

Corporate Governance Report

Corporate governance is defined as responsible, transparent corporate management and supervision that aims to add long-term value. For us, good corporate governance not only forms the basis for lasting success; it is also an important prerequisite for strengthening the trust of our stakeholders in our work.

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 contains recommendations and suggestions for sound, responsible corporate management and supervision. It was prepared by a dedicated government commission on the basis of the material provisions and nationally and internationally accepted standards of corporate governance. The government commission regularly reviews the Code 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 recommendations and suggestions of the German Corporate Governance 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 meet the steadily increasing demand for information from national and international stakeholders.

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

On March 14, 2016, the Board of Management and the Supervisory Board of Volkswagen AG issued a supplement to the declaration of conformity with the Code as required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) of November 20, 2015 with the wording quoted below.

“The Board of Management and the Supervisory Board declare that:

1) In their Declaration of Conformity dated November 20, 2015, the Board of Management and the Supervisory Board of Volkswagen AG declared that they would fully comply with the recommendations of the Government Commission of the German Corporate Governance Code (DCGK) in the version dated May 5, 2015 that had been published by the German Ministry of Justice in the official section of the Federal

Gazette (Bundesanzeiger) on June 12, 2015 with the exception of the following numbers:

- > a) 4.2.3(4) (severance pay cap)
- > b) 5.1.2(2) sentence 3 (age limit for members of the Board of Management)
- > c) 5.3.2 sentence 3 (independence of the Chair of the Audit Committee)
- > d) 5.4.1(5 to 7) (disclosure regarding election recommendations)
- > e) 5.4.6(2) sentence 2 (performance-related compensation of members of the Supervisory Board)

2) Due to the currently still unanswered questions relating to the consequences of the emissions issue and the resulting assessment questions, the Board of Management and the Supervisory Board have decided that the 2015 Consolidated Financial Statements and the interim report for the first quarter of 2016 will not be made publicly accessible within 90 days of the end of the fiscal year or within 45 days of the end of the quarter. As such, the supplement to the Declaration of Conformity from November 20, 2015 will include an explanation of the deviation from number 7.1.2 sentence 4 of the German Corporate Governance Code (deadlines for publication). The deviation is limited to the publications listed and the recommendation will be complied with once again as of the 2016 Half-Yearly Financial Report.”

On April 22, 2016, the Board of Management and the Supervisory Board of Volkswagen AG issued a further supplement to the declaration of conformity with the Code as required by section 161 of the AktG of November 20, 2015 with the wording quoted below.

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

1) In their Declaration of Conformity dated November 20, 2015, the Board of Management and the Supervisory Board of Volkswagen AG declared that they would comply with the recommendations of the Government Commission of the German Corporate Governance Code (the Code) in the version dated May 5, 2015 published by the German Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) on June 12, 2015 with the exception of the following articles:

- > a) 4.2.3(4) (severance payment cap)
- > b) 5.1.2(2) sentence 3 (age limit for members of the Board of Management)
- > c) 5.3.2 sentence 3 (independence of the Audit Committee Chair)
- > d) 5.4.1(5 to 7) (disclosure regarding election recommendations)
- > e) 5.4.6(2) sentence 2 (performance-related remuneration of members of the Supervisory Board)

2) In their supplement to the declaration described under 1) above, decided on March 14, 2016, the Board of Management and the Supervisory Board of Volkswagen AG further declared that an exception would be made in respect of article 7.1.2 sentence 4 of the Code (date of publication of financial statements).

3) The Supervisory Board today adjusted the performance targets and comparison parameters used to determine the variable remuneration for the members of the Board of Management in fiscal year 2015 in agreement with the individual members of the Board of Management. Article 4.2.3(2) sentence 8 of the Code excludes retroactive changes to the performance targets and comparison parameters for the variable remuneration components. However, the Supervisory Board and members of the Board of Management were of the opinion that continued adherence to the previous performance targets and comparison parameters would have led to results that do not adequately reflect the current situation of the company. A retroactive adjustment of the performance targets and comparison parameters was therefore considered advisable.

As such, a second supplement to the Declaration of Conformity dated 20 November 2015 is being issued in which the company declares that an exception will be made in respect of article 4.2.3(2) sentence 8 of the Code (exclusion of retroactive changes to the comparison parameters)."

