

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

/ GERMAN CORPORATE GOVERNANCE CODE IN 2016

There were no changes to the German Corporate Governance Code in the version dated May 5, 2015, during the year under review. The Board of Management and Supervisory Board of AUDI AG nevertheless also considered at length the recommendations and suggestions in the Code during the past fiscal year and made inferences.



Read online the current *joint declaration of the Board of Management and the Supervisory Board of AUDI AG* on the recommendations of the German Corporate Governance Code at www.audi.com/cgk-declaration.

/ IMPLEMENTATION OF THE RECOMMENDATIONS AND SUGGESTIONS

The recommendations of the “Government Commission on the German Corporate Governance Code” announced by the Federal Ministry of Justice on June 12, 2015, in the official part of the Bundesanzeiger (Federal Gazette), in the version dated May 5, 2015, were implemented in the period since the submission of the most recent Declaration of Conformity of December 3, 2015, with the following exceptions:

- > 4.2.3, Para. 2, Sentence 6 (caps for the overall remuneration of members of the Board of Management and for the variable remuneration components), until November 24, 2016,
- > 5.1.2, Para. 2, Sentence 3, 5.4.1, Para. 2, Sentence 1 (age limit for members of the Board of Management and Supervisory Board, general limit to the length of time that members may serve on the Supervisory Board), until November 24, 2016,
- > 5.3.2, Sentence 3 (independence of the Chairman of the Audit Committee),
- > 5.3.3 (Nominating Committee),
- > 5.4.1, Para. 5 (disclosures in making election recommendations),
- > 5.4.6, Para. 2, Sentence 2 (performance-related remuneration of the Supervisory Board).

In reference to the recommendation formulated in No. 4.2.3, Para. 2, Sentence 6 of the German Corporate Governance Code, the Supervisory Board believes that caps for the overall remuneration of the members of the Board of Management and for the variable remuneration components are appropriate. Consequently, on November 24, 2016, it passed a resolution on such caps, meaning this recommendation has been effective since that date.

In the past, the Supervisory Board and Board of Management did not consider age limits for Board members to be appropriate. The Board of Management and the Supervisory Board have reached the conclusion that these concerns can be addressed through appropriate regulation of age limits, and therefore set a corresponding age limit for members of the Supervisory Board and the Board of Management on November 24, 2016. This recommendation has therefore been satisfied since that date.

According to recommendation No. 5.3.2, Sentence 3, the Chairman of the Audit Committee should, among other things, be “independent.” The Chairman of the Audit Committee’s membership of the Supervisory Board of Volkswagen AG and of the Board of Management of Porsche Automobil Holding SE may be indicative of a lack of independence as defined in the recommendations. In the view of the Board of Management and of the Supervisory Board, these activities neither give rise to a conflict of interest, nor do they have an adverse effect on the work of the Chairman of the Audit Committee. As the notion of independence is not clearly defined in the Code, we are declaring this exception merely as a precaution.

A Nominating Committee would, in the view of the Supervisory Board, only increase the number of committees without, however, leading to a noticeable improvement in the work of the Board.

Regarding the recommendation set forth in No. 5.4.1, Para. 5 on the disclosure of certain circumstances when the Supervisory Board makes election recommendations to the General Meeting, the requirements in the Code are vague and not clearly defined. An exception is therefore declared merely as a precaution, while the Supervisory Board will endeavor to fulfill the recommendation of the Code.

The Board of Management and the Supervisory Board believe that the current remuneration arrangements for Supervisory Board members set forth in Section 16 of the Articles of Incorporation and Bylaws of AUDI AG provide for a performance-related component that is oriented toward the sustainable growth of the enterprise. In view of the vagueness of the recommendation in No. 5.4.6, Para. 2, Sentence 2 of the Code, and considering that the scope of a performance-related remuneration component aimed at a sustainable growth of the enterprise has not yet been clarified, the Board of Management and the Supervisory Board declare this exception merely as a precaution.

The response to the suggestions made in the Code is as follows:

AUDI AG fulfills all of the suggestions made in the Code, except for the suggestion from No. 5.1.2, Para. 2, Sentence 1 (duration of a first-time appointment to the Board of Management). The Supervisory Board will determine the duration of a first-time appointment to the Board of Management on a case-by-case basis, taking account of the best interests of the Company.

/ STOCK OPTION PLANS AND SIMILAR SECURITIES-BASED INCENTIVE ARRANGEMENTS

AUDI AG does not offer any such plans or incentive arrangements.

COMPLIANCE/INTEGRITY

The aim of compliance and integrity activities is to ensure that members of the Audi Group operate within the rules. A preventive approach is adopted in order to eliminate in advance any possible breaches of the rules. The Group-wide Code of Conduct serves as the basis. The Compliance/Integrity area is in charge of compliance activities across the Group as a whole and is led by the Chief Compliance Officer, who reports directly to the Board Member for Finance. He is supported in this function by 26 compliance officers at the material participations. The annual compliance program is

/ GOALS FOR THE COMPOSITION OF THE SUPERVISORY BOARD

Taking into account the specific situation of the Company, our international activities and potential conflicts of interest, the goal of the Supervisory Board uses the following two points of reference with regard to its composition: Two seats on the Supervisory Board are to be filled by persons who fulfill the criteria of internationality to a particular extent. In addition, one shareholder seat on the Supervisory Board is to be filled by a person who is independent and has no business or personal ties with AUDI AG or its Board of Management and performs no advisory or executive functions at customers, suppliers, lenders or other business partners of the Audi Group.

