

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 5 May 2015 (DCGK) that was published by the German Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) on 12 June 2015 was complied with in the period from the last Declaration of Conformity from 20 November 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 22 April 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 DCGK 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 20 November 2015 was issued on 22 April 2016 in which the company declares that an exception will be made in respect of article 4.2.3(2) sentence 8 of the DCGK (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 DCGK. 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 DCGK stating that certain circumstances must be disclosed by the Supervisory Board when making election recommendations to the Annual General Meeting, the stipulations of the DCGK 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 DCGK 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 DCGK 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 DCGK. However, as it cannot be ruled out that other views will be taken in this respect, a deviation from this recommendation in the DCGK 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 20 November 2015 included an explanation on 14 March 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.

Wolfsburg, 18 November 2016

For the Supervisory Board

For the Board of Management

Hans Dieter Pötsch

Matthias Müller