

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 new remuneration system for the Board of Management.

PRINCIPLES OF 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 system implements the requirements of the Aktiengesetz (AktG – German Stock Corporation Act) and the recommendations of the German Corporate Governance Code (the Code). In particular, the remuneration structure is focused on ensuring sustainable business development 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.

At the beginning of 2017, the Supervisory Board of Volkswagen AG resolved to adjust the remuneration system of the Board of Management with effect from January 1, 2017. The new system for remuneration of the Board of Management was approved by the Annual General Meeting on May 10, 2017 with 80.96% of the votes cast. The adjustment, in which the Supervisory Board was assisted by renowned, independent external remuneration and legal consultants, resulted in an alignment with the new Group strategy TOGETHER – Strategy 2025.

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 the 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

In this section, we provide an overview of the new remuneration system before going into the components of the remuneration for the reporting period.

Overview of the new remuneration system

The new remuneration system of the Board of Management comprises non-performance-related and performance-related components. The performance-related remuneration consists of an annual bonus with a one-year assessment period and a long-term incentive (LTI) in the form of a performance share plan with a forward-looking three-year term. The performance share plan is linked to business development in the next three years and is thus based on a multiyear, forward-looking assessment that reflects both positive and negative developments. The non-performance-related component creates an incentive for 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. The performance-related components, dependent among other criteria on the financial performance of the Company, serve to ensure the long-term impact of behavioral incentives.

If 100% of the respectively agreed targets are achieved, the annual target remuneration for each member of the Board of Management will amount to a total of €4,500,000 (corresponding to a basic remuneration of €1,350,000, a target amount from the annual bonus of €1,350,000 and a target amount from the performance share plan of €1,800,000). The annual target remuneration for the Chairman of the Board of Management amounts to a total of €9,000,000 (basic remuneration of €2,125,000, a target amount from the annual

bonus of €3,045,000, and a target amount from the performance share plan of €3,830,000).

Annual minimum remuneration of €3.5 million (sum of basic and variable remuneration) was contractually agreed with Mr. Blessing.

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 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.

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

Performance-related remuneration

The performance-related/variable remuneration consists of an annual performance-related bonus with a one-year assessment period and a long-term incentive (LTI) in the form of a performance share plan with a forward-looking three-year term (long-term incentive components) and phantom preferred shares. The components of performance-related/

variable remuneration therefore reflect both positive and negative developments.

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

Annual bonus

The annual bonus is based upon the result for the respective fiscal year. Operating profit achieved by the Volkswagen Group plus the proportionate operating profit of the Chinese joint ventures form half of the basis for the annual bonus, with operating return on sales achieved by the Volkswagen Group making up the second half. Each of the two components of the annual bonus will only be payable if certain thresholds are exceeded or reached.

The calculated payment amount may be individually reduced (multiplier of 0.8) or increased (multiplier of 1.2) by up to 20% by the Supervisory Board, taking into account the degree of achievement of individual targets agreed between the Supervisory Board and the respective member of the Board of Management, as well as the success of the full Board of Management in achieving the transformation of the Volkswagen Group's employees into new areas of activity.

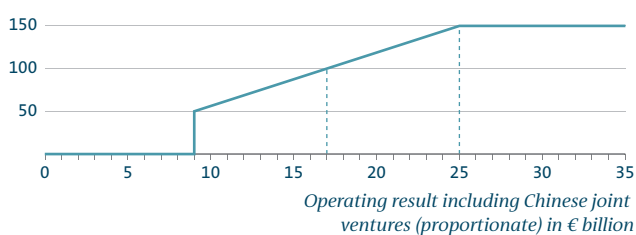
The payment amount for the annual bonus is capped at 180% of the target amount for the annual bonus. The cap arises from 150% of the maximum financial target achievement and a performance factor of a maximum of 1.2.

CALCULATION OF THE PAYMENT AMOUNT FOR THE ANNUAL BONUS

TARGET	×	TARGET ACHIEVEMENT	=	ANNUAL BONUS
		Company bonus Operational KPIs (0 – 150% target achievement)	×	Performance factor Multiplier (0.8 – 1.2)
				Payment amount

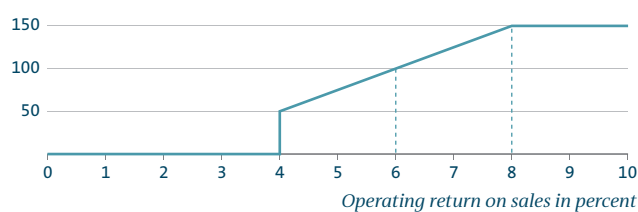
50 PERCENT COMPONENT 1

Target achievement in percent



50 PERCENT COMPONENT 2

Target achievement in percent



COMPONENT 1: OPERATING RESULT INCLUDING CHINESE JOINT VENTURES (PROPORTIONATE)

€ billion	2017
Maximum threshold	25.0
100% level of target	17.0
Minimum threshold	9.0
Actual	18.6
Target achievement (in %)	110

COMPONENT 2: OPERATING RETURN ON SALES

%	2017
Maximum threshold	8.0
100% level of target	6.0
Minimum threshold	4.0
Actual	6.0
Target achievement (in %)	100

