

# Remuneration Report

The Remuneration Report details the individualized remuneration of the Board of Management and the Supervisory Board of Volkswagen AG, broken down into components, as well as individualized pension provision disclosures for the members of the Board of Management. In addition, we explain in this chapter the main elements of the variable remuneration system for the Board of Management.

## PRINCIPLES OF AND CHANGES TO BOARD OF MANAGEMENT REMUNERATION

The full Supervisory Board resolves on the remuneration system and the total remuneration for each individual member of Volkswagen AG's Board of Management on the basis of the Executive Committee's recommendations. The remuneration of current members of the Board of Management complies with the requirements of the Aktiengesetz (AktG – German Stock Corporation Act) and the recommendations of the German Corporate Governance Code. In particular, the remuneration structure is focused on ensuring sustainable business growth in accordance with the Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG – German Act on the Appropriateness of Executive Board Remuneration) and section 87(1) of the AktG.

The remuneration system of the members of the Board of Management was approved by the 50th Annual General Meeting on April 22, 2010 by 99.44% of the votes cast. At the same time, the Volkswagen Group's positive business performance made it necessary in 2013 to modify and realign Board of Management remuneration and the comparative parameters on which it is based. The remuneration of the Board of Management was modified with the assistance of a remuneration consultant, whose independence has been assured by the Supervisory Board and by the Company.

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, the performance of and outlook for the Company, as well as how customary the remuneration is when measured against its 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

The remuneration of the Board of Management comprises non-performance-related and performance-related components. The non-performance-related components of the package ensure firstly a basic level of remuneration enabling the individual members of the Board of Management to perform their duties in the 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. On the other hand, performance-related components, dependent among other criteria on the financial performance of the Company, serve to ensure the long-term impact of behavioral incentives.

Upper limits are in place for both the overall remuneration and the performance-related remuneration components.

Annual minimum remuneration of €3.5 million (sum of basic and variable remuneration) was contractually agreed with both Ms. Hohmann-Dennhardt and Mr. Blessing. In its meeting on February 24, 2017, the Supervisory Board accepted Mr. Blessing's offer to irrevocably relinquish the top-up amount of €512.5 thousand for fiscal year 2016 to reach the minimum remuneration.

### Non-performance-related remuneration

The non-performance-related remuneration comprises fixed remuneration and fringe benefits. In addition to the basic level of remuneration, the fixed remuneration also includes differing levels of remuneration for appointments assumed at Group companies. The fringe benefits result from the granting of 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.

To compensate for lost entitlements resulting from the change in employer, Ms. Hohmann-Dennhardt received the partial payment of €2.1 million due in fiscal year 2016, which corresponds to one-third of the agreed total of €6.3 million. The other partial payments will be made in 2017 and 2018.

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

#### Performance-related remuneration

The performance-related/variable remuneration comprises a business performance bonus, which relates to business performance in the reporting period and in the preceding year, and, since 2010, a Long-Term Incentive (LTI) plan, which is based on the reporting period and the previous three fiscal years. Both components of performance-related/variable remuneration are therefore calculated on a multiyear basis and reflect both positive and negative developments. Members of the Board of Management can also be awarded bonuses that reflect their individual performance.

The amounts shown in the Board of Management remuneration (benefits received) tables in accordance with the German Corporate Governance Code correspond to the amounts paid out for the fiscal year in question.

The amounts shown in the Board of Management remuneration (benefits granted) tables in accordance with the German Corporate Governance Code are based on a mean probability scenario at the beginning of fiscal year 2016.

The Supervisory Board may cap the performance-related/variable remuneration components in the event of extraordinary developments.

#### Bonus

The bonus rewards the positive business development of the Volkswagen Group.

The business performance bonus is calculated on the basis of the average operating result, including the proportionate operating result in China, over a period of two years. A calculation floor below which no bonus will be paid is in place. This floor was set at €5.0 billion. In addition, a cap for extraordinary developments is explicitly provided for by limiting the maximum theoretical bonus which, subject to the individual performance-related bonus, is €6.75 million for the Chairman of the Board of Management and €2.5 million for the other members of the Board of Management. The system and the cap are regularly reviewed by the Supervisory Board to establish whether any adjustments are necessary.

Accordingly, the method resolved by the Supervisory Board in 2013 for calculating the business performance bonus for members of the Board of Management was

changed for fiscal year 2015 and led to the operating result, including the proportionate operating result in China, for fiscal year 2015 that was used to calculate the business performance bonus for fiscal year 2015 being reduced to €0.

In addition, the Supervisory Board may increase the theoretical business performance bonus, which is calculated on the basis of the average operating result, by up to 50% by applying individual adjustment factors that are not linked to the theoretical cap so as to reward members of the Board of Management for extraordinary individual performance (individual performance bonus). This may take into account extraordinary performance in the area of integration, or the successful implementation of special projects, for example.