On November 18, 2016, the Board of Management and the Supervisory Board of Volkswagen AG issued the annual declaration of conformity with the German Corporate Governance Code as required by section 161 of the AktG 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 May 5, 2015 ("the Code"), that was published by the German Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) on June 12, 2015, was complied with in the period from the last Declaration of Conformity from November 20, 2015 and will continue to be complied with, with the exception of the recommendations and their stated reasons and periods listed below.

- > a) 4.2.3(2) sentence 8 (exclusion of retroactive changes to comparison parameters)

On April 22, 2016, the Supervisory Board adjusted the performance targets and comparison parameters used to determine the variable remuneration for the members of the Board of Management in fiscal year 2015 in agreement with the individual members of the Board of Management. Article 4.2.3(2) sentence 8 of the Code excludes retroactive changes to the performance targets and comparison parameters for the variable remuneration components. However, the Supervisory Board and the members of the Board of Management were of the opinion that continued adherence to the previous performance targets and comparison parameters would have led to results that do not adequately reflect the situation of the company. A retroactive adjustment of the performance targets and comparison parameters was therefore considered advisable. As such, a supplement to the Declaration of Conformity dated November 20, 2015 was issued on April 22, 2016 in which the company declares that an exception will be made in respect of article 4.2.3(2) sentence 8 of the Code (exclusion of retroactive changes to the comparison parameters). The deviation is limited to the changes listed and since then the recommendation was and continues to be complied with once again.

- > b) 4.2.3(4) (severance pay cap)
A severance pay cap will be included in new contracts concluded with members of the Board of Management, but not in contracts concluded with Board of Management members entering their third term of office or beyond, provided a cap did not form part of the initial contract. Grandfather rights have been applied accordingly.
- > c) 5.1.2(2) sentence 3 (age limit for members of the Board of Management)
Previously, the members of the Supervisory Board had not considered an age limit for members of the Board of Management to be appropriate because the ability to manage a company successfully does not necessarily cease when a specific age is reached and a fixed age limit could be discriminating. The Supervisory Board has come to the conclusion that this concern can be allayed by drafting an appropriate definition for an age limit and has therefore determined a corresponding age limit today for members of the Board of Management. This recommendation shall therefore be approved again from today onwards.
- > d) 5.3.2 sentence 3 (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 number 5.3.2 sentence 3 of the Code. Such independence could be considered lacking in view of his membership of 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, in the opinion of the Supervisory Board and the Board of Management, these relationships do not constitute a conflict of interest, nor do they interfere with his duties as the Chairman of the Audit Committee. This exception is therefore being declared purely as a precautionary measure.

- › e) 5.4.1(5 to 7) (disclosure regarding election recommendations)

With regard to recommendation number 5.4.1(5 to 7) of the Code stating that certain circumstances must be disclosed by the Supervisory Board when making election recommendations to the Annual General Meeting, the stipulations of the Code are vague and the definitions unclear. Purely as a precautionary measure, the Board of Management and the Supervisory Board 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) 5.4.6(2) sentence 2 (performance-related remuneration of members of the Supervisory Board)

The remuneration of members of the Supervisory Board is regulated by the shareholders in article 17(1) of our Articles of Association. This regulation includes the linking of remuneration to dividend distribution. We therefore assume that we have complied with the Code and that the variable compensation component is oriented toward the sustainable growth of the enterprise as defined in number 5.4.6(2) sentence 2 of the Code. However, as it cannot be ruled out that other views will be taken in this respect, a deviation from this recommendation in the Code is being declared as a precautionary measure.

- › g) 7.1.2 sentence 4 (deadlines for publication)

Due to the unresolved questions relating to the consequences of the emissions issue and the resulting assessment questions, the Board of Management and the Supervisory Board have decided that the 2015 Consolidated Financial Statements and the interim report for the first quarter of 2016 will not be publicly accessible within 90 days of the end of the fiscal year or within 45 days of the end of the quarter. As such, the supplement to the Declaration of Conformity issued on November 20, 2015 included an explanation on March 14, 2016 of the deviation from item 7.1.2 sentence 4 of the German Corporate Governance Code (deadlines for publication). The deviation was limited to the publications listed and the recommendation was and continues to be complied with once again since the 2016 Half-Yearly Financial Report.”

The current declaration of conformity is also published on our website, www.volkswagen.com/ir.