Performance share plan – long-term incentive (LTI)

The LTI is granted to the Board of Management in the form of a performance share plan. Each performance period of the performance share plan has a term of three years. At the time the LTI is granted, the annual target amount under the LTI is converted on the basis of the initial reference price of Volkswagen's preferred shares into performance shares of Volkswagen AG, which are allocated to the respective member of the Board of Management purely for calculation purposes. The conversion is performed based on the unweighted average of the closing prices of Volkswagen's preferred shares for the last 30 trading days preceding January 1 of a given fiscal year. At the end of each year, the number of performance shares is determined definitively for one-third of the three-year performance period based on the degree of target achievement for the annual earnings per Volkswagen preferred share (EPS – earnings per share per preferred share in €). A prerequisite for this is that a threshold is reached.

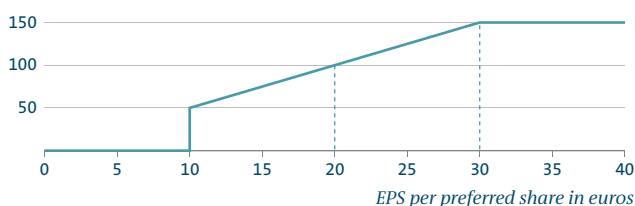
A cash settlement is made at the end of the three-year term of the performance share plan. The payment amount corresponds to the final number of determined performance shares, multiplied by the closing reference price at the end of the three-year period plus a dividend equivalent for the relevant term. The closing reference price is the unweighted average of the closing prices for Volkswagen's preferred shares for the 30 trading days preceding the last day of the three-year performance period.

€	2017
Initial reference price	127.84
Closing reference price	— ¹
Dividend equivalent	2.06

1. Determined at the end of the performance period.

EPS PERFORMANCE MEASUREMENT

Target achievement in percent



PERFORMANCE PERIOD 2017 – 2019

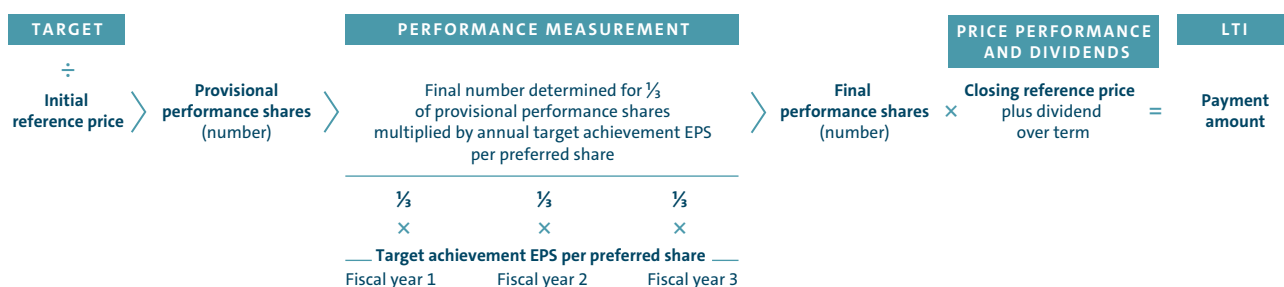
€	2017
Maximum threshold	30.00
100% level of target	20.00
Minimum threshold	10.00
Actual	22.69
Target achievement (in %)	113

The payment amount under the performance share plan is limited to 200% of the target amount. An advance of 20% on the payment amount is paid if the average ratio of capex to sales revenue in the Automotive Division or the R&D ratio of the last three years is smaller than 5%.

Should a member of the Board of Management leave the Company of their own volition without good cause before the performance shares are paid out or should that member start working for a competitor, the unpaid performance shares will expire. For members of the Board of Management who held their seat as of December 31, 2016, this rule only applies in the event of a future reappointment. Ms. Werner was appointed as a member of the Board of Management with effect from February 1, 2017.

In the introductory phase of the performance share plan (2017 – 2018), the members of the Board of Management who were Board members as of December 31, 2016 will receive advances of 80% of their target amount. The Chairman of the Board of Management will receive 100% of his target amount in advance. The two advances will each be paid after the first year of the performance period. After the last day of the relevant three-year performance period, settlement will be made based on actual achievement of targets. The Chairman of the Board of Management has been granted the option of immediate settlement of the performance shares at the end of his contract of service.

