

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE

### **/ GERMAN CORPORATE GOVERNANCE CODE IN 2018**

On April 24, 2017, the Federal Ministry of Justice and Consumer Protection announced a new version of the German Corporate Governance Code dated February 7, 2017, in the official section of the Federal Gazette (Bundesanzeiger). The Board of Management and Supervisory Board of AUDI AG also considered at length the recommendations and suggestions in the Code during the 2018 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/cgc-declaration](http://www.audi.com/cgc-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 April 24, 2017, in the official section of the Federal Gazette (Bundesanzeiger), in the version dated February 7, 2017, were implemented in the period since the most recent Declaration of Conformity of November 30, 2017, and continue to be implemented with the exception of the following numbers:

- > 4.2.3, Para. 2, Sentence 3 (variable components of Board of Management remuneration, multi-year measurement basis mainly relating to future periods),
- > 5.3.2, Para. 3, Sentence 2 (independence of the Chairman of the Audit Committee),
- > 5.3.3 (Nominating Committee),
- > 5.4.1, Para. 6 (disclosure with regard to nominations),
- > 5.4.6, Para. 2, Sentence 2 (performance-related remuneration of the Supervisory Board).

The Supervisory Board of AUDI AG considers a multi-year measurement basis for Board of Management remuneration, which is essentially a forward-looking approach, to be sensible. It has therefore approved an adjustment to the remuneration system

in line with the recommendations of the currently valid German Corporate Governance Code for the first time for the 2019 fiscal year. Against this background, the deviation from the recommendation in No. 4.2.3, Para. 2, Sentence 3 regarding the variable components of Board of Management remuneration relating to future periods is declared for the 2018 fiscal year.

According to the 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. The exception is declared merely as a precaution.

With regard to No. 5.3.3 (Nominating Committee), 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. 6 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 requirements of the recommendation in 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: The Supervisory Board concurs that all suggestions with the exception of the suggestion from No. 4.2.3, Para. 2, Sentence 9 (multi-year, variable remuneration components should not be paid out early) are met. The Supervisory Board will only approve such a remuneration rule in the future.

### **/ STOCK OPTION PLANS AND SIMILAR SECURITIES-BASED INCENTIVE ARRANGEMENTS**

There were no agreements with members of the Board of Management concerning any such plans or incentive arrangements in the 2018 fiscal year.



Read more about the planned **reorganization of the remuneration system** as well as the **performance share plan** in the **Notes to the Consolidation Financial Statements** under Note 47.

### **/ GOALS FOR THE COMPOSITION OF THE SUPERVISORY BOARD**

Taking into account the specific situation of the Company, the business purpose, the size of the Company and the proportion of international business activities as well as the ownership structure, the Supervisory Board heeds the following elements when working towards its target composition:

- > At least two seats on the Supervisory Board for persons who fulfill the criterion of internationality to a particular extent,
- > At least one shareholder seat on the Supervisory Board for persons with no potential conflicts of interest, in particular as a result of performing an advisory or executive function at customers, suppliers, lenders or other third parties,
- > At least one shareholder seat on the Supervisory Board for independent Supervisory Board members within the meaning of No. 5.4.2 of the Code (in this case, currently Dr. Julia Kuhn-Piëch),
- > At least one seat on the Supervisory Board for persons who contribute to the Board's diversity in particular.

The Supervisory Board as an overall body must possess the requisite expertise and competences to be in a position to perform its supervisory function and assess and monitor the

transactions that the Company conducts. To that end, the members of the Supervisory Board must as a whole be familiar with the sector in which the Company operates. Core competences and requirements for the Supervisory Board as an overall body include in particular:

- > Knowledge of or experience in the manufacturing and sale of vehicles and powertrains of all kinds or of other technical products,
- > Knowledge of the automotive industry, business model and market, knowledge of the products,
- > Knowledge of the Research and Development area, in particular in the technological fields that are relevant for the Company,
- > Experience in positions of entrepreneurial leadership or on Supervisory Boards of major corporations,
- > Knowledge of the governance, legal and compliance areas,
- > In-depth knowledge of the fields of finance, accounting or financial audit,
- > Knowledge of the capital market,
- > Knowledge of the areas of Controlling/Risk Management, Internal Control System,
- > Human resources competence (in particular searching for and recruiting Board of Management members, successor process) as well as knowledge of incentive and remuneration systems for the Board of Management,
- > In-depth knowledge of or experience in the areas of co-determination, employee affairs and the working world in the Company.