With the exception of article 5.1.2(2) sentence 1 (appointment period for first-time appointments to the Board of Management), the suggestions of the current version of the Code have been complied with. The Supervisory Board decides the appointment period for each first-time appointment to the Board of Management on an individual basis, taking the best interests of the Company into account. The suggestion made in article 2.3.2 (availability of the proxy during the Annual General Meeting) was implemented at the 2016 Annual General Meeting in such a manner that the shareholders were able to reach, by electronic means and until 1:00 pm on the day of the Annual General Meeting, the proxies named by the Company to exercise their voting rights. The suggestion made in article 2.3.3 (broadcasting of the Annual General Meeting) was implemented at the 2016 Annual General Meeting in such a manner that the introductory remarks of the Chairman of the Supervisory Board and the speech of the Chairman of the Board of Management were broadcast.

Our listed subsidiaries AUDI AG, MAN SE and Renk AG have also issued declarations of conformity with the German Corporate Governance Code.

The declarations of conformity of our listed subsidiaries can be accessed at the websites shown on this page.

COOPERATION BETWEEN THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

The Supervisory Board advises and monitors the Board of Management with regard to the management of the Company and is directly involved in decisions of fundamental importance to the Group. The Board of Management and the Supervisory Board of Volkswagen AG consult closely on the strategic orientation of the Volkswagen Group. The two bodies jointly assess, at regular intervals, the progress made in implementing the 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 with regard to strategy, planning, the development of the business, the risk situation, risk management and compliance.

More information on the cooperation between the Board of Management and the Supervisory Board of Volkswagen AG

i DECLARATION OF CONFORMITY OF VOLKSWAGEN AG
www.volkswagen.com/ir

i DECLARATION OF CONFORMITY OF AUDI AG
www.audi.com/cgk-declaration

i DECLARATION OF CONFORMITY OF MAN SE
www.man.eu/corporate

i DECLARATION OF CONFORMITY OF RENK AG
<http://www.renk.biz/corporated-governance.html>

and on the work and structure of the committees of the Supervisory Board can be found in the Report of the Supervisory Board on pages 12 to 17 of this annual report.

Information on the members of the Board of Management and Supervisory Board as well as on the Supervisory Board committees can be found on pages 84 to 87.

OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD, BOARD OF MANAGEMENT AND SENIOR EXECUTIVE POSITIONS

In view of the purpose of the Company, its size and the extent of its international activities, the Supervisory Board of Volkswagen AG strives to take the following criteria into account in its composition:

- > At least three members of the Supervisory Board should be persons who embody in particular the characteristic of internationality.
- > At least four shareholder representative members of the Supervisory Board should be persons who do not represent potential conflicts of interest, particularly conflicts of interest that could arise through a position as a consultant or member of the governing bodies of customers, suppliers, lenders, or other third parties.
- > In addition, at least four of the shareholder representatives must be persons who are independent as defined in article 5.4.2 of the German Corporate Governance Code.
- > Furthermore, proposals for elections should not normally include persons who will have reached the age of 75 by the time the election takes place or who will have been members of the Supervisory Board for more than 15 years by the time the election takes place.

The above criteria have been met. The statutory quota of at least 30% women and 30% men will apply to new appointments to the Supervisory Board of Volkswagen AG from January 1, 2016 in accordance with the Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst (FührposGleichberG – 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 shall meet this quota separately. The election of Ms Hessa Sultan Al-Jaber to the Supervisory Board at the 2016 Annual General Meeting meant that the quota of at least 30% women and 30% men was achieved separately for the shareholder representatives; the quota was still complied with as of December 31, 2016. As far as the employee representatives are concerned, the minimum quota does not have to be met until the next scheduled election of employee representatives to the Supervisory Board in 2017. As of year-

end 2016, 10% of the employee representatives on the Supervisory Board of Volkswagen AG were women.

In 2015, the Supervisory Board of Volkswagen AG set itself the long-term goal of increasing the proportion of female members on the Board of Management to 30%. As of the date stipulated in the FührposGleichberG for determining a specific target, the Supervisory Board did not see any opportunity to increase the proportion of female members on the Board of Management before the end of 2016 and consequently resolved a target quota of zero for December 31, 2016. Since the appointment of Dr. Christine Hohmann-Dennhardt, who was responsible for Integrity and Legal Affairs on the Board of Management from January 1, 2016 to January 31, 2017 and Ms. Hiltrud Dorothea Werner, who has been responsible for the position since February 1, 2017, the proportion of female members on the Group Board of Management has been 11.1%; the target quota as of December 31, 2016 has thus been exceeded.