#### Long-Term Incentive (LTI)

The amount of the LTI depends on the achievement of the targets laid down in Strategy 2018 on which the remuneration system applicable for fiscal year 2016 is based. The target areas are:

- > Leader in customer satisfaction, measured using the Customer Satisfaction Index,
- > Leading employer, measured using the Employee Index,
- > Unit sales growth, measured using the Growth Index, and
- > Increase in the return on sales, measured using the Return Index.

The Customer Satisfaction Index is calculated using indicators that quantify the overall satisfaction of our customers with the delivering dealers, new vehicles and the service operations based on the previous workshop visit.

The Employee Index is determined using the “employment” and “productivity” indicators as well as results of employee surveys.

The Growth Index is calculated using the “deliveries to customers” and “market share” indicators.

The Return Index is derived from the return on sales and the dividend per ordinary share.

The indices on customer satisfaction, employees and unit sales are aggregated and the result is multiplied by the Return Index. This method ensures that the LTI is only paid out if the Group is also financially successful. If the 1.5% threshold for the return on sales is not exceeded, the Return Index is zero. This would mean that the overall index for the fiscal year concerned is also zero.

The maximum LTI amount is capped at €4.5 million for the Chairman of the Board of Management and €2.0 million for the other members of the Board of Management and is based on the four-year average of the overall indices, i.e. the reporting period and the three preceding years.

#### Other agreements

Members of the Board of Management with contracts entered into on or after January 1, 2010 are entitled to payment of their normal remuneration for six to twelve months in the event of illness. Contracts entered into before that date grant remuneration for six months. In the event of disability, they are entitled to the retirement pension.

Surviving dependents receive a widow's pension of 66 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 begins 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.

#### BENEFITS BASED ON PHANTOM SHARES

At its meeting on April 22, 2016, Volkswagen AG's Supervisory Board accepted the offer made by the members of the Board of Management to withhold 30% of the variable remuneration described above for fiscal year 2015 for the Board of Management members active on the date of the resolution and to make its payment subject to future share price performance.

This will be effected by first converting the amount withheld based on the average share price for the 30 trading

days preceding April 22, 2016 (initial reference price) into phantom preferred shares of Volkswagen AG with a three-year holding period and, at the same time, defining a target reference price corresponding to 125% of the initial reference price. During the holding period, the phantom preferred shares will be entitled to a dividend equivalent in the amount of the dividends paid on real preferred shares.

Following the expiry of the holding period, the average share price for the 30 trading days preceding the last day of the holding period, i.e. April 22, 2019, will be determined (closing reference price). The difference between the target reference price and the initial reference price will be deducted from the closing reference price and the dividends distributed on one real Volkswagen preferred share during the holding period (dividend equivalent) will be added to the closing reference price. This will ensure that – excluding any dividend equivalents accrued – the amount withheld is only paid out in full if the initial reference price of the preferred share has increased by at least 25%. Otherwise, the amount will be reduced accordingly down to €0. The amount thus calculated will be disbursed to the members of the Board of Management. The amount disbursed must not be more than twice the amount originally withheld. Where members of the Board of Management retire from office before the expiry of the holding period, the disbursement amount will be calculated and paid out proportionately based on the date of termination of employment.

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

€	2016			2015		
	Non-performance-related remuneration	Performance-related remuneration	Total remuneration	Total remuneration	Of which amount withheld (fair value)	Amount withheld (notional)
Matthias Müller (since March 1, 2015) <sup>1</sup>	1,762,651	5,489,278	7,251,929	4,757,924	880,522	1,185,912
Karlheinz Blessing (since January 1, 2016)	1,403,440	1,931,500	3,334,940	–	–	–
Herbert Diess (since July 1, 2015) <sup>2</sup>	1,295,087	1,931,500	3,226,587	7,174,465	359,181	483,720
Francisco Javier Garcia Sanz	1,284,179	1,931,500	3,215,679	4,264,232	718,279	967,440
Jochem Heizmann	1,224,008	1,931,500	3,155,508	4,168,979	718,279	967,440
Christine Hohmann-Dennhardt (January 1, 2016 until January 31, 2017) <sup>2,3</sup>	7,607,621	2,444,000	10,051,621	–	–	–
Andreas Renschler (since February 1, 2015) <sup>2</sup>	1,292,205	1,931,500	3,223,705	15,573,361	658,457	886,820
Rupert Stadler	1,118,817	1,931,500	3,050,317	4,092,306	718,279	967,440
Frank Witter (since October 7, 2015)	1,105,827	1,931,500	3,037,327	939,697	165,571	223,049
Members of the Board of Management who left in the previous year	–	–	–	22,273,497	–	–
<b>Total</b>	<b>18,093,835</b>	<b>21,453,778</b>	<b>39,547,612</b>	<b>63,244,460</b>	<b>4,218,566</b>	<b>5,681,821</b>

1 The 2016 single-entity financial statements of Volkswagen AG show performance-related remuneration of €4,657,500 and total remuneration of €6,420,151.