CALCULATION OF THE PAYMENT AMOUNT FROM THE PERFORMANCE SHARE PLAN



INFORMATION ON THE PERFORMANCE SHARES

€	PERFORMANCE PERIOD 2017 – 2019	
	Number of performance shares allocated at the grant date	Fair value at the grant date
Matthias Müller	29,959	4,309,602
Karlheinz Blessing	14,080	2,025,408
Herbert Diess	14,080	2,048,640
Francisco Javier Garcia Sanz	14,080	1,890,944
Jochem Heizmann	14,080	2,031,040
Andreas Renschler	14,080	1,891,648
Rupert Stadler	14,080	2,025,408
Hiltrud Dorothea Werner	12,907	1,856,672
Frank Witter	14,080	2,025,408
Total	141,426	20,104,770

€	Provision as of Dec. 31, 2017	Intrinsic value as of Dec. 31, 2017	Comprehensive income 2017 arising from performance shares
Matthias Müller	10,201,381	4,728,427	10,201,381
Karlheinz Blessing	5,202,356	2,222,245	5,202,356
Herbert Diess	3,673,623	2,222,245	3,673,623
Francisco Javier Garcia Sanz	5,405,211	2,222,245	5,405,211
Jochem Heizmann	4,102,990	2,222,245	4,102,990
Andreas Renschler	4,747,249	2,222,245	4,747,249
Rupert Stadler	4,698,709	2,222,245	4,698,709
Hiltrud Dorothea Werner	623,526	–	623,526
Frank Witter	5,128,707	2,222,245	5,128,707
Total	43,783,751	20,284,141	43,783,751

The number of performance shares includes the provisional performance shares allocated at the grant date of the performance share plan. The fair value as at the grant date was determined using a recognized valuation technique.

The provision recognized as of December 31, 2017 reflects the obligation to the members of the Board of Management. To determine its amount, the performance shares expected for future performance periods were taken into account in addition to the provisional performance shares determined or allocated for the performance period 2017 – 2019. 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, 2017. Only the nonforfeitable (vested) performance shares at the reporting date are included in the calculation. The intrinsic value was calculated based on the unweighted average share price for the 30 trading days (Xetra closing prices of Volkswagen's preferred shares) preceding December 31, 2017, taking the dividends paid per preferred share during the performance period into account. The net value of all amounts recognized in income for the performance shares in fiscal year 2017 is recorded in comprehensive income 2017 arising from performance shares according to IFRS.

Phantom preferred shares

The phantom preferred shares for the remuneration withheld for 2015 will form part of the Board of Management remuneration until they are paid out in 2019.

Total remuneration cap

In addition to the cap on the individual variable components of the remuneration for the members of the Board of Management, the annual benefits received according to the Code, consisting of basic remuneration and the variable remuneration components (i.e. annual bonus and performance share plan) for one fiscal year, may not exceed an amount of €10,000,000 for the Chairman of the Board of Management and of €5,500,000 for each member of the Board of Management. If the total amount is exceeded, the variable components will be reduced proportionately.

Regular review and adjustment

The Supervisory Board regularly reviews and, if necessary, adjusts the level of the total remuneration cap and the individual targets.

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 ⅔% 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 began 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 PREFERRED SHARES FROM THE REMUNERATION WITHHELD FOR FISCAL YEAR 2015

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 for fiscal year 2015 for the Board of Management members active on the date of the resolution and to make its disposal subject to future share price performance.

This is being 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 are entitled to a dividend equivalent in the amount of the dividends paid on real preferred shares. The shares will be reconverted and paid out either when the three-year holding period has expired or – in the event that members retire early from office – at the time that they do so.

To determine the payment amount, the average share price for the 30 trading days preceding the last day of the holding period, i.e. April 22, 2019, or preceding the leaving date will be calculated (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. The figure thus calculated will be multiplied by the number of phantom preferred shares so as to calculate the amount to be paid to each Board of Management member. 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 to a minimum of €0. The amount disbursed may not be more than twice the amount originally withheld. If 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 that their contract of service ends.

The number of phantom preferred shares granted on April 22, 2016 to the members of the Board of Management who were in office at that time did not change in fiscal year 2017. The fair value as of December 31, 2017 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, 2017. The intrinsic value was calculated based on the average share price for the 30 trading days (Xetra closing prices of Volkswagen's preferred shares) preceding December 31, 2017, taking the initial reference price and the dividends for the relevant fiscal years into account. "Comprehensive income 2017 arising from phantom preferred shares" according to with IFRSs records the net amount arising from the fair value as of December 31, 2017 and December 31, 2016. "Comprehensive income 2016 arising from phantom preferred shares" in accordance with IFRSs records the net amount withheld (nominal) on the basis of acceptance by the Supervisory Board on April 22, 2016 of the statement made by the members of the Board of Management, and the corresponding fair value as of December 31, 2016.

INFORMATION ON THE PHANTOM PREFERRED SHARES HELD IN 2017

€	Number of phantom shares	Provision Dec. 31, 2017	Provision Dec. 31, 2016	Intrinsic value Dec. 31, 2017	Intrinsic value Dec. 31, 2016	Comprehensive income 2017 arising from phantom preferred shares	Comprehensive income 2016 arising from phantom preferred shares ¹
Matthias Müller	10,583	1,462,126	1,046,032	1,520,036	1,058,194	416,094	–139,880
Herbert Diess	4,317	596,428	426,696	620,051	431,657	169,732	–57,024
Francisco Javier Garcia Sanz	8,633	1,192,718	853,293	1,239,958	863,214	339,425	–114,147
Jochem Heizmann	8,633	1,192,718	853,293	1,239,958	863,214	339,425	–114,147
Andreas Renschler	7,914	1,093,382	782,226	1,136,688	791,321	311,156	–104,594
Rupert Stadler	8,633	1,192,718	853,293	1,239,958	863,214	339,425	–114,147
Frank Witter	1,990	274,934	196,693	285,824	198,980	78,241	–26,356
Total	50,703	7,005,022	5,011,525	7,282,472	5,069,793	1,993,496	–670,296