In accordance with the aforementioned act, the Supervisory Board was required to set a target quota for the proportion of female members on the Board of Management for the period after December 31, 2016. This target quota was set at 11.1% and has to be achieved by December 31, 2021.

In the reporting period, Volkswagen AG reached the target quotas it had set for the proportion of women in management in accordance with FührposGleichberG: by the end of the year, the proportion of women was 9.8% (target: 9.8%) in the first management level and 13.5% (target: 13.3%) in the second management level. For the new period up to the end of 2021, Volkswagen AG is aiming to have 13.0% women in the first management level and 16.9% women in the second management level.

REMUNERATION REPORT

Extensive explanations of the remuneration system and the individual remuneration of the members of the Board of Management and the Supervisory Board can be found in the Remuneration Report on pages 67 to 83 of the management report, in the notes to the consolidated financial statements on page 319, and on page 57 of the notes to the annual financial statements of Volkswagen AG.

CORPORATE GOVERNANCE DECLARATION

The corporate governance declaration forms part of the combined management report and is permanently available at www.volkswagenag.com/ir.

COMPLIANCE

Compliance with international rules and the fair treatment of our business partners and competitors are among our Company's guiding principles. Volkswagen's commitment has gone beyond statutory and internal requirements; voluntary commitments and ethical principles also form an integral part of our corporate culture. Compliant behavior is a corner-

stone of economic success and must be self-evident for all Group employees. One of our Company's main tasks at the present time is to enhance awareness of this.

Commitment to compliance at the highest level

This view is expressly shared by the Company's management. At a management event in Wolfsburg in 2016, Matthias Müller, Chairman of the Board of Management of Volkswagen AG, said: "We want to make integrity the basis for all of our actions, anchored deeply throughout the entire Group. To this end, we will redouble our efforts as regards compliance with rules and regulations across the Group." He continued: "Compliance is not the task of a single person or department: as managers are all called upon to play a part."

In an article for the Volkswagen intranet, the member of the Board of Management responsible for Integrity and Legal Affairs emphasized: "We at Volkswagen want our business to be respectable – in both senses of the word. We can achieve that only by complying with laws and regulations, obeying our internal rules and honoring the voluntary commitments we have entered into. One thing is certain: we will enjoy long-term success only if our actions are marked by honesty and integrity. Let us all do everything in our power to ensure that we can be proud not only of what we achieve, but also of how we achieve it."

Preventive compliance management system

Since 2016, responsibility for compliance has been assigned to the new Integrity and Legal Affairs position on the Board of Management, and it is also a key component of the Governance, Risk & Compliance (GRC) organization (see also Report on Risks and Opportunities starting on page 180). Volkswagen adopts, above all, a preventive approach to compliance that is designed to stop potential breaches before they occur by raising awareness and educating employees. This particularly includes the Code of Conduct and guidelines, communicating compliance, tutorials, training and advice measures, the business partner check as well as the ombudsman system (individual details pertaining to this listed below).

In addition, Volkswagen adopts a repressive approach to compliance. Group Internal Audit and Group Security regularly perform the necessary investigative activities, systematically monitor compliance and perform random checks regardless of any suspicion of infringements, and investigate specific suspected breaches. Responses are implemented by the Human Resources and Group Legal departments. These processes are closely interrelated, in line with the concept of a comprehensive compliance management system. Nevertheless, we are aware that even the best compliance management system can never entirely prevent the criminal actions of individuals.

The Group Chief Compliance Officer is supported by 14 chief compliance officers and compliance contact persons (staff who are responsible at the brands, Volkswagen Finan-

cial Services and Porsche Holding GmbH, Salzburg). They are supported by compliance officers in the Group companies. Networking activities of this organization during the reporting period included the major GRC Global Conference in Berlin, in which some 300 employees from 30 countries and representing 12 Group brands took part. In a variety of workshops and presentations, the participants had an opportunity to share their ideas on current and future aspects of compliance and risk management.

In addition, various bodies support the work of the compliance organization at Group and brand company levels. These include the Compliance Council at senior management level and the Compliance Core Team, which pools compliance expertise from different departments.