/ CORPORATE MANAGEMENT DECLARATION ON THE INTERNET

The Corporate Management Declaration pursuant to Section 289a of the German Commercial Code (HGB) contains both the Declaration of Conformity by the Board of Management and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG) and disclosures on corporate governance practices. The methods and practices of the Board of Management and Supervisory Board as well as the committees established and gender quotas are also described.



Read more online about the **Corporate Management Declaration** at www.audi.com/corporate-management.

an essential tool for the creation of a uniform starting point for all compliance activities throughout the Audi Group. The individual divisions and departments are responsible for operating activities and therefore for maintaining regular and legally compliant behavior. To sensitize the employees further to compliance and integrity matters, a communication campaign was carried out in the 2016 fiscal year. The campaign revolved around the values of team spirit, responsibility, respect, trust, honesty and fairness. Extensive digital training options are available for Audi Group employees,

including some mandatory modules. To round out the options there are also face-to-face events and a compliance help desk. In addition to the compliance activities of the Audi Group, AUDI AG is integrated into the Volkswagen Group's worldwide anti-corruption system. This system is designed to prevent corruption in the Company and reveal

any instances of misconduct. Employees may contact external, independent lawyers if they wish to report any suspicions or breaches of the rules, and may also do so anonymously. Additionally, they have access to the Volkswagen Group's anti-corruption officer.

RISK MANAGEMENT

It is our goal to manage the Company in a value-oriented and sustainable way in the interests of our stakeholders, and to adopt a responsible approach to risks. The focus here is on the identification, evaluation and effective management of risks and opportunities from operating activities. The Group-wide Risk Management System and Internal Control System (RMS/ICS) serves to detect potential risks at an early stage and to develop appropriate countermeasures to avoid potential losses and exclude any threat to the Group's continued existence. The organizational structure of the RMS/ICS is based on the internationally recognized standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In the Audi Group, the topics of RMS/ICS and compliance are brought together in an integrated and inclusive management approach (governance, risk and compliance). Besides regularly identifying and assessing risk, the Risk Management System and Internal Control System used by the Audi Group fundamentally also guarantees the definition and implementation of internal controls along the entire value chain. As well as complying with legal requirements, particularly in relation to the accounting process, this also enables the Audi Group to manage the key risks that it faces from a holistic perspective, taking account of both material and non-material criteria. The rules and standards to be observed in this respect are laid down in an internal Board Directive, thus ensuring a uniform approach to the identification and evaluation of risks. Target groups are kept up to date with the content and methodology of the Risk Management System through training courses, fact-finding events or internal communication media such as the Audi intranet. Opportunity management is incorporated into the operational and organizational structure of the Audi Group and is closely aligned with our strategic objectives. Medium and short-term potential opportunities are identified and operationalized by the divisions.

The systemic design of the RMS/ICS is based on the "Three Lines of Defense" model – a recommendation of the European Confederation of Institutes of Internal Auditing (ECIIA).

The individual risk owners of the AUDI AG divisions and participations are responsible for the operational management of risks and their control, as well as for reporting on them. They represent the first line of defense.

In the second line of defense, the central GRC organization takes charge of the fundamental functionality of the RMS/ICS as well as the CMS. Core activities involve monitoring system performance and submitting an aggregated report on the risk situation to the Board of Management and the Audit Committee of the Supervisory Board. This ensures that the statutory requirements for the early identification of risks and the effectiveness of the RMS/ICS are met. Ad hoc projects on operational risk management and regular training courses are also held to reinforce awareness of risk management and compliance as well as promote a positive risk culture in the Audi Group. AUDI AG also has risk compliance coordinators who liaise between the first and second lines of defense. At the participations, this function is handled by risk and compliance officers.

In the third line of defense, Internal Audit as an impartial body examines the security, regularity and economic effectiveness of the systemic and operational activities of the RMS/CMS. The RMS/ICS for accounting is additionally subject to scrutiny by the independent auditor of the Consolidated Financial Statements.

Each line of defense furthermore submits reports independently and ad hoc to the full Board of Management and the Supervisory Board of AUDI AG.

In the 2016 fiscal year, the risk management system was supplemented by quarterly risk identification along with the submission of corresponding reports to the full Board of Management. This serves to increase risk transparency, further raise risk awareness in the Company and assure effective, prompt risk management.



Detailed explanations on the Group-wide risk management system and in-depth information on the Internal Control System for financial reporting can be found in the “Audi 2016 Annual Report” on pages 136 ff.

COMMUNICATION AND TRANSPARENCY

Transparency and open dialogue are essential components of our corporate communication. For this reason, all key publication dates as well as the date of the Annual General Meeting of AUDI AG are listed in our financial calendar. It is available for public consultation at any time on our website at www.audi.com/financialcalendar.

The invitation to and the agenda for the Annual General Meeting, as well as any counter motions received, are published at www.audi.com/annualgeneralmeeting. We publish supplementary information for shareholders at www.audi.com/investor-relations. Registered shareholders may exercise their voting rights in person at the Annual General Meeting. Alternatively, they may choose to have their rights exercised by their chosen proxy or using a proxy appointed by the Company and bound by their instructions. We offer an internet-based system for issuing and canceling powers of attorney or for making changes to instructions at www.audi.com/annualgeneralmeeting. On this page, registered shareholders may also view the live broadcast of the Annual General Meeting up to the end of the general discussion.

Under Article 17 of the Market Abuse Regulation (MAR), all domestic issuers of financial instruments are obliged to publish and disclose insider information that has a direct bearing on them without delay. This regulation is intended to prevent persons with access to insider information from using their advance knowledge to trade financial instruments to their advantage. This information is published as ad hoc announcements by the Company on the internet at www.audi.com/investor-relations in the “Corporate Governance and Capital Market Communication” section, under the menu item “Ad hoc announcements.” “Capital Market Communication” also contains further news and information about the Audi Group, reporting of voting rights according to Sections 21 ff. of the German Securities Trading Act (WpHG) and other legal issues. The notices and information published there are also available in English.