1. Income in 2016.

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

€	2017			Total remuneration	2016
	Non-performance-related components	Performance-related component	Long-term incentive component		Total remuneration
Matthias Müller ¹	2,317,735	3,513,207	4,309,602	10,140,544	7,251,929
Karlheinz Blessing	1,610,515	1,557,579	2,025,408	5,193,502	3,334,940
Herbert Diess	1,428,104	1,557,579	2,048,640	5,034,323	3,226,587
Francisco Javier Garcia Sanz	1,560,686	1,557,579	1,890,944	5,009,209	3,215,679
Jochem Heizmann	1,551,145	1,557,579	2,031,040	5,139,764	3,155,508
Christine Hohmann-Dennhardt (Jan. 1, 2016 – Jan. 31, 2017) ^{2,3}	109,361	–	–	109,361	10,051,621
Andreas Renschler	1,576,037	1,557,579	1,891,648	5,025,264	3,223,705
Rupert Stadler	1,419,734	1,557,579	2,025,408	5,002,721	3,050,317
Hiltrud Dorothea Werner (since Feb. 1, 2017)	1,341,819	1,427,781	1,856,672	4,626,272	–
Frank Witter	1,421,980	1,557,579	2,025,408	5,004,967	3,037,327
Total	14,337,116	15,844,041	20,104,770	50,285,927	39,547,612

1 The 2016 single-entity financial statements of Volkswagen AG reported 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.

3 Includes top-up amount on minimum remuneration of €3.5 million in 2016; variable remuneration determined by termination agreement.

REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The amounts shown as benefits received in the Board of Management remuneration tables in accordance with the Code correspond, in principle, to the amounts paid out for the fiscal year in question.

In the introductory phase of the performance share plan (2017 to 2018), the members of the Board of Management who were Board members as of December 31, 2016 receive advances on the target amount, which in accordance with the Code are reported as benefits for the fiscal year in which the performance shares under the plan were allocated.

The amounts shown as benefits granted in the Board of Management remuneration tables in accordance with the Code are based on 100% of the targets for the annual bonus and on the fair value at the grant date for the performance share plan. Since the members of the Board of Management agreed to the new remuneration on different dates, there is an individual grant date for each Board member and, consequently, a different fair value.

The Board of Management remuneration tables in accordance with the Code, that show the benefits received, do not include any entries for the phantom preferred shares from the amount withheld for fiscal year 2015 because no payments were made to the Board of Management members in fiscal year 2017. The three-year holding period did not expire, nor did any Board members participating in the amount withheld step down in fiscal year 2017. Since the benefits based on phantom preferred shares were first agreed upon after the end of fiscal year 2015, consideration of the impact of these agreements is incorporated into the Board of Management remuneration (benefits granted) tables in accordance with the Code in the column for fiscal year 2016. The revised amount listed there is the difference between the fair value of the phantom preferred 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 AND BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

MATTHIAS MÜLLER						
Chairman of the Board of Management						
€	Benefits received		Benefits granted			
	2017	2016	2016	2017	2017 (minimum)	2017 (maximum)
Fixed remuneration	2,125,000	1,584,000	1,584,000	2,125,000	2,125,000	2,125,000
Fringe benefits	192,735	178,651	178,651	192,735	192,735	192,735
Total	2,317,735	1,762,651	1,762,651	2,317,735	2,317,735	2,317,735
One-year performance-related remuneration	3,513,207	1,499,278	1,313,200	3,045,000	0	5,481,000
Multiyear performance-related remuneration	3,830,000	3,990,000	6,352,610	4,309,602	0	7,660,000
LTI (performance share plan 2017 – 2019)	3,830,000	–	–	4,309,602	0	7,660,000
Business performance bonus (two-year assessment period)	–	1,335,000	3,283,000	–	–	–
LTI (four-year assessment period)	–	2,655,000	3,375,000	–	–	–
Phantom shares	–	–	–305,390	–	–	–
Total	9,660,942	7,251,929	9,428,461	9,672,337	2,317,735	15,458,735
Pension expense	612,807	526,589	526,589	612,807	612,807	612,807
Total remuneration	10,273,749	7,778,518	9,955,050	10,285,144	2,930,542	16,071,542

KARLHEINZ BLESSING						
Human Resources and Organization						
€	Benefits received		Benefits granted			
	2017	2016	2016	2017	2017 (minimum)	2017 (maximum)
Fixed remuneration	1,350,000	1,056,000	1,056,000	1,350,000	1,350,000	1,350,000
Fringe benefits	260,515	347,440	347,440	260,515	260,515	260,515
Total	1,610,515	1,403,440	1,403,440	1,610,515	1,610,515	1,610,515
One-year performance-related remuneration	1,557,579	250,500	492,800	1,350,000	0	2,430,000
Multiyear performance-related remuneration	1,440,000	1,681,000	2,732,000	2,025,408	0	3,600,000
LTI (performance share plan 2017 – 2019)	1,440,000	–	–	2,025,408	0	3,600,000
Business performance bonus (two-year assessment period)	–	501,000	1,232,000	–	–	–
LTI (four-year assessment period)	–	1,180,000	1,500,000	–	–	–
Total¹	4,608,094	3,334,940	4,628,240	4,985,923	3,760,515	7,640,515
Pension expense	686,413	742,542	742,542	686,413	686,413	686,413
Total remuneration	5,294,507	4,077,482	5,370,782	5,672,336	4,446,928	8,326,928