The current composition of the Supervisory Board satisfies the competence profile.

### **/ GROUP MANAGEMENT DECLARATION ON THE INTERNET**

The Group Management Declaration pursuant to Section 315d of the German Commercial Code (HGB) in conjunction with Section 289f 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. In addition, disclosures on the diversity concept for the Board of Management and Supervisory Board are made.



Read more online about the **Group Management Declaration** at [www.audi.com/corporate-management](http://www.audi.com/corporate-management).

# INTEGRITY AND COMPLIANCE

Integrity and compliance with laws and regulations are the basis of our corporate activity and have top priority in the Audi Group. They form the basis for a good reputation, for the trust of customers and business partners, for the wellbeing of employees as well as for sustainable economic success, which should not be diminished by the risk of high financial damage resulting from fines, a loss of profit, mandatory compensation payments or criminal investigations. To avoid the aforementioned, effective compliance is needed within the Company in addition to a culture based on integrity. The Audi Group pursues primarily a preventive approach in this regard. Its aim is to eliminate in advance any possible breaches of the rules.

Within the Audi Group, the topics of integrity, compliance and risk management at AUDI AG are handled by a dedicated organizational unit. This is headed by the Chief Compliance Officer and reports directly to the Board Member for Finance, China, Compliance and Integrity. Since June 2017, this organizational unit has also coordinated cooperation with the Independent Compliance Monitor/Auditor Mr. Larry D. Thompson, appointed by the U.S. authorities. Mr. Thompson will assess and oversee the fulfillment by Volkswagen and Audi of the conditions from the agreements with the U.S. agencies on the diesel issue for a period of three years. These include measures to further strengthen compliance and the reporting and control systems as well as implementing an extended program for compliance and ethical conduct. The resources for integrity and compliance were substantially increased in the year under review, to anchor the numerous building blocks of effective integrity and compliance management in the Company. This was partly driven by the comprehensive substantive requirements under the agreement with the United States. Further conditions and requirements from the settlement agreements with the U.S. agencies were already implemented and met according to schedule in the period under review.

## **/ INTEGRITY AND CORPORATE CULTURE**

Behaving with integrity generally means acting in a way that consciously reflects chosen values, principles and personal convictions. At Audi, we interpret integrity as acting in a responsible and entrepreneurial way that embraces general

ethical standards and our corporate values. Behaving with integrity stems from the personal conviction of every individual to do the right thing and to adhere to the right principles regardless of emotional, economic or social pressure. This sets integrity apart from compliance, which we take to mean adhering to statutory regulations as well as internal corporate policies and our Code of Conduct. Compliance is about protecting employees and the Company. In our understanding, an organization whose employees operate in a legally compliant way and observe internal policies and codes of conduct can be considered a reliable and trustworthy partner.

### **Distinction between integrity and compliance in the Audi Group**

	<b>Integrity</b>	<b>Compliance</b>
<b>Motivation</b>	Mainly intrinsic motivation (out of conviction/reason)	Mainly external pressure (e.g. through legislation)
<b>Objective</b>	Promotion of moral behavior	Prevention of unlawful actions
<b>Approach</b>	Values, corporate culture	Clear rules, policies, controls

We also attach particular importance to our corporate culture. Culture means the sum total of all values according to which we work together. It is evident in the way people, teams and departments within the company treat each other and work together. We believe every company needs not only ideals, but also shared cultural values. Our four corporate values at Audi provide the basis: appreciation, openness, responsibility and integrity.

Our integrity program is designed to further strengthen the corporate culture at Audi. It places the spotlight on a dialogue on the topic of integrity. We want to promote the open sharing of ideas within the Company, propagate a corporate culture based on trust and firmly embed moral, values-based action at Audi. To that end we defined six subject areas that have also been agreed within the Volkswagen Group.