2 To compensate for lost entitlements resulting from the change in employer, Ms. Hohmann-Dennhardt received €6.3 million in 2016 and Mr. Diess and Mr. Renschler received €5.0 million and €11.5 million respectively in 2015.

3 Includes top-up amount on minimum remuneration of €3.5 million; variable remuneration determined by termination agreement.

The number of shares granted on April 22, 2016 to the members of the Board of Management who were in office in 2015 as part of the benefits based on phantom shares for that year remained unchanged in fiscal year 2016. The fair value as of December 31, 2016 was determined using a recognized valuation technique. The intrinsic value 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, 2016. The

intrinsic value was calculated based on the average share price for the 30 trading days (Xetra closing prices) preceding December 31, 2016, taking the initial reference price and the dividend for fiscal year 2016 into account. "Comprehensive income 2016 arising from phantom shares" in accordance with IFRS records the amount withheld (nominal) based on the adoption of the Board of Management statement by the Supervisory Board on April 22, 2016, less the corresponding fair value as of December 31, 2016.

#### INFORMATION ON THE PHANTOM SHARES HELD IN 2016

€	Number of shares	Fair value December 31, 2016	Intrinsic value December 31, 2016	Comprehensive income 2016 arising from phantom shares
Matthias Müller (since March 1, 2015)	10,583	1,046,032	1,058,194	139,880
Herbert Diess (since July 1, 2015)	4,317	426,696	431,657	57,024
Francisco Javier Garcia Sanz	8,633	853,293	863,214	114,147
Jochem Heizmann	8,633	853,293	863,214	114,147
Andreas Renschler (since February 1, 2015)	7,914	782,226	791,321	104,594
Rupert Stadler	8,633	853,293	863,214	114,147
Frank Witter (since October 7, 2015)	1,990	196,693	198,980	26,356
<b>Total</b>	<b>50,703</b>	<b>5,011,525</b>	<b>5,069,793</b>	<b>670,296</b>

As benefits are not received until the three-year holding period has expired or – in the event that members retire prematurely from office – at that time, and no members of the Board of Management retired from office in 2016, the Board of Management (benefits received) tables in accordance with the German Corporate Governance Code do not contain any entries. Since the benefits based on phantom shares were first agreed upon after the end of fiscal year 2015,

consideration of the impact of these agreements will be incorporated into the Board of Management remuneration (benefits granted) tables in accordance with the German Corporate Governance Code in the column for fiscal year 2016. The revised amount listed there is the difference between the fair value of the phantom shares and the amount withheld on the date they were granted (April 22, 2016).

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE<sup>1</sup>**

*The figures shown here as benefits received under variable remuneration correspond to the amounts paid out for the fiscal year in question.*

€	MATTHIAS MÜLLER	
	Chairman of the Board of Management	
	Joined: March 1, 2015	
	2016	2015
Fixed remuneration	1,584,000	1,020,800
Fringe benefits	178,651	89,474
<b>Total</b>	<b>1,762,651</b>	<b>1,110,274</b>
One-year variable remuneration	1,499,278	629,440
Multiyear variable remuneration	3,990,000	2,137,688
Business performance bonus (two-year period)	1,335,000	387,688
LTI (four-year period)	2,655,000	1,750,000
<b>Total</b>	<b>7,251,929</b>	<b>3,877,402</b>
Pension expense	526,589	295,754
<b>Total remuneration</b>	<b>7,778,518</b>	<b>4,173,156</b>

€	KARLHEINZ BLESSING	
	Human Resources and Organization	
	Joined: January 1, 2016	
	2016	2015
Fixed remuneration	1,056,000	–
Fringe benefits	347,440	–
<b>Total</b>	<b>1,403,440</b>	–
One-year variable remuneration	250,500	–
Multiyear variable remuneration	1,681,000	–
Business performance bonus (two-year period)	501,000	–
LTI (four-year period)	1,180,000	–
<b>Total</b>	<b>3,334,940</b>	–
Pension expense	742,542	–
<b>Total remuneration</b>	<b>4,077,482</b>	–

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE<sup>1</sup>**

*The figures shown here as benefits received under variable remuneration correspond to the amounts paid out for the fiscal year in question.*

€	HERBERT DIESS	
	Chairman of the Brand Board of Management of Volkswagen Passenger Cars	
	Joined: July 1, 2015	
	2016	2015
Fixed remuneration <sup>2</sup>	1,260,000	5,630,000
Fringe benefits	35,087	56,604
<b>Total</b>	<b>1,295,087</b>	<b>5,686,604</b>
One-year variable remuneration	250,500	246,400
Multiyear variable remuneration	1,681,000	882,280
Business performance bonus (two-year period)	501,000	132,280
LTI (four-year period)	1,180,000	750,000
<b>Total</b>	<b>3,226,587</b>	<b>6,815,284</b>
Pension expense	699,856	311,850
<b>Total remuneration</b>	<b>3,926,443</b>	<b>7,127,134</b>