1 Minimum for 2017 includes a top-up amount on minimum remuneration of €3.5 million.

REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED AND BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

HERBERT DIESS						
Chairman of the Board of Management of Volkswagen Passenger Cars						
€	Benefits received		Benefits granted			
	2017	2016	2016	2017	2017 (minimum)	2017 (maximum)
Fixed remuneration	1,350,000	1,260,000	1,260,000	1,350,000	1,350,000	1,350,000
Fringe benefits	78,104	35,087	35,087	78,104	78,104	78,104
Total	1,428,104	1,295,087	1,295,087	1,428,104	1,428,104	1,428,104
One-year performance-related remuneration	1,557,579	250,500	492,800	1,350,000	0	2,430,000
Multiyear performance-related remuneration	1,440,000	1,681,000	2,607,461	2,048,640	0	3,600,000
LTI (performance share plan 2017 – 2019)	1,440,000	–	–	2,048,640	0	3,600,000
Business performance bonus (two-year assessment period)	–	501,000	1,232,000	–	–	–
LTI (four-year assessment period)	–	1,180,000	1,500,000	–	–	–
Phantom shares	–	–	–124,539	–	–	–
Total	4,425,683	3,226,587	4,395,348	4,826,744	1,428,104	7,458,104
Pension expense	814,654	699,856	699,856	814,654	814,654	814,654
Total remuneration	5,240,337	3,926,443	5,095,204	5,641,398	2,242,758	8,272,758

FRANCISCO JAVIER GARCIA SANZ						
Procurement						
€	Benefits received		Benefits granted			
	2017	2016	2016	2017	2017 (minimum)	2017 (maximum)
Fixed remuneration	1,350,000	1,079,009	1,079,009	1,350,000	1,350,000	1,350,000
Fringe benefits	210,686	205,170	205,170	210,686	210,686	210,686
Total	1,560,686	1,284,179	1,284,179	1,560,686	1,560,686	1,560,686
One-year performance-related remuneration	1,557,579	250,500	492,800	1,350,000	0	2,430,000
Multiyear performance-related remuneration	1,440,000	1,681,000	2,482,839	1,890,944	0	3,600,000
LTI (performance share plan 2017 – 2019)	1,440,000	–	–	1,890,944	0	3,600,000
Business performance bonus (two-year assessment period)	–	501,000	1,232,000	–	–	–
LTI (four-year assessment period)	–	1,180,000	1,500,000	–	–	–
Phantom shares	–	–	–249,161	–	–	–
Total	4,558,265	3,215,679	4,259,818	4,801,630	1,560,686	7,590,686
Pension expense	889,410	760,864	760,864	889,410	889,410	889,410
Total remuneration	5,447,675	3,976,543	5,020,682	5,691,040	2,450,096	8,480,096

REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED AND BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

JOCHEM HEIZMANN						
China						
€	Benefits received		Benefits granted			
	2017	2016	2016	2017	2017 (minimum)	2017 (maximum)
Fixed remuneration	1,351,278	1,102,017	1,102,017	1,351,278	1,351,278	1,351,278
Fringe benefits	199,867	121,991	121,991	199,867	199,867	199,867
Total	1,551,145	1,224,008	1,224,008	1,551,145	1,551,145	1,551,145
One-year performance-related remuneration	1,557,579	250,500	492,800	1,350,000	0	2,430,000
Multiyear performance-related remuneration	1,440,000	1,681,000	2,482,839	2,031,040	0	3,600,000
LTI (performance share plan 2017 – 2019)	1,440,000	–	–	2,031,040	0	3,600,000
Business performance bonus (two-year assessment period)	–	501,000	1,232,000	–	–	–
LTI (four-year assessment period)	–	1,180,000	1,500,000	–	–	–
Phantom shares	–	–	–249,161	–	–	–
Total	4,548,724	3,155,508	4,199,647	4,932,185	1,551,145	7,581,145
Pension expense	–	–	–	–	–	–
Total remuneration	4,548,724	3,155,508	4,199,647	4,932,185	1,551,145	7,581,145

CHRISTINE HOHMANN-DENNHARDT						
Integrity and Legal Affairs						
Joined: January 1, 2016, left: January 31, 2017						
€	Benefits received		Benefits granted			
	2017	2016	2016	2017	2017 (minimum)	2017 (maximum)
Fixed remuneration ¹	88,000	7,346,000	7,346,000	88,000	88,000	88,000
Fringe benefits	21,361	261,621	261,621	21,361	21,361	21,361
Total	109,361	7,607,621	7,607,621	109,361	109,361	109,361
One-year performance-related remuneration	–	0	492,800	–	–	–
Multiyear performance-related remuneration	–	0	2,732,000	–	–	–
Business performance bonus (two-year assessment period)	–	0	1,232,000	–	–	–
LTI (four-year assessment period)	–	0	1,500,000	–	–	–
Other ²	–	2,444,000	–	–	–	–
Total	109,361	10,051,621	10,832,421	109,361	109,361	109,361
Pension expense	54,091	704,657	704,657	54,091	54,091	54,091
Total remuneration	163,452	10,756,278	11,537,078	163,452	163,452	163,452

1 The previous year includes compensation of lost entitlements resulting from the change in employer in the amount of €6.3 million.