## Subject areas of the Audi integrity program



The topic of integrity was given further exposure at Audi in 2018 through regularly recurring events and dialogue-based communication measures. For example, we held the mandatory Audi Convention for all leaders from the Ingolstadt and Neckarsulm sites on the topics of integrity, culture and compliance, in the form of web-based training and a one-day face-to-face event. In all, 3,350 managers, leaders and Works Council members took part. The objective of the Audi Convention was to raise awareness of the economic and social relevance of integrity-led, upright behavior and value-based leadership. To communicate the topics addressed throughout the Company and thus raise awareness of them among all employees, after the event the participants were supplied with a starter kit containing various work materials. In addition, several fireside chats on the subject of integrity took place in the year under review. These provided Board of Management members, managers and employees with an opportunity to discuss the topic of integrity and its significance for Audi. A comprehensive web-based training range as well as face-to-face events on compliance and integrity, some of them mandatory, help to spread these topics among the workforce.

AUDI AG also launched a pilot project for the Volkswagen Group's integrity and compliance program "Together4Integrity"

(T4I) in the 2018 fiscal year. The program is based on the principles of the Ethics & Compliance Initiative (ECI), a globally recognized standard for ethical corporate principles. T4I brings together all previous measures, projects and initiatives dealing with integrity and compliance. It aims to give employees a firm handle on behaving with integrity and promote cultural change at Audi.

### **/ COMPLIANCE MANAGEMENT SYSTEM IN THE AUDI GROUP**

The Compliance Management System (CMS) is intended to ensure that the Company's corporate bodies and employees suitably comply with statutory and internal regulations. It incorporates all measures and systems to coordinate and ensure compliance within the Company – and in particular implementation of the compliance program. In addition to AUDI AG, around 50 participations worldwide fall within the scope of the CMS, with predominantly local compliance officers acting as multipliers.

Within the Audi Group, we have defined intrinsic compliance topics which need to be observed in order to protect our brands. These are permanently tracked and supplemented by the annually updated compliance program. They also essentially reflect the statutory framework that a company must comply with. Audi already offers various information and training measures as well as ad hoc consultancy services for the intrinsic compliance topics. The requirements on specific topics are additionally set forth in corporate policies that have been enacted on behalf of the Board of Management and are binding for all employees.

Intrinsic compliance topics at Audi:

- > Anti-corruption/anti-fraud
- > Data protection
- > Prevention of money laundering
- > Business partner approval
- > Information security
- > Insider information
- > Antitrust law
- > Issue of external contracts

The compliance program is an important tool for creating a uniform basis for compliance activities within the Audi Group and is approved annually by the Board Member for Finance, China, Compliance and Integrity. As well as continuously addressing the intrinsic compliance topics, it encompasses selected focal areas that reflect current developments in the Company and the industry. The activities in the period under review continued to be determined especially by requirements resulting from the settlement agreements reached with the U.S. agencies as a result of the diesel issue.

### **// IMPLEMENTATION OF THE RECOMMENDATIONS FROM THE MONITORSHIP**

With the publication of the first Monitor Report and the recommendations that resulted from it for the Audi Group, a large share of resources in the year under review was dedicated to implementing these punctually. The recommendations included the organizational structuring and expansion of the compliance organization at head office and the sites worldwide, expanding the training programs and also revising or supplementing the corporate regulations. For example, the explicit inclusion of compliance in mergers & acquisitions projects was also a new stipulation.

### **// FURTHER MAIN FOCUSES**

As well as regular recording of detailed risk assessments on the subject of compliance for the regular GRC process, the

Internal Compliance Risk Assessment (ICRA) was carried out at 52 companies in Germany and internationally in the year under review. A questionnaire on the risk areas of corruption, money laundering and fraud served to render the risk landscape of the companies transparent so that suitable action to reduce the risk profile in each specific case can be taken as required.

The Audi Compliance Cockpit is the central digital compliance portal that brings together all digital applications of the Compliance area and is intended in particular to help the participations conduct their compliance work. Its components include for instance conducting business partner approval, easy custom solutions for online training and digital reporting of compliance measures required and implemented in the companies. The Audi Compliance Cockpit was introduced in 2018.