Communications relating to transactions subject to disclosure carried out by management members pursuant to Chapter 3, Article 19 of the Market Abuse Regulation (MAR) can also be accessed at www.audi.com/investor-relations in the “Corporate Governance and Capital Market Communication” section under the menu item “Directors’ dealings.”

REMUNERATION REPORT

/ SYSTEM OF REMUNERATION FOR THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

The remuneration report includes details of the remuneration paid to the members of the Board of Management and Supervisory Board of AUDI AG, broken down by individual member and by component, as well as information on the pension arrangements for members of the Board of Management,

broken down by individual member, pursuant to Section 314, Para. 1, No. 6a), Sentence 5 ff. of the German Commercial Code (HGB) and the German Corporate Governance Code (DCGK). We also explain the main elements of the remuneration system for the Board of Management and Supervisory Board. Starting in the 2016 fiscal year, the exemption from disclosure by individual member pursuant to Section 286, Para. 5 of the German Commercial Code (HGB) is not exercised.

/ BASIC FEATURES AND DEVELOPMENT OF REMUNERATION PAID TO THE BOARD OF MANAGEMENT

The full Supervisory Board passes resolutions on the remuneration system and the total remuneration for individual members of the Board of Management of AUDI AG on the basis of the Presiding Committee's recommendations. The remuneration of active members of the Board of Management complies with the statutory requirements of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code (DCGK). In particular, the remuneration structure is focused on ensuring the sustainable growth of the enterprise in accordance with the German Act on the Appropriateness of Management Board Remuneration (VorstAG; Section 87, Para. 1 of the German Stock Corporation Act [AktG]).

The system of remuneration for members of the Board of Management was approved by the 121st Annual General Meeting on May 20, 2010, by 99.70 percent of the votes cast.

The level of remuneration paid to the Board of Management should be appropriate and attractive by national and international comparison. The relevant criteria include the tasks of the individual Board member, the member's personal performance, the Company's economic situation, performance and future prospects, and also the standard nature of the remuneration, taking account of competitors on the market and the pay structure otherwise in place within Audi and the Volkswagen Group. Regular comparisons of remuneration levels are carried out in this regard.

// COMPONENTS OF THE REMUNERATION PAID TO THE BOARD OF MANAGEMENT

The remuneration paid to the Board of Management comprises fixed (non-performance-related) and variable (performance-related) components. The fixed components guarantee basic remuneration that allows the individual members of the Board of Management to execute their duties conscientiously and in the best interests of the Company, without becoming dependent upon achieving short-term targets only. Variable components, dependent among other things on the financial performance of the Company, serve to ensure the long-term impact of performance incentives.

Pursuant to the Supervisory Board resolution of November 24, 2016, there is a cap on both total remuneration and its variable components.

/// FIXED REMUNERATION

The fixed (non-performance-related) remuneration comprises fixed remuneration and fringe benefits. In addition to the basic remuneration, the fixed remuneration includes varying levels of remuneration for appointments at Audi Group companies, subsidiaries and participations. The fringe benefits constitute remuneration in kind. These include in particular the provision of operating resources, such as company cars, as well as payment of insurance premiums. Taxes due on this remuneration in kind are paid by AUDI AG in accordance with Company guidelines.

The basic remuneration is reviewed on a regular basis and adjusted as necessary.

/// VARIABLE REMUNERATION

The variable (performance-related) remuneration consists of a business performance bonus, based on the year under review and the previous year (two-year period), and, since 2010, has also included a Long Term Incentive (LTI) based on performance in the year under review and over the previous three fiscal years (four-year period). These two components of variable remuneration are therefore calculated using a measurement basis spanning several years and take account of both positive and negative developments. In addition, a bonus may be awarded for the individual performance of members of the Board of Management (one-year variable remuneration).

The figures shown in the table "Board of Management remuneration for 2016 pursuant to German Commercial Code (HGB)" reflect the figures reported in the 2016 financial statements as expense.

The figures shown in the tables "Board of Management remuneration (benefits received) pursuant to German Corporate Governance Code (DCGK)" reflect the amounts paid out in the fiscal year in question.

The figures shown in the tables "Board of Management remuneration (benefits granted) pursuant to German Corporate Governance Code (DCGK)" are based on a mean probability scenario as of January 2016.

If extraordinary factors arise, the Supervisory Board may decide to impose a cap on the variable remuneration components.

//// BONUS SYSTEM

The business performance bonus rewards the positive business development of the Audi Group. Basically, the amount of the bonus is based on the results achieved, on the Company's economic situation and on the personal performance of the individual member of the Board of Management. The operating profit, in the form of a two-year average, is used as the calculation basis. The system is regularly reviewed by the Supervisory Board and adjusted where necessary.

//// LONG TERM INCENTIVE (LTI)

For Audi, as a Volkswagen Group brand, the amount of the LTI essentially depends on achieving the targets of the Volkswagen Group's Strategy 2018, which provides the basis for the remuneration system valid for the 2016 fiscal year. The targets are as follows:

- > Leader in customer satisfaction, measured using the customer satisfaction index,
- > Leading employer, measured using the employee index,
- > Rise in sales, measured using the growth index, and
- > Rise in return, measured using the return index.

The customer satisfaction index is calculated based on indicators of our customers' overall satisfaction with the dealers supplying the products, with new vehicles and with the service establishments, based on the most recent workshop visit in each case. The employee index is calculated on the

basis of such indicators as "employment" and "productivity," as well as the participation rate and results of employee surveys. The growth index is calculated from the indicators "deliveries to customers" and "market share." The return index is determined from the development in the return on sales and the dividend per ordinary share.