2 Includes top-up amount on minimum remuneration of €3.5 million in the previous year; variable remuneration determined by termination agreement.

REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED AND BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

ANDREAS RENSCHLER						
Commercial Vehicles						
€	Benefits received		Benefits granted			
	2017	2016	2016	2017	2017 (minimum)	2017 (maximum)
Fixed remuneration	1,350,000	1,056,000	1,056,000	1,350,000	1,350,000	1,350,000
Fringe benefits	226,037	236,205	236,205	226,037	226,037	226,037
Total	1,576,037	1,292,205	1,292,205	1,576,037	1,576,037	1,576,037
One-year performance-related remuneration	1,557,579	250,500	492,800	1,350,000	0	2,430,000
Multiyear performance-related remuneration	1,440,000	1,681,000	2,503,637	1,891,648	0	3,600,000
LTI (performance share plan 2017 – 2019)	1,440,000	–	–	1,891,648	0	3,600,000
Business performance bonus (two-year assessment period)	–	501,000	1,232,000	–	–	–
LTI (four-year assessment period)	–	1,180,000	1,500,000	–	–	–
Phantom shares	–	–	–228,363	–	–	–
Total	4,573,616	3,223,705	4,288,642	4,817,685	1,576,037	7,606,037
Pension expense	5,361,551	4,660,006	4,660,006	5,361,551	5,361,551	5,361,551
Total remuneration	9,935,167	7,883,711	8,948,648	10,179,236	6,937,588	12,967,588

RUPERT STADLER						
Chairman of the Board of Management of AUDI AG						
€	Benefits received		Benefits granted			
	2017	2016	2016	2017	2017 (minimum)	2017 (maximum)
Fixed remuneration	1,350,000	1,056,000	1,056,000	1,350,000	1,350,000	1,350,000
Fringe benefits	69,734	62,817	62,817	69,734	69,734	69,734
Total	1,419,734	1,118,817	1,118,817	1,419,734	1,419,734	1,419,734
One-year performance-related remuneration	1,557,579	250,500	492,800	1,350,000	0	2,430,000
Multiyear performance-related remuneration	1,440,000	1,681,000	2,482,839	2,025,408	0	3,600,000
LTI (performance share plan 2017 – 2019)	1,440,000	–	–	2,025,408	0	3,600,000
Business performance bonus (two-year assessment period)	–	501,000	1,232,000	–	–	–
LTI (four-year assessment period)	–	1,180,000	1,500,000	–	–	–
Phantom shares	–	–	–249,161	–	–	–
Total	4,417,313	3,050,317	4,094,456	4,795,142	1,419,734	7,449,734
Pension expense	829,730	665,679	665,679	829,730	829,730	829,730
Total remuneration	5,247,043	3,715,996	4,760,135	5,624,872	2,249,464	8,279,464

REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT (BENEFITS RECEIVED AND BENEFITS GRANTED) IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

HILTRUD DOROTHEA WERNER						
Integrity and Legal Affairs						
Joined: February 1, 2017						
€	Benefits received		Benefits granted			
	2017	2016	2016	2017	2017 (minimum)	2017 (maximum)
Fixed remuneration	1,237,500	–	–	1,237,500	1,237,500	1,237,500
Fringe benefits	104,319	–	–	104,319	104,319	104,319
Total	1,341,819	–	–	1,341,819	1,341,819	1,341,819
One-year performance-related remuneration	1,427,781	–	–	1,237,500	0	2,227,500
Multiyear performance-related remuneration	–	–	–	1,856,672	0	3,300,000
LTI (performance share plan 2017 – 2019)	–	–	–	1,856,672	0	3,300,000
Total	2,769,600	–	–	4,435,991	1,341,819	6,869,319
Pension expense	930,689	–	–	930,689	930,689	930,689
Total remuneration	3,700,289	–	–	5,366,680	2,272,508	7,800,008