The revision of the Audi Corporate Regulations, started in 2017, also continued. The aim here is to restructure and simplify the collected internal corporate regulations and communicate them highly effectively. An important partial aspect of this project are the Volkswagen Group Policies, the influence of which on the regulatory hierarchy needs to be taken into account when defining the next steps.

## **RISK MANAGEMENT**

As a company with global operations, the Audi Group is exposed to a dynamic environment. Furthermore, the automotive industry is undergoing a comprehensive process of transformation that is bringing changing customer requirements, value chains and business models. This situation continually confronts us with diverse and new opportunities and risks. Integrity as well as behavior that complies with statutory and regulatory requirements are the basis of our entrepreneurial actions and are treated as a top priority. We seek to maintain a constructive dialogue and address opportunities and risks openly so that we can ensure lasting success with our entrepreneurial activities. The particular purpose of

an effective Risk Management System (RMS) – as well as fulfilling statutory requirements – is to validate entrepreneurial goals, protect stakeholders against negative corporate developments, fulfill the Company's far-reaching duty of care in respect of how it handles risks as well as protect long-term viability and competitiveness. The risk propensity of the Audi Group is reflected in the ambitious corporate targets it formulates based on conscientious risk/return analyses. These are synchronized both Company-wide and with the Volkswagen Group. Our Internal Control System (ICS) is designed to ensure the functioning and stability of our processes. In the past fiscal year we launched further initiatives to reinforce our ICS.

The Risk Management System of the Audi Group is based on the internationally recognized standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Risks are to be identified, evaluated and appropriately managed by those responsible. A control is also to be carried out on the management of risks. The higher-level internal business units and Group functionalities responsible must communicate in a transparent, accurate and timely manner. All organizational levels of the Audi Group are integrated into the Risk Management System in order to satisfy both business and statutory requirements. Changes in the legal framework with respect to risk management are also continually monitored and are acted on promptly if relevant for the Company. The integration of all material participations into the risk management system is ensured. New companies are gradually integrated.

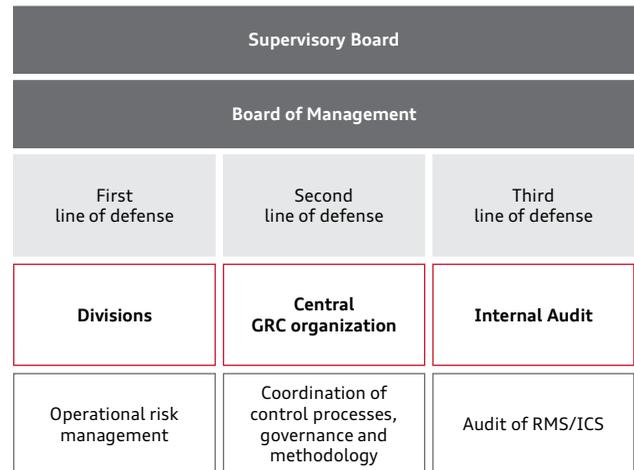
The RMS/ICS is closely interlocked with the compliance functionality (central governance, risk & compliance (GRC) organization/central GRC organization) as part of an integrated and comprehensive management approach. The Board of Management and the Supervisory Board, especially the Audit Committee, are kept regularly informed about the RMS/ICS as well as the Compliance Management System (CMS) in a combined report.

The central tasks of risk management are to identify and analyze risks, ensure transparent reporting of these risks and improve their controllability using suitable risk management tools. This process also creates scope for generating and exploiting opportunities. Using the COSO framework, risk-appropriate internal controls are defined and performed along the entire value chain (ICS). The Audi Group promotes the further development of the RMS/ICS through cross-divisional and cross-company projects. The priority here is to interlink the system closely with corporate financial planning and management, as well as with accounting. In view of its high strategic relevance, the regulatory framework for the RMS/ICS is firmly established both in an internal Corporate Policy of AUDI AG and at the material participations.

To systematically structure its risk management architecture, the Audi Group follows the “Three Lines of Defense” model – a recommendation of the European Confederation of Institutes of Internal Auditing (ECIIA). Taking this basis, the RMS/ICS

of the Audi Group features three lines of defense that are intended to protect the Company against the occurrence of material risks.

