

Declaration of the Board of Management and the Supervisory Board of
VOLKSWAGEN AG
on the recommendations of the
Government Commission of the German Corporate Governance Code
pursuant to section 161 of the German Stock Corporation Act (AktG)

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

The recommendations of the Government Commission of the German Corporate Governance Code in the version dated 7 February 2017 (the 2017 Code) that was published by the German Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) on 24 April 2017 was complied with in the period from the last Declaration of Conformity dated 15 November 2019 until the entry into force of the reformed Code in the version dated 16 December 2019 on 20 March 2020, with the exception of the sections and the stated reasons and periods listed below.

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

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

b) 5.4.1(6-8) (disclosure regarding election proposals)

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

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

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

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

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

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

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

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

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

c) Recommendation C.10 sentence 1 (Independence of the Chair of the Supervisory Board and Chair of the committee)

According to this recommendation of the 2020 Code, the Chair of the Supervisory Board and the Chair of the committee that addresses Management Board remuneration shall be independent from the company and the Management Board. According to the criteria listed in Recommendation C.7, there is indication of a lack of independence if a member of the Supervisory Board was a member of the Management Board in the two years prior to their appointment to the Supervisory Board. The Chairman of the Supervisory Board, who is also the Chairman of the committee that addresses Board of Management remuneration, transferred directly from the Board of Management to the Supervisory Board at the time of his appointment to the Supervisory Board.

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

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

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

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

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

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

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

Regarding justification, we refer to the statements made above regarding Recommendation C.10 sentence 2. If the Chair of the Audit Committee is not independent from the controlling shareholder, according to the definition of Recommendation C6, sentence 2, he/she is also not independent within the meaning of Recommendation D.4.

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

The Supervisory Board introduced a new remuneration system in 2017, which takes into account all recommendations of the 2017 Code. The recommendations are significantly different in the reformed 2020 Code. The remuneration system from 2017 does not comply with these amended recommendations in some aspects. The Supervisory Board is planning to introduce a new remuneration system that complies with the amended recommendations of the 2020 Code. Until this has been carried out, the deviations will be described here and in the following text. The Supervisory Board has not yet passed a resolution on a remuneration system within the meaning of Recommendation G.1. The justification from the Commission on Recommendation G.1, also establishes the following: the total remuneration is the sum of all remuneration components for the year in question, including the past service cost within the meaning of IAS 19. This will also apply to the maximum remuneration. The remuneration ceilings within our remuneration system were established without taking into account pension scheme expenses or fringe benefits and therefore do not represent maximum remuneration within the meaning of Recommendation G.1. Using the remuneration system in place to date, it is not possible to deduce the relative proportions of the individual remuneration components of target total remuneration, within the meaning of the recommendation. Furthermore, contrary to Recommendation G.2, the Supervisory Board has not yet passed a resolution on specific target total remuneration for the individual members of the Board of Management within the meaning of Recommendation G.1.

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

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

j) Recommendation G.11 sentence 2 (Clawback provision)

Contrary to sentence 2 of this recommendation, the current remuneration system makes no provision for the company to retain or reclaim variable remuneration from the members of the Board of Management.

Wolfsburg, 13 November 2020

For the Supervisory Board

For the Board of Management

Pötsch

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