€	FRANCISCO JAVIER GARCIA SANZ	
	Procurement	
	2016	2015
Fixed remuneration	1,079,009	1,102,017
Fringe benefits	205,170	186,576
<b>Total</b>	<b>1,284,179</b>	<b>1,288,593</b>
One-year variable remuneration	250,500	492,800
Multiyear variable remuneration	1,681,000	1,764,560
Business performance bonus (two-year period)	501,000	264,560
LTI (four-year period)	1,180,000	1,500,000
<b>Total</b>	<b>3,215,679</b>	<b>3,545,953</b>
Pension expense	760,864	816,242
<b>Total remuneration</b>	<b>3,976,543</b>	<b>4,362,195</b>

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 The previous year includes compensation of lost entitlements resulting from the change in employer in the amount of €5.0 million.

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE<sup>1</sup>**

*The figures shown here as benefits received under variable remuneration correspond to the amounts paid out for the fiscal year in question.*

€	JOCHEM HEIZMANN	
	China	
	2016	2015
Fixed remuneration	1,102,017	1,102,017
Fringe benefits	121,991	91,323
<b>Total</b>	<b>1,224,008</b>	<b>1,193,340</b>
One-year variable remuneration	250,500	492,800
Multiyear variable remuneration	1,681,000	1,764,560
Business performance bonus (two-year period)	501,000	264,560
LTI (four-year period)	1,180,000	1,500,000
<b>Total</b>	<b>3,155,508</b>	<b>3,450,700</b>
Pension expense	0	0
<b>Total remuneration</b>	<b>3,155,508</b>	<b>3,450,700</b>

€	CHRISTINE HOHMANN-DENNHARDT	
	Integrity and Legal Affairs	
	Joined: January 1, 2016, Left: January 31, 2017	
	2016	2015
Fixed remuneration <sup>2</sup>	7,346,000	–
Fringe benefits	261,621	–
<b>Total</b>	<b>7,607,621</b>	–
One-year variable remuneration	0	–
Multiyear variable remuneration	0	–
Business performance bonus (two-year period)	0	–
LTI (four-year period)	0	–
Other <sup>3</sup>	2,444,000	–
<b>Total</b>	<b>10,051,621</b>	–
Pension expense	704,657	–
<b>Total remuneration</b>	<b>10,756,278</b>	–

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 Includes compensation of lost entitlements resulting from the change in employer in the amount of €6.3 million.

3 Top-up amount on minimum remuneration of €3.5 million; variable remuneration determined by termination agreement.

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE<sup>1</sup>**

*The figures shown here as benefits received under variable remuneration correspond to the amounts paid out for the fiscal year in question.*

€	ANDREAS RENSCHLER	
	Commercial Vehicles	
	Joined: February 1, 2015	
	2016	2015
Fixed remuneration <sup>2</sup>	1,056,000	12,446,000
Fringe benefits	236,205	399,658
<b>Total</b>	<b>1,292,205</b>	<b>12,845,658</b>
One-year variable remuneration	250,500	451,733
Multiyear variable remuneration	1,681,000	1,617,513
Business performance bonus (two-year period)	501,000	242,513
LTI (four-year period)	1,180,000	1,375,000
<b>Total</b>	<b>3,223,705</b>	<b>14,914,904</b>
Pension expense	4,660,006	0
<b>Total remuneration</b>	<b>7,883,711</b>	<b>14,914,904</b>

€	RUPERT STADLER	
	Chairman of the Board of Management of AUDI AG	
	2016	2015
Fixed remuneration	1,056,000	1,056,000
Fringe benefits	62,817	60,667
<b>Total</b>	<b>1,118,817</b>	<b>1,116,667</b>
One-year variable remuneration	250,500	492,800
Multiyear variable remuneration	1,681,000	1,764,560
Business performance bonus (two-year period)	501,000	264,560
LTI (four-year period)	1,180,000	1,500,000
<b>Total</b>	<b>3,050,317</b>	<b>3,374,027</b>
Pension expense	665,679	723,954
<b>Total remuneration</b>	<b>3,715,996</b>	<b>4,097,981</b>

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 The previous year includes compensation of lost entitlements resulting from the change in employer in the amount of €11.5 million.