FRANK WITTER						
Finance and Controlling						
€	Benefits received		Benefits granted			
	2017	2016	2016	2017	2017 (minimum)	2017 (maximum)
Fixed remuneration	1,350,000	1,056,000	1,056,000	1,350,000	1,350,000	1,350,000
Fringe benefits	71,980	49,827	49,827	71,980	71,980	71,980
Total	1,421,980	1,105,827	1,105,827	1,421,980	1,421,980	1,421,980
One-year performance-related remuneration	1,557,579	250,500	492,800	1,350,000	0	2,430,000
Multiyear performance-related remuneration	1,440,000	1,681,000	2,674,522	2,025,408	0	3,600,000
LTI (performance share plan 2017 – 2019)	1,440,000	–	–	2,025,408	0	3,600,000
Business performance bonus (two-year assessment period)	–	501,000	1,232,000	–	–	–
LTI (four-year assessment period)	–	1,180,000	1,500,000	–	–	–
Phantom shares	–	–	–57,478	–	–	–
Total	4,419,559	3,037,327	4,273,149	4,797,388	1,421,980	7,451,980
Pension expense	692,743	587,216	587,216	692,743	692,743	692,743
Total remuneration	5,112,302	3,624,543	4,860,365	5,490,131	2,114,723	8,144,723

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 the case of the Chairman of the Board of Management, increases of 4.5 percentage points as of March 1, 2017, 4.5 percentage points as of March 1, 2018 and 5.0 percentage points as of March 1, 2019 are provided for. In specific cases, credit is given for previous employment periods and retirement pensions earned. 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. The Supervisory Board has capped the percentage at 70%. These benefits are not broken down any further into performance-related components and long-term incentive components. Mr. Garcia Sanz and Mr. Heizmann reached a retirement pension entitlement of 70% of their basic level of remuneration at the end of 2017 the entitlement for Mr. Renschler and Mr. Stadler is 66%. Mr. Müller had a retirement pension entitlement of 57.5% of the basic level of remuneration as of the end of 2017. The increase in the basic remuneration as a consequence of the new remuneration system in place from fiscal year 2017 is therefore not taken into account for the incumbent members of the Board of Management of Volkswagen AG with an existing occupational pension based on final remuneration.

With regard to the existing defined contribution pension schemes for the current members of the Board of Management of Volkswagen Aktiengesellschaft, the basis used to determine the pension contributions shall in each case be increased by the difference between the previous basic remuneration and the newly determined basic remuneration (at an unchanged contribution rate of 50% of the basic remuneration).

For future members of the Board of Management with a defined contribution pension scheme, a contribution rate of 40% of the basic remuneration will be credited to the pension account.

Ms. Hohmann-Dennhardt and Ms. Werner as well as 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 con-

tribution in the amount of 50% of the basic level of remuneration is paid 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 payment 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, 2017, the pension obligations for members of the Board of Management in accordance with IAS 19 amounted to €125.4 (113.5) million. €12.9 (11.7) 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 €92.4 (77.2) million. Measured in accordance with German GAAP, €15.8 (7.0) million was added to the provision in the reporting period. Current pensions are index-linked in accordance with the index-linking of 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 €19.9 (11.1) million, or €19.9 (11.1) 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 €269.0 (270.0) million, or €214.9 (205.6) 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 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 good 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 46 to the consolidated financial statements and the notes to the annual financial statements of Volkswagen AG for more detailed individual disclosures relating to members of the Board of Management who left the Company in fiscal year 2017.

PENSIONS OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2017 (PRIOR-YEAR FIGURES IN BRACKETS)

€	Pension expense	Present value as of December 31 ¹
Matthias Müller	612,807	30,065,068
	(526,589)	(27,254,749)
Karlheinz Blessing	686,413	1,623,275
	(742,542)	(742,542)
Herbert Diess	814,654	2,169,255
	(699,856)	(1,298,635)
Francisco Javier Garcia Sanz	889,410	22,544,823
	(760,864)	(21,752,138)
Jochem Heizmann	–	19,254,055
	–	(19,836,613)
Christine Hohmann-Dennhardt (Jan. 1, 2016 – Jan. 31, 2017)	54,091	–
	(704,657)	(704,657)
Andreas Renschler	5,361,551	16,278,653
	(4,660,006)	(11,231,016)
Rupert Stadler	829,730	22,262,176
	(665,679)	(21,530,818)
Hiltrud Dorothea Werner (since Feb. 1, 2017)	930,689	975,823
	–	–
Frank Witter	692,743	10,214,190
	(587,216)	(9,100,545)
Total	10,872,088	125,387,318
	(9,347,409)	(113,451,713)

1 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

Following its regular review of Supervisory Board remuneration, the Supervisory Board proposed a reorganization of the system of Supervisory Board remuneration to the 2017 Annual General Meeting, which was approved on May 10, 2017 with 99.98% of the votes cast. The remuneration of the members of the Supervisory Board of Volkswagen AG no longer contains any performance-related remuneration components but consists entirely of non-performance-related remuneration components. This is in line with the trend in supervisory board remuneration at DAX-listed companies, most of whose supervisory board remuneration now comprises fixed remuneration only. Compared with other large listed companies in Germany, the amount of the proposed remuneration components is also standard for the market and is appropriate. This was confirmed by a renowned, external remuneration consultant who assisted the Supervisory Board in reorganizing the remuneration system for members of the Supervisory Board. Remuneration for supervisory board work at subsidiaries continues in part to comprise a mix of non-performance-related and performance-related components.

