

Report of the Supervisory Board

(in accordance with section 171(2) of the AktG)

Ladies and gentlemen,

The work of the Supervisory Board of Volkswagen AG and its committees in fiscal year 2020 focused on the Volkswagen Group's strategic direction. The Supervisory Board regularly deliberated on the Company's position and development in the reporting period. We supervised and supported the Board of Management in its running of the business and advised it on issues relating to the management of the Company in accordance with our duties under the law, the Articles of Association and the rules of procedure. We also observed the relevant recommendations and suggestions of the German Corporate Governance Code (the Code) at all times. The Supervisory Board was directly involved in all decisions of fundamental importance to the Group. Additionally, we discussed strategic considerations with the Board of Management at regular intervals.

The Board of Management complied with its disclosure obligations, which are set out in the information policy adopted by the Supervisory Board in 2018. The Board of Management provided us with information regularly, promptly and comprehensively both in writing and orally, particularly on all matters of relevance to the Company relating to its strategy, business development and the Company's planning and position. This also included the risk situation and risk management. In this respect, the Board of Management also informed the Supervisory Board of further improvements to the risk and compliance management system. In addition, the Supervisory Board received information about compliance and other topical issues by the Board of Management on an ongoing basis. We received the documents relevant to our decisions in good time for our meetings. At regular intervals, we also received a detailed report from the Board of Management on the current business position and the forecast for the current year. Any deviations in performance from the plans and targets previously drawn up were explained in detail by the Board of Management, either in person or in writing. Together with the Board of Management we analyzed the

reasons for the deviations so as to enable countermeasures to be derived. The Board of Management reported extensively and promptly, particularly on the impacts of the Covid-19 pandemic. It established a crisis management team to deal with this issue. Minutes of the meetings of the crisis management team were provided to the Chairman of the Supervisory Board without delay. The Supervisory Board was also provided with detailed information on the effects of the Covid-19 pandemic and action taken by the Board of Management. At the meetings of the Special Committee on Diesel Engines, the Board of Management presented regular reports on current developments in connection with the diesel issue.

In addition, the Chairman of the Supervisory Board consulted with the Chairman of the Board of Management at regular intervals between meetings to discuss important current issues. Apart from the work to address the diesel issue, these included the Volkswagen Group's strategy and planning, its business development, and the risk situation and risk management, including integrity and compliance issues in the Volkswagen Group. Within reason, the Chairman of the Supervisory Board discussed Supervisory Board-specific topics with investors and, in consultation with the Board of Management, also discussed non-Supervisory Board-specific topics. The Chairman of the Supervisory Board informed the Supervisory Board of such discussions after they had taken place.

The Supervisory Board held a total of 13 meetings in fiscal year 2020. The average attendance rate was around 90.0%. In addition, resolutions on particularly urgent matters were adopted in writing or using electronic communications media. Particularly the challenges and restrictions resulting from the Covid-19 pandemic necessitated additional flexibility for the meetings of the Supervisory Board in fiscal year 2020. The Covid-19 pandemic also resulted in travel restrictions and presented additional challenges for the Supervisory Board members, who have special responsibilities in business and

politics. Nevertheless, all members of the Supervisory Board except for Dr. Al Abdulla attended over half of the meetings of the Supervisory Board and the committees of which they are members. Supervisory Board members who could not attend a meeting were able to engage with the meeting topics using the preparatory documents.

COMMITTEE ACTIVITIES

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 Supervisory Board resolved on May 28, 2020 to increase the number of members of the Executive Committee in light of its growing responsibilities. Since May 29, 2020, the Executive Committee has been comprised of four shareholder representatives and four employee representatives (previously three). The shareholder representatives on the Executive Committee make up the Nomination Committee. The Special Committee on Diesel Engines is comprised of three shareholder representatives and three employee representatives. The remaining two committees are each composed of two shareholder representatives and two employee representatives. The members of these committees as of December 31, 2020 are given in the Group Corporate Governance Declaration.

The Executive Committee met 20 times in the reporting period. At its meetings, the Executive Committee meticulously prepared the resolutions of the Supervisory Board, discussed the composition of the Board of Management and took 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 Nomination Committee is responsible for proposing suitable candidates for the Supervisory Board to recommend for election to the Annual General Meeting. This committee met on one occasion in 2020.

The Mediation Committee did not have to be convened in the reporting period.