### The “Three Lines of Defense” model



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. In the year under review, the training program was significantly extended and focused on the various target groups through mandatory modules and function-specific programs. 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 clearly designated 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/ICS. 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 at least ad hoc to the full Board of Management and the Supervisory Board of AUDI AG.

## COMMUNICATION AND TRANSPARENCY

Transparency and open dialogue are essential components of our financial and capital market communications. For example, we offer well-founded information and background reports on our operational and strategic corporate development as well as access to our financial publications on our website [www.audi.com/investor-relations](http://www.audi.com/investor-relations). We announce important publication dates as well as the date of the Annual General Meeting of AUDI AG in our Financial Calendar. These can be accessed at any time on our homepage at [www.audi.com/financial-calendar](http://www.audi.com/financial-calendar).

The shareholder structure of AUDI AG and further information about Audi shares are permanently available at [www.audi.com/shares](http://www.audi.com/shares).

As part of Audi's investor relations activities in the 2018 fiscal year, we again provided institutional investors, analysts, shareholders and other stakeholders with timely information about the current economic development and planned future direction of our Company. We maintained intensive contact with the various capital market operators in a large number of one-to-one discussions, investor field trips and capital market events (Audi Investor & Analyst Days). These presented investors and analysts with opportunities to hold talks with various members of the Board of Management and top management representatives. All presentations given in connection with such events were published shortly afterwards on our Investor Relations website.



*Details of the Group-wide risk management system and detailed information on the Internal Control System for the financial reporting process can be found in the **Audi 2018 Annual Report** on pages 140 ff.*

The Audi Annual General Meeting provides a forum for direct contact and dialogue with our private and institutional shareholders. We publish information about the Audi Annual General Meeting on our homepage at [www.audi.com/annual-general-meeting](http://www.audi.com/annual-general-meeting). Its convening and the agenda as well as counter motions received can be viewed there. 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 at [www.audi.com/annual-general-meeting](http://www.audi.com/annual-general-meeting) for issuing and canceling powers of attorney or for making changes to instructions, and also for exercising such rights online. On this page, registered shareholders may also view the live broadcast of the Annual General Meeting up to the end of the general discussion. The speeches of the Board of Management members and the results of votes at the various Annual General Meetings are also published there.

Pursuant to Article 17 of the Market Abuse Regulation (MAR), all domestic issuers of financial instruments are obliged to publish and disclose insider information – where it has a direct bearing on them – without delay. This information is published on the Internet at [www.audi.com/ad-hoc](http://www.audi.com/ad-hoc) in the form of ad hoc announcements by the Company.

Announcements concerning transactions by management members pursuant to Article 19 of MAR can be found in the “Capital Market Compliance & Corporate Governance” section under the menu item “Corporate Governance.” “Capital Market Compliance & Corporate Governance” also contains further information about the Audi Group, reporting of voting rights pursuant to Sections 33 ff. of the German Securities Trading Act (WpHG) and other legal issues.

The mandates of the members of the Board of Management and Supervisory Board in supervisory bodies are given at the end of this report.

Most of the notices and information published there are also available in English.



For further information, visit

[www.audi.com/investor-relations](http://www.audi.com/investor-relations).

## 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.

### ***/ 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 the Audi Group 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 2018 pursuant to German Commercial Code (HGB)” reflect the figures reported in the 2018 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.

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. 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)**

At Audi, the level of the LTI is determined by attainment of the strategic goals of the Volkswagen Group. The relevant target areas for the 2018 remuneration year are:

- > 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.

**/// OUTLOOK**

The Supervisory Board of AUDI AG considers a multi-year measurement basis for Board of Management remuneration, which is essentially a forward-looking approach, to be sensible. It has therefore resolved an adjustment to the remuneration system in line with the recommendations of the current German Corporate Governance Code, which is to be implemented in 2019.