The following applies to members of the Supervisory Board of Volkswagen AG with retroactive effect from January 1, 2017:

- › Members of the Supervisory Board receive fixed remuneration of €100,000 per fiscal year.
- › The Chairman of the Supervisory Board receives fixed remuneration of €300,000, while the Deputy Chairman receives remuneration of €200,000.
- › For their work in the Supervisory Board committees, the members of the Supervisory Board also receive additional fixed remuneration of €50,000 per committee per fiscal year provided the committee met at least once per year for the performance of its duties. Memberships of the Nomination and Mediation Committees established in accordance with section 27(3) of the Mitbestimmungsgesetz (German Codetermination Act) are not taken into account.
- › Committee chairpersons receive double this amount, while deputy chairpersons receive one-and-a-half times the committee remuneration listed above.
- › Membership of no more than two committees is taken into account, whereby the two functions with the highest remuneration are counted if this maximum number is exceeded.
- › Supervisory Board members who belonged to the Supervisory Board or one of its committees for only part of the fiscal year receive proportionate remuneration.
- › Supervisory Board members receive an attendance fee of €1,000 for attending a meeting of the Supervisory Board or one of its committees; if several meetings are held on one day, the attendance fee is paid only once.
- › The remuneration and attendance fees are each payable after the end of the fiscal year.

In fiscal year 2017, the members of the Supervisory Board received €3,786,839 (5,396,565). Of this figure, €2,000,000 related to the work of the Supervisory Board and €836,389 related to the work in the committees.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

	FIXED REMUNERA- TION	WORK IN THE COMMITTEES	OTHER ¹	TOTAL	WAIVER FOR 2016	TOTAL
				2017		2016
Hans Dieter Pötsch	–	–	–	–	65,500	585,800
Jörg Hofmann ²	200,000	75,000	20,000	295,000	31,333	330,333
Hussain Ali Al-Abdulla	100,000	–	7,000	107,000	60,167	170,167
Hessa Sultan Al-Jaber	100,000	–	11,000	111,000	31,504	89,865
Bernd Althusmann ³ (since Dec. 14, 2017)	4,583	–	–	4,583	–	–
Birgit Dietze ²	100,000	50,000	13,000	163,000	47,807	143,252
Annika Falkengren	100,000	38,750	12,000	150,750	84,250	249,250
Hans-Peter Fischer ²	100,000	–	9,000	109,000	60,167	171,167
Uwe Fritsch ² (until May 10, 2017)	35,972	17,986	9,000	62,958	70,629	214,990
Uwe Hück ²	100,000	–	80,500	180,500	60,167	234,667
Johan Järvklö ²	100,000	–	10,000	110,000	60,167	170,167
Ulrike Jakob ² (since May 10, 2017)	64,028	–	4,000	68,028	–	–
Louise Kiesling	100,000	–	11,000	111,000	60,167	171,167
Olaf Lies ³ (until Dec. 14, 2017)	95,417	47,639	20,000	163,056	80,250	250,250
Peter Mosch ²	100,000	91,007	102,100	293,107	61,250	301,850
Bertina Murkovic ² (since May 10, 2017)	64,028	32,014	6,000	102,042	–	–
Bernd Osterloh ²	100,000	98,021	28,000	226,021	19,250	251,250
Hans Michel Piëch	100,000	–	150,600	250,600	60,167	266,736
Ferdinand Oliver Porsche	100,000	150,000	147,100	397,100	54,333	417,933
Wolfgang Porsche	100,000	150,000	161,400	411,400	49,333	441,233
Athanasios Stimoniaris ² (since May 10, 2017)	64,028	–	106,750	170,778	–	–
Stephan Weil ³	100,000	50,000	24,000	174,000	75,250	250,250
Stephan Wolf ² (until May 10, 2017)	35,972	17,986	11,000	64,958	75,250	251,250
Thomas Zwiebler ² (until May 10, 2017)	35,972	17,986	7,000	60,958	81,250	251,250
Members of the Supervisory Board who retired in the previous year	–	–	–	–	–	183,739
Total	2,000,000	836,389	950,450	3,786,839	1,188,190	5,396,566

1 Attendance fees, membership of other Group bodies (non-performance-related: €257,000; performance-related: €270,450).

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 remuneration disclosed for members of the Supervisory Board for 2016 shows the amounts determined on the basis of the old system of Supervisory Board remuneration. The members of the Supervisory Board declared to the Management Board that they waive the portion of their remuneration for fiscal year 2016 that exceeds the amount that would have resulted for fiscal year 2016 from implementing the system of Supervisory Board remuneration resolved by the Annual General Meeting on May 10, 2017 with retroactive effect from January 1, 2017. The total amount waived for 2016 by the members of the Supervisory Board is €1,188,190.

Mr. Pötsch additionally waived an amount of €115,700.00 of his variable remuneration for fiscal year 2016 and waived his remuneration for fiscal year 2017 in full. The reason for this waiver is the agreement made in connection with Mr. Pötsch's transfer from the Board of Management to the Supervisory Board as of October 8, 2015, it had been agreed to deduct the amount of Supervisory Board remuneration received up to December 31, 2017 from the compensation payment for his Board of Management remuneration to which he would have been entitled for the period from October 8, 2015 to December 31, 2017.