**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE<sup>1</sup>**

*The figures shown here as benefits received under variable remuneration correspond to the amounts paid out for the fiscal year in question.*

€	FRANK WITTER	
	Finance and Controlling	
	Joined: October 7, 2015	
	2016	2015
Fixed remuneration	1,056,000	243,467
Fringe benefits	49,827	10,212
<b>Total</b>	<b>1,105,827</b>	<b>253,679</b>
One-year variable remuneration	250,500	113,618
Multiyear variable remuneration	1,681,000	406,829
Business performance bonus (two-year period)	501,000	60,996
LTI (four-year period)	1,180,000	345,833
<b>Total</b>	<b>3,037,327</b>	<b>774,126</b>
Pension expense	587,216	130,680
<b>Total remuneration</b>	<b>3,624,543</b>	<b>904,806</b>

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE<sup>1</sup>**

*The figures shown here as benefits granted under variable remuneration are based on a mean probability scenario.*

€	MATTHIAS MÜLLER			
	Chairman of the Board of Management			
	Joined: March 1, 2015			
	2015	2016	2016 (Minimum)	2016 (Maximum)
Fixed remuneration	1,020,800	1,584,000	1,584,000	1,584,000
Fringe benefits	89,474	178,651	178,651	178,651
<b>Total</b>	<b>1,110,274</b>	<b>1,762,651</b>	<b>1,762,651</b>	<b>1,762,651</b>
One-year variable remuneration	1,276,615	1,313,200	0	3,375,000
Multiyear variable remuneration	5,337,133	6,352,610	0	12,435,912
Business performance bonus (two-year period)	3,003,800	3,283,000	0	6,750,000
LTI (four-year period)	2,333,333	3,375,000	0	4,500,000
Benefits based on phantom shares (three-year period)	–	–305,390	0	1,185,912
<b>Total</b>	<b>7,724,022</b>	<b>9,428,461</b>	<b>1,762,651</b>	<b>17,573,563</b>
Pension expense	295,754	526,589	526,589	526,589
<b>Total remuneration</b>	<b>8,019,776</b>	<b>9,955,050</b>	<b>2,289,240</b>	<b>18,100,152</b>

€	KARLHEINZ BLESSING			
	Human Resources and Organization			
	Joined: January 1, 2016			
	2015	2016	2016 (Minimum)	2016 (Maximum)
Fixed remuneration	–	1,056,000	1,056,000	1,056,000
Fringe benefits	–	347,440	347,440	347,440
<b>Total</b>	<b>–</b>	<b>1,403,440</b>	<b>1,403,440</b>	<b>1,403,440</b>
One-year variable remuneration	–	492,800	0	1,250,000
Multiyear variable remuneration	–	2,732,000	0	4,500,000
Business performance bonus (two-year period)	–	1,232,000	0	2,500,000
LTI (four-year period)	–	1,500,000	0	2,000,000
<b>Total<sup>2</sup></b>	<b>–</b>	<b>4,628,240</b>	<b>3,847,440</b>	<b>7,153,440</b>
Pension expense	–	742,542	742,542	742,542
<b>Total remuneration</b>	<b>–</b>	<b>5,370,782</b>	<b>4,589,982</b>	<b>7,895,982</b>

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 Includes top-up amount on minimum remuneration of €3.5 million.

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE<sup>1</sup>**

*The figures shown here as benefits granted under variable remuneration are based on a mean probability scenario.*

HERBERT DIESS				
Chairman of the Board of Management of Volkswagen Passenger Cars				
Joined: July 1, 2015				
€	2015	2016	2016 (Minimum)	2016 (Maximum)
Fixed remuneration <sup>2</sup>	5,630,000	1,260,000	1,260,000	1,260,000
Fringe benefits	56,604	35,087	35,087	35,087
<b>Total</b>	<b>5,686,604</b>	<b>1,295,087</b>	<b>1,295,087</b>	<b>1,295,087</b>
One-year variable remuneration	496,825	492,800	0	1,250,000
Multiyear variable remuneration	2,169,000	2,607,461	0	4,983,720
Business performance bonus (two-year period)	1,169,000	1,232,000	0	2,500,000
LTI (four-year period)	1,000,000	1,500,000	0	2,000,000
Benefits based on phantom shares (three-year period)	–	–124,539	0	483,720
<b>Total</b>	<b>8,352,429</b>	<b>4,395,348</b>	<b>1,295,087</b>	<b>7,528,807</b>
Pension expense	311,850	699,856	699,856	699,856
<b>Total remuneration</b>	<b>8,664,279</b>	<b>5,095,204</b>	<b>1,994,943</b>	<b>8,228,663</b>

FRANCISCO JAVIER GARCIA SANZ				
Procurement				
€	2015	2016	2016 (Minimum)	2016 (Maximum)
Fixed remuneration	1,102,017	1,079,009	1,079,009	1,079,009
Fringe benefits	186,576	205,170	205,170	205,170
<b>Total</b>	<b>1,288,593</b>	<b>1,284,179</b>	<b>1,284,179</b>	<b>1,284,179</b>
One-year variable remuneration	1,169,000	492,800	0	1,250,000
Multiyear variable remuneration	4,338,000	2,482,839	0	5,467,440
Business performance bonus (two-year period)	2,338,000	1,232,000	0	2,500,000
LTI (four-year period)	2,000,000	1,500,000	0	2,000,000
Benefits based on phantom shares (three-year period)	–	–249,161	0	967,440
<b>Total</b>	<b>6,795,593</b>	<b>4,259,818</b>	<b>1,284,179</b>	<b>8,001,619</b>
Pension expense	816,242	760,864	760,864	760,864
<b>Total remuneration</b>	<b>7,611,835</b>	<b>5,020,682</b>	<b>2,045,043</b>	<b>8,762,483</b>

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 The previous year includes compensation of lost entitlements resulting from the change in employer in the amount of €5.0 million.