The calculated indices for customer satisfaction, employees and the sales situation are added together and the total is then multiplied by the return index. This method ensures that the LTI is only paid out if the Group has been financially successful. If the return on sales does not exceed a threshold of 1.5 percent, the return index will equal zero. Consequently, the overall index for the fiscal year in question will then also be zero.

/// OTHER AGREEMENTS

Contracts with members of the Board of Management include an entitlement to continued payment of the standard remuneration for a period of six to twelve months in the event of sickness, but not beyond the term of the employment contract. In the event of disability, members are entitled to retirement pay.

In addition, contracts with members of the Board of Management include an entitlement to a 60 percent widow's pension, a 15 percent half orphan's pension and a 30 percent full orphan's pension based on retirement pay.

Board of Management remuneration for 2016 pursuant to German Commercial Code (HGB)

EUR	Non-performance-related remuneration	Performance-related remuneration ^{1) 2)}	Total remuneration
Prof. Rupert Stadler ³⁾	810,000	2,177,500	2,987,500
Dr. Bernd Martens	697,078	2,123,320	2,820,398
Prof. h. c. Thomas Sigi	630,312	2,123,320	2,753,632
Axel Strotbek	647,486	2,123,320	2,770,806
Dr. Dietmar Voggenreiter	522,503	1,719,889	2,242,392
Prof. Dr.-Ing. Hubert Walzl	655,768	2,123,320	2,779,088
Dr.-Ing. Stefan Knirsch (until Sep. 23, 2016) ⁴⁾	510,509	1,548,979	2,059,488
Total	4,473,656	13,939,648	18,413,304

1) Corresponds to the amounts set aside in the fiscal year. The Supervisory Board determines the amount of the payment.

2) In addition, provision shortfalls result in an expense (remuneration) amounting to EUR 2,676,136 (Prof. Rupert Stadler: EUR 490,088, Dr. Dietmar Voggenreiter: EUR 71,428, Axel Strotbek, Prof. h. c. Thomas Sigi, Prof. Dr.-Ing. Hubert Walzl, Dr. Bernd Martens EUR 528,655 each).

3) In terms of the amount, the remuneration of Prof. Rupert Stadler is aligned with the remuneration of members of the Board of Management of Volkswagen AG, as determined using the Group's system.

4) In connection with his early departure from the Board of Management, Dr.-Ing. Stefan Knirsch was also granted remuneration amounting to EUR 3,800,000.

Board of Management remuneration (benefits received) pursuant to German Corporate Governance Code (DCGK)

The figures for the variable remuneration shown here as benefits received reflect the amounts paid out in the respective fiscal year.

EUR	Prof. Rupert Stadler ¹⁾ Chairman of the Board of Management
	2016
Fixed remuneration	810,000
Fringe benefits	-
Total	810,000
One-year variable remuneration	883,315
Multi-year variable remuneration	1,374,045
Business performance bonus (two-year period)	637,950
LTI (four-year period)	736,095
Total	3,067,360
Pension expense ²⁾	-
Total remuneration	3,067,360

1) In terms of the amount, the remuneration of Prof. Rupert Stadler is aligned with the remuneration of members of the Board of Management of Volkswagen AG, as determined using the Group's system.

2) Volkswagen AG granted the pension commitment to Prof. Rupert Stadler.

EUR	Dr. Bernd Martens Procurement
	2016
Fixed remuneration	560,000
Fringe benefits	137,078
Total	697,078
One-year variable remuneration	951,000
Multi-year variable remuneration	1,484,000
Business performance bonus (two-year period)	689,000
LTI (four-year period)	795,000
Total	3,132,078
Pension expense	517,536
Total remuneration	3,649,614

EUR	Prof. h. c. Thomas Sigi Human Resources and Organization
	2016
Fixed remuneration	560,000
Fringe benefits	70,312
Total	630,312
One-year variable remuneration	951,000
Multi-year variable remuneration	1,484,000
Business performance bonus (two-year period)	689,000
LTI (four-year period)	795,000
Total	3,065,312
Pension expense	580,745
Total remuneration	3,646,057

<i>EUR</i>	Axel Strotbek
	Finance and IT
	2016
Fixed remuneration	560,000
Fringe benefits	87,486
Total	647,486
One-year variable remuneration	951,000
Multi-year variable remuneration	1,484,000
Business performance bonus (two-year period)	689,000
LTI (four-year period)	795,000
Total	3,082,486
Pension expense	475,025
Total remuneration	3,557,511

<i>EUR</i>	Dr. Dietmar Voggenreiter
	Marketing and Sales
	2016
Fixed remuneration	459,334
Fringe benefits	63,169
Total	522,503
One-year variable remuneration	128,000
Multi-year variable remuneration	201,000
Business performance bonus (two-year period)	93,000
LTI (four-year period)	108,000
Total	851,503
Pension expense	488,861
Total remuneration	1,340,364

<i>EUR</i>	Prof. Dr.-Ing. Hubert Wlatl
	Production and Logistics
	2016
Fixed remuneration	560,000
Fringe benefits	95,768
Total	655,768
One-year variable remuneration	951,000
Multi-year variable remuneration	1,484,000
Business performance bonus (two-year period)	689,000
LTI (four-year period)	795,000
Total	3,090,768
Pension expense	395,709
Total remuneration	3,486,477

EUR	Dr.-Ing. Stefan Knirsch
	Technical Development
	Left: September 23, 2016
	2016
Fixed remuneration	452,948
Fringe benefits	57,561
Total	510,509
One-year variable remuneration	-
Multi-year variable remuneration	-
Business performance bonus (two-year period)	-
LTI (four-year period)	-
Total	510,509
Pension expense ¹⁾	188,037
Total remuneration	698,546

1) The pension expense is reported on a pro rata basis (Jan. 1 to Sep. 23, 2016).

