

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:

1. The recommendations of the Government Commission of the German Corporate Governance Code in the version dated 5 May 2015 (the Code) that were published by the German Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) on 12 June 2015 were complied with in the period from the last Declaration of Conformity dated 18 November 2016 until the amended version of the Code dated 7 February 2017 came into effect on 24 April 2017, with the exception of the following numbers listed below with their stated reasons.

a) 4.2.3(4) (severance cap)

A severance 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.

b) 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 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, 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.

c) 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.

- d) 5.4.6(2) sentence 2 (performance-related remuneration of members of the Supervisory Board)

Until the amendment to article 17(1) of the Articles of Association adopted by the Annual General Meeting on 10 May 2017 that came into effect on 1 June 2017, Supervisory Board remuneration was linked in part to the dividends. We therefore assumed that we had complied with the Code and that the variable compensation component was oriented toward the sustainable growth of the company as defined in number 5.4.6(2) sentence 2 of the Code. However, as it could not be ruled out that other views would be taken in this respect, a deviation from this recommendation in the Code is being declared as a precautionary measure.

- 2. The recommendations of the Government Commission of the German Corporate Governance Code in the version dated 7 February 2017 (the 2017 Code) that were published by the German Ministry of Justice on 24 April 2017 in the official section of the Federal Gazette (Bundesanzeiger) were complied with in the period from when this version came into effect on 24 April 2017 and will continue to be complied with, with the exception of the numbers listed below and their stated reasons.

- a) 4.2.3(4) (severance cap)
- b) 5.3.2(3) sentence 2 (independence of the chair of the Audit Committee)
- c) 5.4.1(6) to (8) (disclosure regarding election recommendations)

The reasons for exceptions a) to c) are listed above in the details under point 1.

- d) 5.4.6(2) sentence 2 (performance-related remuneration of members of the Supervisory Board)

Until the amendment to article 17(1) of the Articles of Association adopted by the Annual General Meeting on 10 May 2017 that came into effect on 1 June 2017, Supervisory Board remuneration was linked in part to the dividends. We therefore assumed that we had indeed complied with the Code and that the variable compensation component was oriented toward the sustainable growth of the company as defined in number 5.4.6(2) sentence 2 of the 2017 Code. However, as it could not be ruled out that other views would be taken in this respect, a deviation from this recommendation in the Code was declared as a precautionary measure. The amendment to the Articles of Association that came into effect on 1 June 2017 introduced fixed remuneration retroactively as of 1 January 2017, so that the recommendation has definitely been complied with since 1 June 2017.

- e) 4.2.3(2) sentence 3 (variable remuneration package in principle future-oriented)

The recommendation that the variable remuneration components based on a multi-year assessment should essentially be forward-looking has been recently added to the Code. The corresponding remuneration components for the members of the Board of Management were in the former system essentially based on the results of the past fiscal year and would therefore not be suitable for this recommendation. In February 2017, the Supervisory Board adopted a new system for the Board of Management remuneration in which the multi-year

variable remuneration components were essentially future-oriented. The new remuneration system was fully implemented with retroactive effect to January 1st 2017.

- f) 5.4.1 (2) sentence 1 (objectives regarding the composition of the Supervisory Board; profile of skills and expertise)

This recommendation concerning the specification of concrete objectives for the composition of the Supervisory Board was supplemented when the 2017 Code came into force to the effect that the Supervisory Board should also prepare a profile of skills and expertise for the entire committee in addition to specifying objectives for its composition. This recommendation, more specifically the supplement, has not been complied with from when the amended version of the recommendation took effect until today due to the new addition. Following consultations and specifications on the part of the Supervisory Board, this recommendation will be complied with in full as of today.

- g) 5.4.1(5) sentence 2 (curriculum vitae of the members of the Supervisory Board)

The recommendation to publish updated curriculum vitae of all members of the Supervisory Board on the company website every year, including an overview of the main ancillary activities has been newly added to the 2017 Code. The curriculum vitae of members of the Supervisory Board were published on 1 August 2017; this included an overview of their main ancillary activities beyond their Supervisory Board mandates. The recommendation has been complied with since that time.

Wolfsburg, 17 November 2017

For the Supervisory Board

For the Board of Management

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Matthias Müller