Focal points in 2016

Each year, detailed compliance risk assessments are carried out across the Group as part of the standard GRC process. The results are factored into the risk analyses performed by the Volkswagen Group, the brands and the companies, as well as into compliance program planning.

In response to the diesel issue, we worked on measures to ensure enhanced product compliance, both in the development and production process and as regards quality assurance. Furthermore, the way development processes are designed makes it even easier to identify and prevent even the mere attempt to circumvent binding rules. In this context, we have further strengthened, among other things, the conformity assessments for our products.

What is more, in the reporting period we expanded the range of services aimed at providing employees with advice and support, extending our advisory services and our range of online tutorials. We also published a new information guide for our staff on the prevention of money laundering.

The structure and processes of the Volkswagen Group's whistleblower system were reorganized. The Board of Management has adopted a Group-wide guideline for the whistleblower system that sets out, in particular, clear rights for protecting whistleblowers and those under investigation. As of 2017, the Integrity and Legal Affairs position on the Board of Management will be responsible for the process of recording and analyzing the information reported by whistleblowers. In particular, Group Internal Audit and Group Security will be tasked with investigating whistleblower reports.

Code of Conduct and guidelines

We have communicated the Code of Conduct, including the obligation to comply with laws, to employees at the brand companies; it is a key component of our compliance training. It is also integrated into our operational processes. For example, all new employment contracts entered into between Volkswagen AG on the one hand and both management staff and employees covered by collective agreements on the other

hand include a reference to the Code of Conduct and the obligation to comply with it. In addition, compliance with the Code of Conduct remained a component of our employees' annual reviews in the reporting period and was thus taken into account when calculating their variable, performance-related remuneration.

In addition to the Code of Conduct, the Volkswagen Group's compliance framework incorporates the anti-corruption guidelines, including checklists and the express prohibition of facilitation payments, as well as guidelines on competition, antitrust law and anti-money laundering. Organizational instructions on dealing with gifts and invitations as well as on making donations also apply across the Group.

Employees have access to the compliance rules and regulations via the special compliance pages on the Company intranet.

Communicating compliance

The GRC organization provided information on various compliance issues to the Group's brands and companies over the year, using a wide range of traditional communication channels. These include reports in various employee magazines produced by the brands, companies and locations. Digital media such as intranet portals, smartphone and tablet apps, blogs and newsletters are also frequently used to provide compliance information.

Learning programs, training and advice

Providing information to employees at all levels continues to be a core component of our compliance activities. In 2016, approximately 187,000 employees across the Group participated in a variety of training courses on compliance-related topics such as the Code of Conduct, anti-corruption, human rights, anti-money laundering, and competition and antitrust law. In addition to traditional lectures and online tutorials, case studies, role-playing games and other interactive formats form an integral part of the training provided to employees and managers. In addition, a management talk on risk management and compliance is offered to newly appointed senior managers of Volkswagen AG. All new Volkswagen AG employees are required to complete an online tutorial and an online test on the Group's Code of Conduct. The subject of human rights forms an integral part of this tutorial. Among other things, a compliance app for smartphones and tablets is available to Volkswagen AG's employees as a self-learning tool. Employees of all brand companies and a large number of Group companies are able to obtain personal advice about compliance issues, usually by contacting the compliance organization via a dedicated e-mail address. An IT-based information and advisory tool is available at Volkswagen AG's German locations.

Business partner check

We also expect our business partners to act with integrity and ensure regulatory compliance. For this reason, Volkswagen verifies the integrity of its business partners (business partner check) in a risk-oriented approach. This check allows us to find out about potential business partners before entering into a relationship with them, thus reducing the risk of starting a partnership that could be damaging to the Company or its business.

Ombudsman system

The Group-wide ombudsman system can be used to report any breaches or suspicions regarding corruption, illegal economic activity, or other irregularities, such as violations of human rights and unethical conduct. The reports, which are sent to two external lawyers appointed by the Group, may be submitted in any of the major languages used by the Group. Since 2014, employees providing information have had the option of communicating with the ombudsmen via an additional online channel; breaches can be reported using a technically highly secure electronic mailbox. It goes without saying that the people providing the information need not fear any sanctions from the Company for their actions. After carrying out a corresponding plausibility check, the ombudsmen passed on 125 reports from people – whose details were kept confidential if requested – to Volkswagen AG's Group Internal Audit department in 2016. Furthermore, 110 reports were submitted directly to the Head of Group Internal Audit. The local auditing departments of the brands and Group companies received a total of 481 reports. All information was or is being followed up. By the time the project has been categorically completed, all reports will have been processed and a final evaluation prepared.