Board of Management remuneration (benefits granted) pursuant to German Corporate Governance Code (DCGK)

The figures for the variable remuneration shown here as benefits granted are based on a mean probability scenario as of January 2016.

EUR	Prof. Rupert Stadler ¹⁾		
	Chairman of the Board of Management		
	2016	2016 (minimum)	2016 (maximum)
Fixed remuneration	810,000	810,000	810,000
Fringe benefits	-	0	0
Total	810,000	810,000	810,000
One-year variable remuneration	883,315	0	1,590,000
Multi-year variable remuneration	1,374,045	0	3,180,000
Business performance bonus (two-year period)	637,950	0	1,590,000
LTI (four-year period)	736,095	0	1,590,000
Total	3,067,360	810,000	5,580,000
Pension expense ²⁾	-	-	-
Total remuneration	3,067,360	810,000	5,580,000

1) In terms of the amount, the remuneration of Prof. Rupert Stadler is aligned with the remuneration of members of the Board of Management of Volkswagen AG, as determined using the Group's system.

2) Volkswagen AG granted the pension commitment to Prof. Rupert Stadler.

EUR	Dr. Bernd Martens		
	Procurement		
	2016	2016 (minimum)	2016 (maximum)
Fixed remuneration	560,000	560,000	560,000
Fringe benefits	137,078	137,078	137,078
Total	697,078	697,078	697,078
One-year variable remuneration	951,000	0	1,060,000
Multi-year variable remuneration	1,484,000	0	2,120,000
Business performance bonus (two-year period)	689,000	0	1,060,000
LTI (four-year period)	795,000	0	1,060,000
Total	3,132,078	697,078	3,877,078
Pension expense	517,536	517,536	517,536
Total remuneration	3,649,614	1,214,614	4,394,614

EUR	Prof. h. c. Thomas Sigi		
	Human Resources and Organization		
	2016	2016 (minimum)	2016 (maximum)
Fixed remuneration	560,000	560,000	560,000
Fringe benefits	70,312	70,312	70,312
Total	630,312	630,312	630,312
One-year variable remuneration	951,000	0	1,060,000
Multi-year variable remuneration	1,484,000	0	2,120,000
Business performance bonus (two-year period)	689,000	0	1,060,000
LTI (four-year period)	795,000	0	1,060,000
Total	3,065,312	630,312	3,810,312
Pension expense	580,745	580,745	580,745
Total remuneration	3,646,057	1,211,057	4,391,057

EUR	Axel Strotbek		
	Finance and IT		
	2016	2016 (minimum)	2016 (maximum)
Fixed remuneration	560,000	560,000	560,000
Fringe benefits	87,486	87,486	87,486
Total	647,486	647,486	647,486
One-year variable remuneration	951,000	0	1,060,000
Multi-year variable remuneration	1,484,000	0	2,120,000
Business performance bonus (two-year period)	689,000	0	1,060,000
LTI (four-year period)	795,000	0	1,060,000
Total	3,082,486	647,486	3,827,486
Pension expense	475,025	475,025	475,025
Total remuneration	3,557,511	1,122,511	4,302,511

EUR	Dr. Dietmar Voggenreiter		
	Marketing and Sales		
	2016	2016 (minimum)	2016 (maximum)
Fixed remuneration	459,334	459,334	459,334
Fringe benefits	63,169	63,169	63,169
Total	522,503	522,503	522,503
One-year variable remuneration	768,000	0	860,000
Multi-year variable remuneration	1,206,000	0	1,720,000
Business performance bonus (two-year period)	558,000	0	860,000
LTI (four-year period)	648,000	0	860,000
Total	2,496,503	522,503	3,102,503
Pension expense	488,861	488,861	488,861
Total remuneration	2,985,364	1,011,364	3,591,364

EUR	Prof. Dr.-Ing. Hubert Walzl		
	Production and Logistics		
	2016	2016 (minimum)	2016 (maximum)
Fixed remuneration	560,000	560,000	560,000
Fringe benefits	95,768	95,768	95,768
Total	655,768	655,768	655,768
One-year variable remuneration	951,000	0	1,060,000
Multi-year variable remuneration	1,484,000	0	2,120,000
Business performance bonus (two-year period)	689,000	0	1,060,000
LTI (four-year period)	795,000	0	1,060,000
Total	3,090,768	655,768	3,835,768
Pension expense	395,709	395,709	395,709
Total remuneration	3,486,477	1,051,477	4,231,477

EUR	Dr.-Ing. Stefan Knirsch		
	Technical Development		
	Left: September 23, 2016		
	2016	2016 (minimum)	2016 (maximum)
Fixed remuneration	452,948	452,948	452,948
Fringe benefits	57,561	57,561	57,561
Total	510,509	510,509	510,509
One-year variable remuneration	951,000	0	1,060,000
Multi-year variable remuneration	1,484,000	0	2,120,000
Business performance bonus (two-year period)	689,000	0	1,060,000
LTI (four-year period)	795,000	0	1,060,000
Total	2,945,509	510,509	3,690,509
Pension expense ¹⁾	188,037	188,037	188,037
Total remuneration	3,133,546	698,546	3,878,546

1) The pension expense is reported on a pro rata basis (Jan. 1 to Sep. 23, 2016).