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE<sup>1</sup>**

*The figures shown here as benefits granted under variable remuneration are based on a mean probability scenario.*

€	JOCHEM HEIZMANN			
	China			
	2015	2016	2016 (Minimum)	2016 (Maximum)
Fixed remuneration	1,102,017	1,102,017	1,102,017	1,102,017
Fringe benefits	91,323	121,991	121,991	121,991
<b>Total</b>	<b>1,193,340</b>	<b>1,224,008</b>	<b>1,224,008</b>	<b>1,224,008</b>
One-year variable remuneration	701,400	492,800	0	1,250,000
Multiyear variable remuneration	4,338,000	2,482,839	0	5,467,440
Business performance bonus (two-year period)	2,338,000	1,232,000	0	2,500,000
LTI (four-year period)	2,000,000	1,500,000	0	2,000,000
Benefits based on phantom shares (three-year period)	–	–249,161	0	967,440
<b>Total</b>	<b>6,232,740</b>	<b>4,199,647</b>	<b>1,224,008</b>	<b>7,941,448</b>
Pension expense	0	0	0	0
<b>Total remuneration</b>	<b>6,232,740</b>	<b>4,199,647</b>	<b>1,224,008</b>	<b>7,941,448</b>

€	CHRISTINE HOHMANN-DENNHARDT			
	Integrity and Legal Affairs			
	Joined: January 1, 2016, Left: January 31, 2017			
2015	2016	2016 (Minimum)	2016 (Maximum)	
Fixed remuneration <sup>2</sup>	–	7,346,000	7,346,000	7,346,000
Fringe benefits	–	261,621	261,621	261,621
<b>Total</b>	<b>–</b>	<b>7,607,621</b>	<b>7,607,621</b>	<b>7,607,621</b>
One-year variable remuneration	–	492,800	0	1,250,000
Multiyear variable remuneration	–	2,732,000	0	4,500,000
Business performance bonus (two-year period)	–	1,232,000	0	2,500,000
LTI (four-year period)	–	1,500,000	0	2,000,000
<b>Total<sup>3</sup></b>	<b>–</b>	<b>10,832,421</b>	<b>10,051,621</b>	<b>13,357,621</b>
Pension expense	–	704,657	704,657	704,657
<b>Total remuneration</b>	<b>–</b>	<b>11,537,078</b>	<b>10,756,278</b>	<b>14,062,278</b>

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 Includes compensation of lost entitlements resulting from the change in employer in the amount of €6.3 million.

3 Includes top-up amount to reach minimum remuneration of €3.5 million.

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE<sup>1</sup>**

*The figures shown here as benefits granted under variable remuneration are based on a mean probability scenario.*

€	ANDREAS RENSCHLER			
	Commercial Vehicles			
	Joined: February 1, 2015			
	2015	2016	2016 (Minimum)	2016 (Maximum)
Fixed remuneration <sup>2</sup>	12,446,000	1,056,000	1,056,000	1,056,000
Fringe benefits	399,658	236,205	236,205	236,205
<b>Total</b>	<b>12,845,658</b>	<b>1,292,205</b>	<b>1,292,205</b>	<b>1,292,205</b>
One-year variable remuneration	910,846	492,800	0	1,250,000
Multiyear variable remuneration	3,976,500	2,503,637	0	5,386,820
Business performance bonus (two-year period)	2,143,167	1,232,000	0	2,500,000
LTI (four-year period)	1,833,333	1,500,000	0	2,000,000
Benefits based on phantom shares (three-year period)	–	–228,363	0	886,820
<b>Total</b>	<b>17,733,004</b>	<b>4,288,642</b>	<b>1,292,205</b>	<b>7,929,025</b>
Pension expense	0	4,660,006	4,660,006	4,660,006
<b>Total remuneration</b>	<b>17,733,004</b>	<b>8,948,648</b>	<b>5,952,211</b>	<b>12,589,031</b>

€	RUPERT STADLER			
	Chairman of the Board of Management of AUDI AG			
	2015	2016	2016 (Minimum)	2016 (Maximum)
	Fixed remuneration	1,056,000	1,056,000	1,056,000
Fringe benefits	60,667	62,817	62,817	62,817
<b>Total</b>	<b>1,116,667</b>	<b>1,118,817</b>	<b>1,118,817</b>	<b>1,118,817</b>
One-year variable remuneration	935,200	492,800	0	1,250,000
Multiyear variable remuneration	4,338,000	2,482,839	0	5,467,440
Business performance bonus (two-year period)	2,338,000	1,232,000	0	2,500,000
LTI (four-year period)	2,000,000	1,500,000	0	2,000,000
Benefits based on phantom shares (three-year period)	–	–249,161	0	967,440
<b>Total</b>	<b>6,389,867</b>	<b>4,094,456</b>	<b>1,118,817</b>	<b>7,836,257</b>
Pension expense	723,954	665,679	665,679	665,679
<b>Total remuneration</b>	<b>7,113,821</b>	<b>4,760,135</b>	<b>1,784,496</b>	<b>8,501,936</b>

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 The previous year includes compensation of lost entitlements resulting from the change in employer in the amount of €11.5 million.

**REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE<sup>1</sup>**

*The figures shown here as benefits granted under variable remuneration are based on a mean probability scenario.*

€	FRANK WITTER			
	Finance and Controlling			
	Joined: October 7, 2015			
	2015	2016	2016 (Minimum)	2016 (Maximum)
Fixed remuneration	243,467	1,056,000	1,056,000	1,056,000
Fringe benefits	10,212	49,827	49,827	49,827
<b>Total</b>	<b>253,679</b>	<b>1,105,827</b>	<b>1,105,827</b>	<b>1,105,827</b>
One-year variable remuneration	229,092	492,800	0	1,250,000
Multiyear variable remuneration	1,000,150	2,674,522	0	4,723,049
Business performance bonus (two-year period)	539,039	1,232,000	0	2,500,000
LTI (four-year period)	461,111	1,500,000	0	2,000,000
Benefits based on phantom shares (three-year period)	–	–57,478	0	223,049
<b>Total</b>	<b>1,482,920</b>	<b>4,273,149</b>	<b>1,105,827</b>	<b>7,078,876</b>
Pension expense	130,680	587,216	587,216	587,216
<b>Total remuneration</b>	<b>1,613,600</b>	<b>4,860,365</b>	<b>1,693,043</b>	<b>7,666,092</b>

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

#### 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. As a departure from this principle, Mr. Renschler is able to start drawing his pension when he reaches the age of 62.

The retirement pension is calculated as a percentage of the basic level of remuneration. Starting at 50%, the individual percentage increases by two percentage points for each year of service. In specific cases, credit is given for previous employment periods and retirement pensions earned. The Supervisory Board has defined a maximum of 70%. These benefits are not broken down any further into performance-related components and long-term incentive components. Mr. Garcia Sanz and Mr. Heizmann have a retirement pension entitlement of 70%, and Mr. Renschler and Mr. Stadler have a retirement pension entitlement of 64% of their basic level of remuneration as of the end of 2016. In a departure from this rule, a retirement pension entitlement of 62% of the basic level of remuneration was set for Mr. Renschler on his appointment. Mr. Müller had a retirement pension entitlement of 53% of the basic level of remuneration as of the end of 2016; this increases by three percentage points every year.

Ms. Hohmann-Dennhardt and Mr. Blessing, Mr. Diess 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 basic level of remuneration is contributed 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 contribution 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, although these cannot be claimed before he reaches the age of 60.

On December 31, 2016, the pension obligations for members of the Board of Management in accordance with IAS 19 amounted to €113.5 (86.6) million; €11.7 (6.4) 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 €77.2 (70.2) million; €7.0 (14.6) million was added to the provision in the reporting period in accordance with German GAAP. Current pensions are indexed using the same method as for the highest collectively agreed salary, insofar as the application of section 16 of the Gesetz zur Verbesserung der betrieblichen Altersversorgung (BetrAVG – German Company Pension Act) does not lead to a larger increase.

Retired members of the Board of Management and their surviving dependents received €11.1 (51.3) million, or €11.1 (51.3) million measured in accordance with German GAAP, in the past year. Obligations for pensions for this group of persons measured in accordance with IAS 19 amounted to €270.0 (242.7) million, or €205.6 (209.9) million measured in accordance with German GAAP.

The following rule applies to Board of Management contracts entered into for the first term of office before August 5, 2009: the retirement pension to be granted after a member of the Board of Management leaves the Company is payable immediately if the member's contract is not renewed by the Company, and in other cases when the member reaches the age of 63. Any remuneration received from other sources until the age of 63 is deductible from the benefit entitlement up to a certain fixed amount.

The following general rule applies to contracts for the first term of office of members of the Board of Management entered into after August 5, 2009: the retirement pension to be granted after a member of the Board of Management leaves the Company is payable when the member reaches the age of 63.

**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 under Board of Management contracts entered into since November 20, 2009 are limited to a maximum of two years' remuneration, in accordance with the recommendation in section 4.2.3(4) of the German Corporate Governance Code (severance payment cap). For Board of Management members who are commencing their third or later term of office, existing rights under contracts entered into before November 20, 2009 are grandfathered.

No severance payment is made if the appointment to the Board of Management is terminated for a 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.

Please refer to notes 43 and 45 to the consolidated financial statements for more detailed individual disclosures relating to members of the Board of Management who left the Company in fiscal year 2015.