■ OMBUDSMAN SYSTEM
www.ombudsmen-of-volkswagen.com

Effectiveness review

We review the effectiveness of the compliance measures taken at the Volkswagen Group's brands and companies annually using an integrated survey, which forms part of the standard GRC process. We check the effectiveness of selected countermeasures as well as the management controls used to respond to compliance risks. In addition, independent reviews by the Group Internal Audit function at the corporate units and the regular exchange of information with external bodies help ensure continuous improvement of the compliance management system.

In accordance with the normative standards issued by Deutsches Institut für Interne Revision e.V. (German Institute for Internal Auditing – DIIR), internal audit functions should be audited externally every five years. An external quality assessment of the Volkswagen Group's internal audit system was carried out by an audit firm in the period between the third quarter of 2014 and the first quarter of 2015. In addition to central management and supervisory processes, this took into consideration the quality of the brands' and regions' internal audit functions (sample size: Volkswagen AG, AUDI AG, SEAT S.A., Volkswagen de Mexico, Volkswagen Group China). The auditors confirmed that all of the internal audit units examined are fully compliant with the underlying DIIR Standard No. 3 "Quality management in the internal audit activity" and, in many areas, use leading internal audit methodologies and practices. During the reporting period, the internal quality management process was further developed and a continuous improvement process was also performed under the direction of Group Internal Audit.

RISK MANAGEMENT, AUDIT

Carefully managing potential risks to the Company is a key component of our daily work. Volkswagen Group's risk management system is oriented toward identifying, assessing, communicating and responding to risks at an early stage. This system is reviewed on an ongoing basis and adjusted if and when conditions change. A detailed description of the risk management system and our accounting-related internal control system can be found in the Risk Report on pages 180 to 183 of this annual report.

The Supervisory Board has established an Audit Committee, which above all monitors the financial accounting processes and the effectiveness of the internal control system, the risk management system and the internal audit system. It also supervises the audit of the financial statements, particularly the independence of the auditors and the additional services provided by them. The Committee offers a recommendation for the Supervisory Board proposal on the election of the auditor. In addition, it conducts a pre-audit of the financial reporting and considers questions related to accounting and compliance. Furthermore, the Audit Committee obtains a declaration of independence from the auditor, prepares the audit

engagement resolution, thereby giving consideration to the annual audit planning, the areas of emphasis for the audit, the agreed fee and the auditor's information obligations.

COMMUNICATION AND TRANSPARENCY

The Volkswagen Group publishes a financial calendar listing all the relevant dates for its shareholders in its annual report and interim reports as well as on its website at www.volkswagenag.com/ir. Among other things, invitations to and the agendas for the shareholders' meetings and any counter motions received are also available on this website. At the shareholders' meetings, shareholders may exercise their voting rights themselves, have this right exercised on their behalf by a third-party proxy whom they have appointed, or use a proxy designated by the Company who votes on their behalf in accordance with their voting instructions. We also give our shareholders the opportunity to watch the introductory remarks of the Chairman of the Supervisory Board and the speech of the Chairman of the Board of Management on the Internet. In addition, news and information on the Volkswagen Group are available on our website. The press releases and other information are published in both English and German.

Immediately after their publication in accordance with legal requirements, the Company's ad hoc releases are also published on the same website under the heading "IR News, Financial Publications & Presentations", menu item "Ad-hoc releases".

We publish directors' dealings pursuant to section 15a of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) and Article 19 of the Market Abuse Directive under the heading "Corporate Governance", menu item "Directors' Dealings".

On the same web page – under the heading "IR News, Financial Publications & Presentations", menu item "Financial Publications" – you can also access details of the notifications filed in the reporting period in compliance with sections 21 ff. of the WpHG as well as notifications relating to other legal issues.

The supervisory body appointments held by Board of Management members and Supervisory Board members can be found on pages 85 to 87 of this annual report. The shareholder structure is presented on page 113.

MANDATORY PUBLICATIONS OF VOLKSWAGEN AG
www.volkswagenag.com/ir