// BENEFITS PAID UPON REGULAR TERMINATION OF EMPLOYMENT

In the event of regular termination of their employment, the members of the Board of Management are granted retirement pay including a survivor's pension as well as the use of company cars for the period in which they receive retirement pay. The benefits granted are paid out or provided from the age of 63. Contracts from October 2015 fundamentally specify that these benefits will begin at the age of 65.

Retirement pay is calculated as a percentage of the basic remuneration. The individual percentage increases by a specified percentage with every year of service and may be up to 50 percent of the agreed monthly basic remuneration at the time of termination of employment.

The pension obligations in accordance with IAS 19 for members of the active Board of Management amounted to

EUR 34,330 (26,684) thousand on December 31, 2016; the amount of EUR 7,646 (1,430) thousand including actuarial effects was allocated to the provision in the year under review in accordance with IAS 19. The measurement of pension obligations also includes other benefits such as surviving dependents' pensions and the provision of company cars. The pension obligations measured in accordance with the requirements of German commercial law came to EUR 20,074 (19,658) thousand; the amount of EUR 417 (5,192) thousand was allocated to the provision in the year under review in accordance with the requirements of German commercial law. Current pension payments are increased in line with the index-linking of the highest collectively agreed salary, provided that the application of Section 16 of the German Act on the Improvement of Company Pension Provision (BetrAVG) does not lead to a higher increase.

Former members of the Board of Management and their surviving dependents received EUR 6,744 (9,409) thousand during the reporting period. For this group of individuals, which also includes members of the Board of Management who left the Company in the fiscal year, there were pension

obligations amounting to EUR 77,964 (67,276) thousand measured in accordance with IAS 19 or EUR 57,952 (57,404) thousand in accordance with the requirements of German commercial law.

Board of Management pensions in 2016 (IFRS)

EUR	Pension expense	Present values as of December 31 ¹⁾
Prof. Rupert Stadler ²⁾	-	-
Dr. Bernd Martens	517,536	7,197,418
Prof. h. c. Thomas Sigi	580,745	6,169,039
Axel Strotbek	475,025	7,829,187
Dr. Dietmar Voggenreiter	488,861	4,671,454
Prof. Dr.-Ing. Hubert Walzl	395,709	8,462,921
Dr.-Ing. Stefan Knirsch (until Sep. 23, 2016) ³⁾	257,389	5,044,515
Total	2,715,265	39,374,534

1) Of which active members of the Board of Management EUR 34,330,019

2) Volkswagen AG granted the pension commitment to Prof. Rupert Stadler.

3) Pension expense for the period from Jan. 1 to Dec. 31, 2016

Board of Management pensions in 2016 (German Commercial Code [HGB])

EUR	Service costs	Present values as of December 31 ¹⁾
Prof. Rupert Stadler ²⁾	-	-
Dr. Bernd Martens	79,019	4,039,408
Prof. h. c. Thomas Sigi	177,278	3,538,356
Axel Strotbek	33,988	4,579,216
Dr. Dietmar Voggenreiter	-72,735	2,415,198
Prof. Dr.-Ing. Hubert Walzl	-24,570	5,502,091
Dr.-Ing. Stefan Knirsch (until Sep. 23, 2016) ³⁾	2,718,397	2,789,426
Total	2,911,377	22,863,695

1) Of which active members of the Board of Management EUR 20,074,269

2) Volkswagen AG granted the pension commitment to Prof. Rupert Stadler.

3) Service costs for the period from Jan. 1 to Dec. 31, 2016

// BENEFITS PAID UPON EARLY TERMINATION OF EMPLOYMENT

If the activity is ended with good cause for which the member of the Board of Management is not responsible, entitlement shall be limited to a maximum of two years' annual remuneration (settlement cap).

In the event that the employment is ended with good cause for which the member of the Board of Management is responsible, no termination payment is made to the Board of Management member.

In the event of premature termination of their employment, the members of the Board of Management are also granted retirement pay with a survivor's pension as well as the use of company cars for the period in which they receive retirement pay.

A settlement of EUR 3.8 million was agreed on the basis of an individually stipulated contract for the member of the Board of Management who left the Company in the year under review.

/ REMUNERATION OF THE SUPERVISORY BOARD

The remuneration paid to the Supervisory Board is composed of fixed and variable components in accordance with Article 16 of the Articles of Incorporation and Bylaws of AUDI AG. Pursuant to Section 314, Para. 1, No. 6a) of the German Commercial Code (HGB), the remuneration amounts to EUR 749 (202) thousand. The remuneration comprises EUR 231 (202) thousand in fixed and EUR 518 (-) thousand in variable components. The amount of the variable remuneration components is based on the compensatory payment made for the 2016 fiscal year in accordance with the applicable provision in the Articles of Incorporation and Bylaws.

The actual payment of individual parts of the total remuneration, which will only be determined upon finalization of the compensatory payment, will be made in the 2017 fiscal year pursuant to Section 16 of the Articles of Incorporation and Bylaws.