The Audit Committee held five meetings in 2020. It focused on the annual and consolidated financial statements, the risk management system including the effectiveness of the internal control system and the internal audit system, and the work performed by the Company's Compliance organization. In addition, the Audit Committee concerned itself with the Volkswagen Group's quarterly reports and the half-yearly financial report, as well as with current issues and the

supervision of financial reporting and the financial reporting process, and the examination thereof by the auditors. The Audit Committee also discussed the creation of a system to monitor related-party transactions in line with new requirements of the Aktiengesetz (AktG – German Stock Corporation Act).

The Special Committee on Diesel Engines is responsible for coordinating all activities relating to the diesel issue and preparing resolutions by the Supervisory Board. To this end, the Special Committee on Diesel Engines is also provided with regular information by the Board of Management. This Special Committee is also entrusted with examining any consequences of the findings. The Chairman of the Special Committee on Diesel Engines reports regularly on its work to the Supervisory Board. In 2020, the Special Committee on Diesel Engines met on two occasions to discuss, among other things, reports from the Board of Management on the state of affairs with respect to the diesel issue as well as the latest developments in the consumer action for model declaratory judgment brought by the Verbraucherzentrale Bundesverband (Federation of Consumer Organizations) and in various other legal proceedings.

Furthermore, as a rule, the shareholder and employee representatives met for separate preliminary discussions before each of the Supervisory Board meetings.

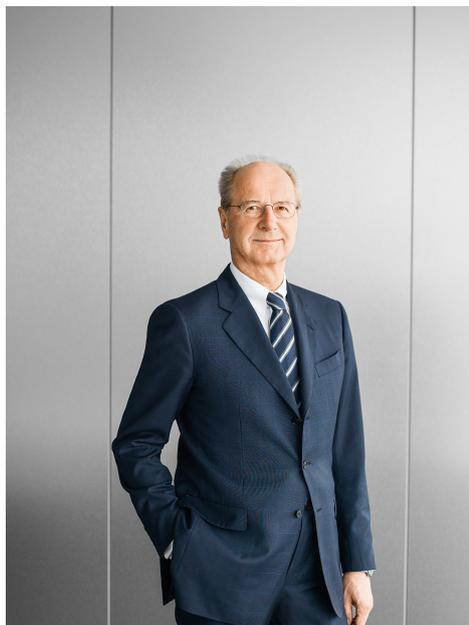
In connection with their seat on the Supervisory Board, members of the Supervisory Board receive support from the Company upon induction as well as with respect to education and training; the Company particularly supports the organization of seminars and bears the costs thereof. Supervisory Board members appointed for the first time are also provided with a detailed introduction to topics that apply specifically to the Supervisory Board of Volkswagen AG.

TOPICS DISCUSSED BY THE SUPERVISORY BOARD

The first Supervisory Board meeting of the reporting year took place on January 30, 2020 and focused on the strategic direction of the Truck & Bus brand group, especially the sale of shares in RENK AG.

The agenda of the Supervisory Board meeting on February 14, 2020 included a report on the latest developments in the model declaratory proceedings involving the Verbraucherzentrale Bundesverband e.V.

The Supervisory Board held its next meeting on February 28, 2020. Following a detailed examination, we approved the consolidated financial statements and the annual financial statements of Volkswagen AG for 2019 prepared by the Board of Management. We examined the combined management report, the combined separate nonfinancial report for 2019



Hans Dieter Pötsch

and the precautionary Report by the Board of Management on Relationships of Volkswagen AG with Affiliated Companies in accordance with section 312 of the AktG (dependent company report). Upon completion of our examination of the dependent company report, we came to the conclusion that there were no objections to be raised to the concluding declaration by the Board of Management in the dependent company report. Other agenda items included the current state of affairs with respect to the diesel issue, financing measures at the Volkswagen Group, full acquisition of the shares of AUDI AG (squeeze out) and the agenda for the 60th Annual General Meeting of Volkswagen AG, particularly resolutions proposed by the Supervisory Board.

At the Supervisory Board meetings on April 27 and May 12, 2020, we discussed the status of the criminal proceedings against the Chairman of the Supervisory Board of Volkswagen AG, Hans Dieter Pötsch, and the Chairman of the Board of Management of Volkswagen AG, Dr. Herbert Diess, on suspicion of violation of the Securities Trading Act in connection with the diesel issue.

The Supervisory Board convened for its next meeting on May 28, 2020. In addition to the composition of the Board of Management and Supervisory Board, particularly with regard to the enlargement of the Executive Committee and the appointment of further Executive Committee members, there were also strategic issues on the agenda. These related to e-mobility and autonomous driving, including the stepping up of the electric campaign in China through an increased shareholding in the JAC Volkswagen joint venture and the

global alliance with the Ford Motor Company. The agenda also covered the latest news on the diesel issue.