**/ BOARD OF MANAGEMENT REMUNERATION FOR 2018 PURSUANT TO GERMAN COMMERCIAL CODE (HGB)**

EUR	2018			2017
	Non-performance-related remuneration	Performance-related remuneration <sup>1) 2)</sup>	Total remuneration	Total remuneration
Abraham Schot	1,206,615	1,849,700	3,056,315	886,835
Rupert Stadler (until Oct. 2, 2018) <sup>3)</sup>	372,822	892,792	1,265,614	2,765,000
Wendelin Göbel	606,104	1,849,700	2,455,804	892,226
Peter Kössler	665,717	1,849,700	2,515,417	890,726
Dr. Bernd Martens	770,847	1,849,700	2,620,547	2,533,820
Dr.-Ing. Peter Mertens (until Oct. 31, 2018) <sup>4)</sup>	520,685	1,541,417	2,062,102	7,807,686
Hans-Joachim Rothenpieler (since Nov. 1, 2018)	89,745	261,750	351,495	-
Alexander Seitz	601,268	1,849,700	2,450,968	1,205,759
Members of the Board of Management who left in the previous year	-	-	-	7,409,333
<b>Total</b>	<b>4,833,803</b>	<b>11,944,459</b>	<b>16,778,262</b>	<b>24,391,385</b>

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/surpluses result in a total expense in 2018 of EUR 1,236,000 (provision shortfalls for Rupert Stadler of EUR 1,066,000, Dr. Bernd Martens of EUR 226,500, Dr.-Ing. Peter Mertens of EUR 104,700; provision surpluses for Wendelin Göbel, Peter Kössler, Abraham Schot, Alexander Seitz EUR 40,300 each).

3) The remuneration of Rupert Stadler is determined according to the VW Group system, based on his activities as Group CEO of Volkswagen AG, and rebilled pro rata to AUDI AG. This approach may produce temporal and material discrepancies.

4) To compensate for lost entitlements resulting from the change in employer, Dr.-Ing. Peter Mertens received EUR 6.0 million in the previous year.

**/ 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	Abraham Schot Chairman of the Board of Management <sup>1)</sup>	
	2018	2017
Fixed remuneration	1,146,667	180,000
Fringe benefits	59,948	12,835
<b>Total</b>	<b>1,206,615</b>	<b>192,835</b>
One-year variable remuneration	265,000	-
Multi-year variable remuneration	388,700	-
Business performance bonus (two-year period)	180,200	-
LTI (four-year period)	208,500	-
<b>Total</b>	<b>1,860,315</b>	<b>192,835</b>
Pension expense	599,629	85,314
<b>Total remuneration</b>	<b>2,459,944</b>	<b>278,149</b>

1) Until Jun. 18, 2018, Member of the Board of Management for Marketing and Sales; from Jun. 19, 2018, to Dec. 31, 2018, Member of the Board of Management for Marketing and Sales and interim Chairman of the Board of Management; since Jan. 1, 2019, Chairman of the Board of Management and interim Member of the Board of Management for Marketing and Sales

EUR	Rupert Stadler <sup>1)</sup> Chairman of the Board of Management <sup>2)</sup> Left: October 2, 2018	
	2018	2017
Fixed remuneration <sup>3)</sup>	372,822	810,000
Fringe benefits	-	-
<b>Total</b>	<b>372,822</b>	<b>810,000</b>
One-year variable remuneration	1,296,784	974,431
Multi-year variable remuneration	1,724,216	1,203,069
Business performance bonus (two-year period)	869,354	560,706
LTI (four-year period)	854,862	642,363
<b>Total</b>	<b>3,393,822</b>	<b>2,987,500</b>
Pension expense <sup>4)</sup>	-	-
<b>Total remuneration</b>	<b>3,393,822</b>	<b>2,987,500</b>

1) The remuneration of Rupert Stadler is determined according to the VW Group system, based on his activities as Group CEO of Volkswagen AG, and rebilled pro rata to AUDI AG. This approach may produce temporal and material discrepancies.

2) Inactive from Jun. 19, 2018, until Oct. 2, 2018

3) In the 2018 fiscal year, the fixed remuneration was paid out up until Jun. 18, 2018.

4) Volkswagen AG granted the pension commitment to Rupert Stadler.