Expenses for remuneration of the Supervisory Board

EUR	Fixed	Variable	Total 2016	
Matthias Müller	-	-	-	Chairman ¹⁾ Shareholder representative
Berthold Huber ²⁾	20,500	48,800	69,300	Vice Chairman ¹⁾ Employee representative
Mag. Josef Ahorner	11,500	24,400	35,900	Shareholder representative
Senator h. c. Helmut Aurenz	11,000	24,400	35,400	Shareholder representative
Rita Beck ²⁾ (since Dec. 13, 2016)	450	1,220	1,670	Employee representative
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	-	-	-	Shareholder representative
Dr. Christine Hohmann-Dennhardt (joined on Feb. 16, 2016, resigned on Jan. 31, 2017)	-	-	-	Shareholder representative
Johann Horn ²⁾	11,500	24,400	35,900	Employee representative
Rolf Klotz ²⁾	11,000	24,400	35,400	Employee representative ³⁾
Peter Kössler	11,500	24,400	35,900	Employee representative
Mag. Julia Kuhn-Piëch	11,500	24,400	35,900	Shareholder representative
Peter Mosch ²⁾	16,000	36,600	52,600	Employee representative ¹⁾
Dr. jur. Hans Michael Piëch ⁴⁾	14,375	32,194	46,569	Shareholder representative ¹⁾
Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch	20,500	48,800	69,300	Shareholder representative ⁵⁾
Dr. jur. Ferdinand Oliver Porsche	16,000	36,600	52,600	Shareholder representative ⁶⁾
Dr. rer. comm. Wolfgang Porsche	11,500	24,400	35,900	Shareholder representative
Norbert Rank ²⁾ (resigned with effect from Nov. 30, 2016)	14,375	33,550	47,925	Employee representative ⁷⁾
Jörg Schlagbauer ²⁾	16,000	36,600	52,600	Employee representative ⁶⁾
Irene Schulz ²⁾ (since Jul. 11, 2016)	5,250	11,522	16,772	Employee representative
Helmut Späth ²⁾	11,500	24,400	35,900	Employee representative
Max Wäcker ²⁾	11,500	24,400	35,900	Employee representative
Sibylle Wankel ²⁾ (resigned with effect from Jun. 30, 2016)	5,500	12,200	17,700	Employee representative
Prof. Dr. rer. pol. Carl H. Hahn	-	-	-	Honorary Chairman
Total	231,450	517,686	749,136	

1) Member of the Presiding Committee and the Negotiating Committee

2) The employee representatives have stated that their remuneration as Supervisory Board members shall be paid to the Hans Böckler Foundation, in accordance with the guidelines of the German Confederation of Trade Unions.

3) Member of the Audit Committee (since Feb. 16, 2017)

4) Member of the Presiding Committee and the Negotiating Committee (since May 11, 2016)

5) Chairman of the Audit Committee

6) Member of the Audit Committee

7) Vice Chairman of the Audit Committee (until Nov. 30, 2016)

MANDATES OF THE BOARD OF MANAGEMENT

Status of all data: December 31, 2016

Prof. Rupert Stadler (53)

Chairman of the Board of Management

Mandates:

- FC Bayern München AG, Munich (Vice Chairman)
- ◆ Porsche Holding Gesellschaft m.b.H., Salzburg, Austria

Dr. Bernd Martens (50)

Procurement

Prof. h. c. Thomas Sigi (52)

Human Resources and Organization

Mandates:

- Digitales Gründerzentrum der Region Ingolstadt GmbH, member of the Supervisory Board
- Volkswagen Pension Trust e.V., Wolfsburg

Axel Strotbek (52)

Finance and IT

Mandate:

- VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig

Dr. Dietmar Voggenreiter (47)

Marketing and Sales

Prof. Dr.-Ing. Hubert Walzl (58)

Production and Logistics

Mandates:

- Digitales Gründerzentrum der Region Ingolstadt GmbH, Vice Chairman of the Supervisory Board
- Technische Hochschule Ingolstadt, Chairman of the University Council
- ◆ VOLKSWAGEN FAW Engine (Dalian) Co., Ltd., Dalian, China

Resigned from the Board of Management with effect from September 23, 2016:

- Dr.-Ing. Stefan Knirsch (50)

In connection with their duties of Group steering and governance within the Audi Group, the members of the Board of Management hold further supervisory board seats at Group companies and material participations.

- Membership of statutorily constituted domestic supervisory boards
- ◆ Membership of comparable domestic and foreign regulatory bodies

MANDATES OF THE SUPERVISORY BOARD

Status of all data: December 31, 2016

Matthias Müller (63)¹⁾

Chairman

Chairman of the Board of Management of Volkswagen AG, Wolfsburg

Member of the Board of Management of Porsche Automobil Holding SE, Stuttgart

Berthold Huber (66)

Vice Chairman

Mandates:

- Porsche Automobil Holding SE, Stuttgart

Mag. Josef Ahorner (56)

Businessman, Vienna, Austria

Mandates:

- ♦ Automobili Lamborghini S.p.A., Sant'Agata Bolognese, Italy
- ♦ Emarsys AG, Vienna, Austria (Chairman)

Senator h. c. Helmut Aurenz (79)

Owner of the ASB Group, Stuttgart

Mandates:

- ♦ Automobili Lamborghini S.p.A., Sant'Agata Bolognese, Italy
- ♦ Scania AB, Södertälje, Sweden

Rita Beck (46), since December 13, 2016

Member of the Works Council of AUDI AG, Ingolstadt plant

Dr. rer. pol. h. c. Francisco Javier Garcia Sanz (59)¹⁾

Member of the Board of Management of Volkswagen AG, Wolfsburg

Mandates:

- Hochtief AG, Essen
- ♦ Criteria Caixaholding S.A., Barcelona, Spain

Dr. Christine Hohmann-Dennhardt (66)¹⁾, since February 16, 2016

Member of the Board of Management of Volkswagen AG, Wolfsburg

Mandate:

- ♦ Messe Frankfurt GmbH, Frankfurt am Main

Johann Horn (58)

Chief Executive of the Ingolstadt office of the IG Metall trade union

Mandates:

- EDAG Engineering GmbH, Wiesbaden (Vice Chairman)
- EDAG Engineering Holding GmbH, Munich (Vice Chairman)
- Treuhandverwaltung IGEMET GmbH, Frankfurt am Main (Vice Chairman)

Rolf Klotz (58)

Chairman of the Works Council of AUDI AG, Neckarsulm plant

Peter Kössler (57)

Head of Engine Planning, AUDI AG, Ingolstadt plant

Chairman of the Board of Management of AUDI HUNGARIA SERVICES Zrt., Győr, Hungary

Chairman of the Board of Directors AUDI HUNGARIA MOTOR Kft., Győr, Hungary

Mag. Julia Kuhn-Piëch (35)

Property Manager, Salzburg, Austria

Mandates:

- MAN SE, Munich
- MAN Truck & Bus AG, Munich

Peter Mosch (44)

Chairman of the General Works Council of AUDI AG

Mandates:

- Audi Pensionskasse – Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt
- Porsche Automobil Holding SE, Stuttgart
- Volkswagen AG, Wolfsburg

1) In connection with his/her duties of Group steering and governance within the Volkswagen Group, this member of the Supervisory Board holds further supervisory board seats at Group companies and material participations.