The main topic on the agenda of the Supervisory Board meeting on June 8, 2020 was the composition of the Board of Management, particularly the departure of Dr. Stefan Sommer from the Board of Management by mutual agreement.

At the Supervisory Board meeting on July 7, 2020, we discussed the composition of the Board of Management, especially the departure of Andreas Renschler from the Board of Management by mutual agreement. We also discussed strategic issues pertaining to the Truck & Bus brand group.

The Supervisory Board meeting on July 29, 2020 concentrated on minor amendments to the rules of procedure for the Audit Committee and a resolution on conducting the 60th Annual General Meeting of Volkswagen AG as a virtual Annual General Meeting on September 30, 2020.

At the Supervisory Board meeting on September 25, 2020, we discussed in detail the final report of the independent monitor and received an updated overview of the integrity and compliance program Together4Integrity. We discussed and decided on strategic decisions for which our consent was required, particularly the acquisition of the image processing business of Hella and the Artemis project (development of next-generation electric cars). We also prepared the 2020 Annual General Meeting. In addition, we deliberated on the current state of affairs with respect to the diesel issue and the investigations against a number of individuals relating to

remuneration granted to the Chairman of the General and Group Works Councils that might have been excessive under the provisions of the Betriebsverfassungsgesetz (BetrVG – German Works Constitution Act). We also discussed the monitoring of related-party transactions in line with new requirements of the AktG.

On November 7, 2020, the Supervisory Board held a meeting largely to discuss the strategic direction of the Truck & Bus brand group, particularly with regard to the takeover of Navistar, Inc. by TRATON SE as part of the TRATON Global Championship strategy.

At the Supervisory Board meeting on November 13, 2020, we discussed the principles of the enhanced remuneration system for Board of Management members. We also held in-depth discussions on the Volkswagen Group's investment and financial planning for the period from 2021 to 2025. Another agenda item for the meeting was the current state of affairs with respect to the diesel issue. We also submitted the annual declaration of conformity with the Code together with the Board of Management.

The last Supervisory Board meeting of the reporting year took place on December 14, 2020. At this meeting, we adopted the enhanced remuneration system for Board of Management members and discussed additional issues in relation to Board of Management remuneration. We also covered the composition of the Board of Management, especially the appointment of Mr. Murat Aksel, Dr. Arno Antlitz and Mr. Thomas Schmall-von Westerholt as Board of Management members and a redistribution of responsibilities.

In the reporting period, we voted in writing on matters such as the extension of Mr. Frank Witter's appointment as a member of the Board of Management, the principles for answering questions at the virtual Annual General Meeting and the request for the court appointment of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY) as the auditor for the half-yearly financial report and the interim report for the third quarter, necessitated by the postponement of the Annual General Meeting.

The following table shows the number of meetings of the full Board and the committees as well as the individual participation of the members of the Supervisory Board in 2020:

	Meetings of the full Supervisory Board	Meetings of the Committees
Hans Dieter Pötsch	11 out of 13	17 out of 21
Jörg Hofmann	13 out of 13	19 out of 20
Dr. Hussain Ali Al Abdulla	3 out of 13	–
Dr. Hessa Sultan Al Jaber	9 out of 13	–
Dr. Bernd Althusmann	12 out of 13	2 out of 2
Kai Bliesener (since June 20, 2020)	6 out of 6	–
Dr. Hans-Peter Fischer	13 out of 13	–
Marianne Heiß	12 out of 13	5 out of 5
Johan Järvklo (until May 29, 2020)	4 out of 6	–
Ulrike Jakob	13 out of 13	–
Dr. Louise Kiesling	13 out of 13	–
Peter Mosch	13 out of 13	22 out of 22
Bertina Murkovic	13 out of 13	15 out of 15
Bernd Osterloh	12 out of 13	27 out of 27
Dr. Hans Michel Piëch	13 out of 13	13 out of 13
Dr. Ferdinand Oliver Porsche	13 out of 13	7 out of 7
Dr. Wolfgang Porsche	13 out of 13	23 out of 23
Conny Schönhardt	13 out of 13	5 out of 5
Athanasios Stimoniariis	13 out of 13	–
Stephan Weil	9 out of 13	18 out of 21
Werner Weresch	13 out of 13	–

