,008,664	886,120	886,120	1,008,664	1,008,664	1,008,664
<b>Total remuneration</b>	<b>5,114,177</b>	<b>4,449,114</b>	<b>5,223,320</b>	<b>5,464,929</b>	<b>2,430,213</b>	<b>8,460,213</b>

**POST-EMPLOYMENT BENEFITS**

In the event of regular termination of their service on the Board of Management, the members of the Board of Management are entitled to a pension, including a surviving dependents' pension, as well as the use of company cars for the period in which they receive their pension. The agreed benefits are paid or made available when the Board of Management member reaches the age of 63, or in Mr. Duesmann's case when he reaches the age of 65. From July 16, 2022, Mr. Renschler is entitled to a pension of 70% of his fixed level of remuneration in 2017.

For the members of the Board of Management of Volkswagen AG appointed before February 24, 2017 with a defined contribution pension scheme, a contribution rate of 50% of the fixed remuneration applies. For the members of the Board of Management of Volkswagen AG appointed after February 24, 2017 with a defined contribution pension scheme, a contribution rate of 40% of the fixed remuneration applies. The resulting amount will be credited to the pension account.

Ms. Werner, Mr. Blume, Mr. Diess, Mr. Duesmann, Mr. Kilian, Mr. Schot, Mr. Sommer and Mr. Witter received a defined contribution plan, which is based in principle on a works agreement that also applies to the employees of Volkswagen AG covered by collective agreements and includes retirement, invalidity and surviving dependents' benefits. A pension contribution in the amount of 50% of the fixed level of remuneration for Ms. Werner, Mr. Diess and Mr. Witter and in the amount of 40% of the fixed level of remuneration for Mr. Blume, Mr. Duesmann, Mr. Kilian, Mr. Schot and Mr. Sommer is paid to Volkswagen Pension Trust e.V. at the end of the calendar year for each year they are appointed to the Board of Management. The annual pension contributions

result in modules of what is, in principle, a lifelong pension in line with the arrangements that also apply to employees covered by collective agreements.

The individual pension modules vest immediately upon payment to Volkswagen Pension Trust e.V. Instead of a lifelong pension, benefits can optionally be paid out as a lump sum or in installments when the beneficiary reaches retirement age – currently 63 at the earliest. Volkswagen AG has assumed responsibility for pension entitlements due to Mr. Witter from the time before his service with the Company.

On December 31, 2020, the pension obligations for members of the Board of Management in accordance with IAS 19 amounted to €36.6 (60.5) million. €7.7 (13.7) million was added to the provision in the reporting period in accordance with IAS 19. Other benefits such as surviving dependents' pensions and the use of company cars are also factored into the measurement of pension provisions. The pension obligations measured in accordance with German GAAP amounted to €26.6 (44.8) million. €6.4 (14.5) million was added to the provision in the reporting year in accordance with German GAAP.

Retired members of the Board of Management and their surviving dependents received €35.9 (14.5) million in the year now ended. Obligations for pensions for this group of persons measured in accordance with IAS 19 amounted to €396.3 (373.7) million, or €317.8 (300.5) million measured in accordance with German GAAP.

A one-year post-contractual restraint on competition has been agreed with Mr. Duesmann. For the duration of this post-contractual restraint, Mr. Duesmann will receive compensation. The compensation will count towards current benefits from the pension scheme.

**EARLY TERMINATION BENEFITS**

If the appointment to the Board of Management is terminated for cause through no fault of the Board of Management member, the claims are limited to a maximum of two years' remuneration, in accordance with G.13 sentence 1 of the Code (severance payment cap).

No severance payment is made if the appointment to the Board of Management is terminated for good reason for which the Board of Management member is responsible. The members of the Board of Management are also entitled to a pension and to a surviving dependents' pension as well as the use of company cars for the period in which they receive their pension in the event of early termination of their service on the Board of Management.

The post-contractual restraint on competition agreed with Mr. Duesmann will also generally apply in the event of early termination. The compensation will count towards any settlement.

Under the termination agreement with Mr. Schot, he will participate in the 2019 to 2021, 2020 to 2022 and 2021 to 2023 performance periods without any pro rata reductions. It has been agreed with Mr. Renschler that the tranche for the 2020 to 2022 performance period will be reduced on a pro rata basis in line with the date of his departure (July 15, 2020) and that no bad-leaver case will apply. It has been agreed with Mr. Sommer that the performance shares allocated to him for the 2018 to 2020, 2019 to 2021 and 2020 to 2022 performance periods will expire.

Please refer to notes 46 and 48 to the consolidated financial statements and the notes to the annual financial statements of Volkswagen AG for more detailed individual disclosures relating to members of the Board of Management who left the Company in fiscal year 2020.

**PENSIONS OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2020 (PRIOR-YEAR FIGURES IN BRACKETS)**

€	Pension expense	Present values as of December 31 <sup>1</sup>
Herbert Diess	1,568,053 (1,354,053)	7,694,544 (5,592,969)
Oliver Blume	997,938 (808,544)	3,023,360 (1,743,034)
Markus Duesmann (since April 1, 2020)	849,934 (–)	849,934 (–)
Gunnar Kilian	1,170,535 (886,559)	3,702,669 (2,102,717)
Andreas Renschler (until July 15, 2020)	– (5,025,570)	– (29,609,167)
Abraham Schot (until March 31, 2020)	56,049 (2,222,572)	– (2,222,572)
Stefan Sommer (until June 30, 2020)	447,742 (761,437)	– (1,228,940)
Hiltrud Dorothea Werner	1,149,571 (956,364)	5,071,366 (3,482,194)
Frank Witter	1,008,664 (886,120)	16,277,467 (14,474,204)
	–	–
Members of the Board of Management who left in the previous year	(–)	(–)
<b>Total</b>	<b>7,248,486</b> <b>(12,901,219)</b>	<b>36,619,340</b> <b>(60,455,797)</b>

1 The amount is reported in the total amount for defined benefit plans recognized in the balance sheet (see note 29 to the consolidated financial statements).