- Membership of statutorily constituted domestic supervisory boards
- ♦ Membership of comparable domestic and foreign regulatory bodies

Dr. jur. Hans Michel Piëch (74)

Attorney, Vienna, Austria

Mandates:

- Dr. Ing. h. c. F. Porsche AG, Stuttgart
- Porsche Automobil Holding SE, Stuttgart
- Volkswagen AG, Wolfsburg
- ◆ Porsche Cars Great Britain Ltd., Reading, United Kingdom
- ◆ Porsche Cars North America Inc., Atlanta, USA
- ◆ Porsche Holding Gesellschaft m.b.H., Salzburg, Austria
- ◆ Porsche Ibérica S.A., Madrid, Spain
- ◆ Porsche Italia S.p.A., Padua, Italy
- ◆ Schmittenhöhebahn Aktiengesellschaft, Zell am See, Austria
- ◆ Volksoper Wien GmbH, Vienna, Austria

Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch (65)

Chairman of the Supervisory Board of Volkswagen AG, Wolfsburg

Chairman of the Board of Management and Chief Financial Officer of Porsche Automobil Holding SE, Stuttgart

Mandates:

- Autostadt GmbH, Wolfsburg (Chairman)
- Bertelsmann Management SE, Gütersloh
- Bertelsmann SE & Co. KGaA, Gütersloh
- Dr. Ing. h. c. F. Porsche AG, Stuttgart
- Volkswagen AG, Wolfsburg (Chairman)
- ◆ Porsche Austria Gesellschaft m.b.H., Salzburg, Austria (Chairman)
- ◆ Porsche Holding Gesellschaft m.b.H., Salzburg, Austria (Chairman)
- ◆ Porsche Retail GmbH, Salzburg, Austria (Chairman)
- ◆ VfL Wolfsburg-Fußball GmbH, Wolfsburg (Deputy Chairman)
- ◆ Volkswagen Truck & Bus GmbH, Braunschweig

Dr. jur. Ferdinand Oliver Porsche (55)

Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft, Salzburg, Austria

Mandates:

- Dr. Ing. h. c. F. Porsche AG, Stuttgart
- Porsche Automobil Holding SE, Stuttgart
- Volkswagen AG, Wolfsburg
- ◆ PGA S.A., Paris, France
- ◆ Porsche Holding Gesellschaft m.b.H., Salzburg, Austria
- ◆ Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Ludwigsburg
- ◆ Volkswagen Truck & Bus GmbH, Braunschweig

Dr. rer. comm. Wolfgang Porsche (73)

Chairman of the Supervisory Board of Porsche Automobil Holding SE, Stuttgart

Chairman of the Supervisory Board of Dr. Ing. h. c. F. Porsche AG, Stuttgart

Mandates

- Dr. Ing. h. c. F. Porsche AG, Stuttgart (Chairman)
- Porsche Automobil Holding SE, Stuttgart (Chairman)
- Volkswagen AG, Wolfsburg
- ◆ Familie Porsche AG Beteiligungsgesellschaft, Salzburg, Austria (Chairman)
- ◆ Porsche Cars Great Britain Ltd., Reading, United Kingdom
- ◆ Porsche Cars North America Inc., Atlanta, USA
- ◆ Porsche Holding Gesellschaft m.b.H., Salzburg, Austria
- ◆ Porsche Ibérica S.A., Madrid, Spain
- ◆ Porsche Italia S.p.A., Padua, Italy
- ◆ Schmittenhöhebahn Aktiengesellschaft, Zell am See, Austria

Jörg Schlagbauer (39)

Member of the Works Council of AUDI AG, Ingolstadt plant

Mandates:

- Audi BKK, Ingolstadt (Chairman)
- BKK Landesverband Bayern, Munich (Alternating Chairman)
- Sparkasse Ingolstadt, Ingolstadt

Irene Schulz (52), since July 11, 2016

Executive Member of the Managing Board of the IG Metall trade union, Frankfurt am Main

Mandate:

- Osram Licht AG & Osram GmbH, Munich

Helmut Späth (60)

Member of the Works Council of AUDI AG, Ingolstadt plant

Mandates:

- Audi BKK, Ingolstadt
- Volkswagen Pension Trust e.V., Wolfsburg

Max Wäcker (62)

Vice Chairman of the Works Council of AUDI AG, Ingolstadt plant

Mandate:

- Audi BKK, Ingolstadt

Resigned from the Supervisory Board with effect from June 30, 2016:

- **Sibylle Wankel (52)**

Resigned from the Supervisory Board with effect from November 30, 2016:

- **Norbert Rank (61)**

Resigned from the Supervisory Board with effect from January 31, 2017:

- **Dr. Christine Hohmann-Dennhardt (66)**

Since February 16, 2017, member of the Supervisory Board:

- **Hiltrud Dorothea Werner (50)**
Member of the Board of Management of Volkswagen AG, Wolfsburg