CONFLICTS OF INTEREST

Mr. Hans Dieter Pötsch was a member of the Board of Management of Volkswagen AG until October 2015. His move to the Supervisory Board had already been planned irrespective of the diesel issue. In order to avoid conceivable conflicts of interest, Mr. Pötsch always left the meeting room prior to discussions and resolutions adopted by the Supervisory Board that might relate to his conduct in connection with the diesel issue. In particular, Mr. Pötsch did not participate in the Supervisory Board meetings on April 27, 2020 and May 12, 2020, in which we discussed the status of the criminal proceedings against the Chairman of the Supervisory Board and the Chairman of the Board of Management of Volkswagen AG on suspicion of violation of the Securities Trading Act in connection with the diesel issue. Mr. Pötsch left the room when additional information was provided on this topic at the Supervisory Board meeting on May 28, 2020. At the meeting of the Supervisory Board on February 28, 2020, Mr. Pötsch and Mr. Stephan Weil did not take part in the deliberations and resolution on the termination of the proceedings brought by the Verbraucherzentrale für Kapitalanleger e.V. against resolutions of the 2017 Annual General Meeting approving the actions of Mr. Pötsch and Mr. Weil among other Board members.

Starting in autumn 2016, the public prosecutor's office in Braunschweig launched criminal investigations against a number of individuals relating to remuneration granted to the Chairman of the General and Group Works Councils of Volkswagen AG Mr. Bernd Osterloh, and other works council members that might have been excessive under the provisions of the Betriebsverfassungsgesetz (BetrVG – German Works Constitution Act). In order to avoid conceivable conflicts of interest, Mr. Osterloh always left the meeting room prior to discussions and resolutions adopted by the Supervisory Board that related to remuneration granted to him that might have been excessive under the provisions of the German Works Constitution Act. This included the Supervisory Board meeting on September 25, 2020, for example.

No other conflicts of interest were reported or were discernible in the reporting period.

CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

The Supervisory Board meeting on November 13, 2020 focused on the implementation of the recommendations and suggestions of the Code in the Volkswagen Group. We discussed the Code's guidance in detail and issued the annual declaration of conformity with the recommendations of the Code in accordance with section 161 of the AktG together with the Board of Management.

The joint declarations of conformity by the Board of Management and the Supervisory Board are permanently available at www.volkswagenag.com/en/InvestorRelations/corporate-governance/declaration-of-conformity.html. Additional information on the implementation of the recommendations and suggestions of the Code can be found in the Group Corporate Governance Declaration.

The Supervisory Board, and particularly the Audit Committee, also discussed the new provisions of the German Act on the Implementation of the Second Shareholders' Rights Directive (ARUG II – Gesetz zur Umsetzung der zweiten Aktionärsrichtlinie) regarding the treatment of related-party transactions. To this end, the Audit Committee agreed a suitable procedure with the Board of Management for ongoing monitoring of the Volkswagen Group's related party transactions. The Audit Committee commissioned EY to regularly review, on a spot check basis, whether related-party transactions were conducted at arm's length in accordance with proper business practice. No disclosures or approval decisions on the part of the Supervisory Board were required for related-party transactions under statutory provisions in the reporting year.

MEMBERS OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Mr. Johan Järvklo, Secretary-General of the European and Global Group Works Council of Volkswagen AG, stepped down from his post on the Supervisory Board of Volkswagen AG effective May 29, 2020. Mr. Järvklo had been a member of the Supervisory Board since November 22, 2015. He has been succeeded by Mr. Kai Bliesener, Head of Vehicle Construction and Automotive and Supplier Industry Coordinator at IG Metall, who was appointed by the court to succeed Mr. Järvklo effective June 20, 2020.

The term of office of Dr. Hussain Ali Al Abdulla on the Supervisory Board of Volkswagen AG duly ended at the close of the 60th Annual General Meeting. The Annual General Meeting elected Dr. Al Abdulla to the Supervisory Board for another full term of office as a shareholder representative.

Effective April 1, 2020, Mr. Markus Duesmann took up his post as a member of the Board of Management of Volkswagen AG and as a member and the Chairman of the Board of Management of AUDI AG. He succeeded Abraham Schot, who left the Company by mutual agreement effective March 31, 2020. On the Volkswagen AG Board of Management, Mr. Duesmann is responsible, in particular, for the Premium brand group.

Effective June 30, 2020, Dr. Stefan Sommer left the Volkswagen AG Board of Management. Dr. Sommer had been a member of the Board of Management since September 1,

2018 and was most recently responsible for Components and Procurement. He left the Company at his own request and by mutual agreement. Mr. Frank Witter, member of the Board of Management responsible for Finance and IT, took over Components and Procurement on an acting basis. Effective January 1, 2021, the Supervisory Board appointed Mr. Murat Aksel and Mr. Thomas Schmall-von Westerholt as new members of the Board of Management. The Supervisory Board also decided to split the Components and Procurement Board of Management position into two new Board positions: Technology and Purchasing. Mr. Schmall-von Westerholt is responsible for Technology effective January 1, 2021. Mr. Aksel took over the Purchasing Board position on the same date. In addition, the Supervisory Board decided to appoint Dr. Arno Antlitz as a member of the Board of Management to replace Frank Witter, who is due to leave the Board of Management. Dr. Arno Antlitz will be responsible for his divisions.