#### SUPERVISORY BOARD REMUNERATION

Following its regular review of Supervisory Board remuneration, the Supervisory Board proposed a reorganization of the remuneration system for the members of the Supervisory Board to the 2017 Annual General Meeting, which was approved on May 10, 2017 with 99.98% of the votes cast. The Board of Management and Supervisory Board will submit the remuneration system for the members of the Supervisory Board to the Annual General Meeting for approval in 2021 in line with the requirements of the AktG as amended by the ARUG II. The remuneration of the members of the Supervisory Board of Volkswagen AG is comprised entirely of non-performance-related remuneration components. Remuneration for supervisory board work at subsidiaries continues to comprise partly non-performance-related and partly performance-related components.

The following applies to members of the Supervisory Board of Volkswagen AG with effect from January 1, 2017:

- > The members of the Supervisory Board will receive fixed remuneration of €100,000 per fiscal year.
- > The Chairman of the Supervisory Board will receive fixed remuneration of €300,000, and his deputy will receive remuneration of €200,000.
- > For their work in the Supervisory Board committees, the members of the Supervisory Board will also receive additional fixed remuneration of €50,000 per committee per fiscal year provided the committee met at least once per year for the performance of its duties. Memberships of the Nomination and Mediation Committees established in accordance with section 27(3) of the Mitbestimmungsgesetz (MitbestG – German Codetermination Act) are not taken into account.
- > Committee chairpersons receive double this amount, while deputy chairpersons receive one-and-a-half times the committee remuneration listed previously.
- > The work on a maximum of two committees shall be included in calculating the remuneration. If this maximum is exceeded the two most highly remunerated functions shall be decisive for the respective remuneration.
- > Supervisory Board members who belonged to the Supervisory Board or one of its committees for only part of the fiscal year receive remuneration on a pro rata temporis basis.
- > Supervisory Board members receive an attendance fee of €1,000 for attending a meeting of the Supervisory Board or one of its committees; if several meetings take place on the same day, the attendance fee is paid only once.
- > The remuneration and attendance fees are each payable after the end of the fiscal year.

In fiscal year 2020, the members of the Supervisory Board received €5,341,196 (5,327,155). Of this figure, €2,294,167 related to the work of the Supervisory Board and €1,008,889 related to the work in the committees.

## REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

€	FIXED REMUNERA- TION	WORK IN THE COMMITTEES	OTHER <sup>1</sup>	TOTAL	TOTAL
				2020	2019
Hans Dieter Pötsch	300,000	100,000	500,000	900,000	925,500
Jörg Hofmann <sup>2</sup>	200,000	75,000	24,000	299,000	289,000
Hussain Ali Al Abdulla	100,000	–	3,000	103,000	105,000
Hessa Sultan Al Jaber	100,000	–	9,000	109,000	107,000
Bernd Althusmann <sup>3</sup>	100,000	50,000	13,000	163,000	157,000
Kai Bliesener <sup>2</sup> (since June 20, 2020)	53,056	–	6,000	59,056	–
Hans-Peter Fischer <sup>2</sup>	100,000	–	13,000	113,000	107,000
Marianne Heiß	100,000	50,000	89,500	239,500	250,500
Johan Järvklo <sup>2</sup> (until February 29, 2020)	41,111	–	4,000	45,111	107,000
Ulrike Jakob <sup>2</sup>	100,000	–	13,000	113,000	106,000
Louise Kiesling	100,000	–	13,000	113,000	107,000
Peter Mosch <sup>2</sup>	100,000	100,000	168,500	368,500	390,500
Bertina Murkovic <sup>2</sup>	100,000	79,444	21,000	200,444	157,000
Bernd Osterloh <sup>2</sup>	100,000	125,000	172,000	397,000	387,000
Hans Michel Piëch	100,000	29,444	185,000	314,444	289,000
Ferdinand Oliver Porsche	100,000	150,000	164,000	414,000	435,000
Wolfgang Porsche	100,000	150,000	192,390	442,390	433,500
Conny Schönhardt <sup>2</sup> (since June 21, 2019)	100,000	50,000	17,000	167,000	81,389
Athanasios Stimoniaris <sup>2</sup>	100,000	–	324,250	424,250	482,040
Stephan Weil <sup>3</sup>	100,000	50,000	20,000	170,000	163,000
Werner Weresch <sup>2</sup> (since February 21, 2019)	100,000	–	86,500	186,500	165,352
Members of the Supervisory Board who left in the previous year	–	–	–	–	82,374
<b>Total</b>	<b>2,294,167</b>	<b>1,008,889</b>	<b>2,038,140</b>	<b>5,341,196</b>	<b>5,327,155</b>

1 Attendance fees, membership of other Group bodies (non-performance-related: €792,888; performance-related: €571,002).

2 These employee representatives have stated that they will transfer their Supervisory Board remuneration to the Hans Böckler Foundation in accordance with the guidelines issued by the German Confederation of Trade Unions (DGB).

3 Under section 5(3) of the Niedersächsisches Ministergesetz (German Act Governing Ministers of the State of Lower Saxony), these members of the Supervisory Board are obliged to transfer their Supervisory Board remuneration to the State of Lower Saxony as soon as and in so far as it exceeds €6,200 per annum. Remuneration is defined for this purpose as Supervisory Board remuneration and attendance fees exceeding the amount of €200.