**PENSIONS OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2016 (PRIOR-YEAR FIGURES IN BRACKETS)<sup>1</sup>**

€	Pension expense	Present values as of December 31 <sup>2</sup>
Matthias Müller (since March 1, 2015)	526,589	27,254,749
	(295,754)	(22,563,065)
Karlheinz Blessing (since January 1, 2016)	742,542	742,542
	–	–
Herbert Diess (since July 1, 2015)	699,856	1,298,635
	(311,850)	(365,736)
Francisco Javier Garcia Sanz	760,864	21,752,138
	(816,242)	(17,622,337)
Jochem Heizmann	–	19,836,613
	–	(18,000,356)
Christine Hohmann-Dennhardt (January 1, 2016 until January 31, 2017)	704,657	704,657
	–	–
Andreas Renschler (since February 1, 2015)	4,660,006	11,231,016
	–	(5,025,366)
Rupert Stadler	665,679	21,530,818
	(723,954)	(16,442,455)
Frank Witter (since October 7, 2015)	587,216	9,100,545
	(130,680)	(6,582,389)
Members of the Board of Management who left in the previous year	(1,097,443)	–
<b>Total</b>	<b>9,347,409</b>	<b>113,451,713</b>
	<b>(3,375,923)</b>	<b>(86,601,704)</b>

<sup>1</sup> All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

<sup>2</sup> The amount is reported in the total amount for defined benefit plans reported in the balance sheet (see note 29 to the consolidated financial statements).



### SUPERVISORY BOARD REMUNERATION

Under Article 17 of Volkswagen AG's Articles of Association, the remuneration of Volkswagen AG's Supervisory Board is composed of a fixed component (plus attendance fees) and a variable component that depends on the amount of the dividend paid. The duties performed by the respective member on the Supervisory Board are also taken into account. Several members of the Supervisory Board are also members of the supervisory boards of subsidiaries. The

remuneration received there is based on the provisions of the relevant Articles of Association and also comprises a fixed component and a variable component that is linked to the amount of the dividend paid. This remuneration is contained in the following figures. In fiscal year 2016, the members of the Supervisory Board received €5,396,565 (€696,953). Of this figure, €709,346 (660,976) related to the fixed remuneration components (including attendance fees) and €4,687,220 (35,977) to the variable remuneration components.

### REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD<sup>1</sup>

€	FIXED	VARIABLE	TOTAL	
			2016	2015
Hans Dieter Pötsch	74,500	511,300	585,800	13,400
Jörg Hofmann <sup>2</sup>	22,000	308,333	330,333	3,367
Hussain Ali Al-Abdulla	16,000	154,167	170,167	11,000
Akbar Al Baker (until June 22, 2016)	6,858	73,443	80,302	5,925
Hessa Sultan Al-Jaber (since June 22, 2016)	9,142	80,723	89,865	–
Birgit Dietze (since June 1, 2016)	13,067	130,185	143,252	–
Annika Falkengren	18,000	231,250	249,250	17,000
Hans-Peter Fischer <sup>2</sup>	17,000	154,167	171,167	14,000
Uwe Fritsch <sup>2</sup>	18,642	196,348	214,990	14,000
Babette Fröhlich <sup>2</sup> (until June 1, 2016)	6,763	96,675	103,438	17,000
Uwe Hück <sup>2</sup>	80,500	154,167	234,667	44,750
Johan Järvklo <sup>2</sup>	16,000	154,167	170,167	1,650
Louise Kiesling	17,000	154,167	171,167	11,017
Olaf Lies <sup>3</sup>	19,000	231,250	250,250	14,700
Peter Mosch <sup>2</sup>	34,000	267,850	301,850	33,000
Bernd Osterloh <sup>2</sup>	20,000	231,250	251,250	17,000
Hans Michel Piëch	80,375	186,361	266,736	80,500
Ferdinand Oliver Porsche	73,000	344,933	417,933	65,500
Wolfgang Porsche	108,500	332,733	441,233	109,200
Stephan Weil <sup>3</sup>	19,000	231,250	250,250	17,000
Stephan Wolf <sup>2</sup>	20,000	231,250	251,250	17,000
Thomas Zwiebler <sup>2</sup>	20,000	231,250	251,250	14,342
Members of the Supervisory Board who left in the previous year	–	–	–	175,603
<b>Total</b>	<b>709,346</b>	<b>4,687,220</b>	<b>5,396,565</b>	<b>696,953</b>

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

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 (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 to the extent that it exceeds €6,200 per annum. Remuneration is defined for this purpose as Supervisory Board remuneration and attendance fees exceeding the amount of €200.

The members of the Supervisory Board have declared to the Management Board that they waive their claims for all remuneration payments for fiscal year 2016. Such waiver shall apply to the extent that these claims exceed the amount

that would be due if the stipulations to be resolved by the General Meeting on May 10, 2017 regarding the remuneration for the Supervisory Board for the current and future fiscal years were applied to fiscal year 2016.