Effective July 15, 2020, Mr. Andreas Renschler left the management boards of Volkswagen AG and TRATON SE by mutual agreement. The Truck & Bus brand group, for which Mr. Renschler was responsible on the Volkswagen AG Board of Management, was taken over by Mr. Gunnar Kilian, member of the Board of Management for Human Resources and Truck & Bus.

Our sincere thanks go to all of the departing members of the Supervisory Board and the Board of Management for their work.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

In line with our proposal, the Annual General Meeting of Volkswagen AG on September 30, 2020 elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY) as auditors and Group auditors for fiscal year 2020. The auditors audited the annual financial statements of Volkswagen AG, the consolidated financial statements of the Volkswagen Group and the combined management report and issued unqualified audit reports in each case.

The Supervisory Board also commissioned EY to conduct an external limited assurance review of the content of the combined separate nonfinancial report for 2020.

In addition, the auditors analyzed the risk management and internal control system, concluding that the Board of Management had taken the measures required by section 91(2) of the AktG to ensure early detection of any risks endangering the continued existence of the Company. The Report on Relationships of Volkswagen AG with Affiliated Companies in accordance with section 312 of the AktG (dependent company report) for the period from January 1 to December 31, 2020 submitted by the Board of Management was also audited by the auditors, who issued the following opinion: "In our opinion and in accordance with our statutory audit, we certify that the factual disclosures provided in the report are correct and that the Company's consideration concerning legal transactions referred to in the report was not unduly high."

The members of the Audit Committee and the members of the Supervisory Board were provided with the documentation relating to the annual and consolidated financial statements,

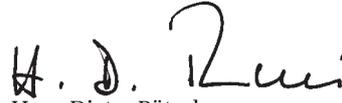
including the dependent company report, the documentation relating to the combined management report, and also the audit reports prepared by the auditors and the report from EY on the external content-related audit of the combined separate nonfinancial report for 2020 in good time for their meetings on February 25 and February 26, 2021, respectively. The auditors reported extensively at both meetings on the material findings of their audit and were available to provide additional information. The Chairman of the Audit Committee was also in close contact with the auditors, including between the meetings and during preparation for the Audit Committee meetings.

Taking into consideration the audit reports and the discussion with the auditors, and based on its own conclusions, the Audit Committee prepared the documents for the Supervisory Board's examination of the consolidated financial statements, the annual financial statements of Volkswagen AG, the combined management report, the dependent company report and the combined separate nonfinancial report for 2020, and reported on these at the Supervisory Board meeting on February 26, 2021. Following this, the Audit Committee recommended that the Supervisory Board approve the annual and consolidated financial statements. We examined the documents in depth in the knowledge and on the basis of the report by the Audit Committee and the audit report, as well as in talks and discussions with the auditors. We came to the conclusion that the documents are due and proper and that the assessment of the position of the Company and the Group presented by the Board of Management in the combined management report corresponds to the assessment by the Supervisory Board.

We therefore concurred with the auditors' findings and approved the annual financial statements and the consolidated financial statements prepared by the Board of Management at our meeting on February 26, 2021, which the auditors also attended for the agenda items relating to the annual and consolidated financial statements, the dependent company report and the combined management report. The annual financial statements are thus adopted. Upon completion of our examination of the dependent company report, there are no objections to be raised to the concluding declaration by the Board of Management in the dependent company report. We reviewed the proposal on the appropriation of net profit submitted by the Board of Management, taking into account in particular the interests of the Company and its shareholders, and endorsed the proposal. EY conducted an external audit of the content in the combined separate nonfinancial report for 2020 to attain limited assurance and issued an unqualified report. At our meeting on February 26, 2021, EY also took part in the discussions on the agenda items relating to the combined separate nonfinancial report for 2020. Upon completion of its own independent examination of the combined separate nonfinancial report for 2020, the Supervisory Board did not have any objections.

We would like to express our thanks and particular appreciation to the Board of Management, the Works Council, the management teams and all the employees of Volkswagen AG and its affiliated companies for their work in 2020. In the face of the new and unprecedented challenges brought by the Covid-19 pandemic, they all showed great personal commitment and responsibility, thereby making a decisive contribution to the successful 2020 fiscal year that the Volkswagen Group can look back on.

Wolfsburg, February 26, 2021



Hans Dieter Pötsch

Chairman of the Supervisory Board