EUR	Wendelin Göbel	
	Human Resources and Organization	
	2018	2017
Fixed remuneration	546,667	180,000
Fringe benefits	59,437	18,226
<b>Total</b>	<b>606,104</b>	<b>198,226</b>
One-year variable remuneration	265,000	-
Multi-year variable remuneration	388,700	-
Business performance bonus (two-year period)	180,200	-
LTI (four-year period)	208,500	-
<b>Total</b>	<b>1,259,804</b>	<b>198,226</b>
Pension expense	248,346	162,954
<b>Total remuneration</b>	<b>1,508,150</b>	<b>361,180</b>

EUR	Peter Kössler	
	Production and Logistics	
	2018	2017
Fixed remuneration	546,667	180,000
Fringe benefits	119,050	16,726
<b>Total</b>	<b>665,717</b>	<b>196,726</b>
One-year variable remuneration	265,000	-
Multi-year variable remuneration	388,700	-
Business performance bonus (two-year period)	180,200	-
LTI (four-year period)	208,500	-
<b>Total</b>	<b>1,319,417</b>	<b>196,726</b>
Pension expense	221,521	96,721
<b>Total remuneration</b>	<b>1,540,938</b>	<b>293,447</b>

EUR	Dr. Bernd Martens	
	Procurement and IT	
	2018	2017
Fixed remuneration	560,000	560,000
Fringe benefits	210,847	53,820
<b>Total</b>	<b>770,847</b>	<b>613,820</b>
One-year variable remuneration	980,500	980,000
Multi-year variable remuneration	1,166,000	1,171,300
Business performance bonus (two-year period)	540,600	545,900
LTI (four-year period)	625,400	625,400
<b>Total</b>	<b>2,917,347</b>	<b>2,765,120</b>
Pension expense	334,546	353,368
<b>Total remuneration</b>	<b>3,251,893</b>	<b>3,118,488</b>

EUR	Dr.-Ing. Peter Mertens	
	Technical Development	
	Left: October 31, 2018	
	2018	2017
Fixed remuneration <sup>1)</sup>	463,334	6,360,000
Fringe benefits	57,351	58,686
<b>Total</b>	<b>520,685</b>	<b>6,418,686</b>
One-year variable remuneration	618,300	-
Multi-year variable remuneration	875,400	-
Business performance bonus (two-year period)	458,400	-
LTI (four-year period)	417,000	-
<b>Total</b>	<b>2,014,385</b>	<b>6,418,686</b>
Pension expense	861,169	928,370
<b>Total remuneration</b>	<b>2,875,554</b>	<b>7,347,056</b>

1) To compensate for lost entitlements resulting from the change in employer, Dr.-Ing. Peter Mertens received EUR 6.0 million in the previous year.

EUR	Hans-Joachim Rothenpieler	
	Technical Development	
	Joined: November 1, 2018	
	2018	2017
Fixed remuneration	80,000	-
Fringe benefits	9,745	-
<b>Total</b>	<b>89,745</b>	<b>-</b>
One-year variable remuneration	-	-
Multi-year variable remuneration	-	-
Business performance bonus (two-year period)	-	-
LTI (four-year period)	-	-
<b>Total</b>	<b>89,745</b>	<b>-</b>
Pension expense	69,025	-
<b>Total remuneration</b>	<b>158,770</b>	<b>-</b>

EUR	Alexander Seitz	
	Finance, China, Compliance and Integrity	
	2018	2017
Fixed remuneration	546,667	180,000
Fringe benefits	54,601	331,759
<b>Total</b>	<b>601,268</b>	<b>511,759</b>
One-year variable remuneration	265,000	-
Multi-year variable remuneration	388,700	-
Business performance bonus (two-year period)	180,200	-
LTI (four-year period)	208,500	-
<b>Total</b>	<b>1,254,968</b>	<b>511,759</b>
Pension expense	415,113	156,668
<b>Total remuneration</b>	<b>1,670,081</b>	<b>668,427</b>

**/ 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.

EUR	Abraham Schot			
	Chairman of the Board of Management <sup>1)</sup>			
	2018	2018 (minimum)	2018 (maximum)	2017
Fixed remuneration	1,160,000	1,160,000	1,160,000	186,667
Fringe benefits	59,948	59,948	59,948	12,835
<b>Total</b>	<b>1,219,948</b>	<b>1,219,948</b>	<b>1,219,948</b>	<b>199,502</b>
One-year variable remuneration	265,000	-	1,060,000	-
Multi-year variable remuneration	388,700	-	2,120,000	-
Business performance bonus (two-year period)	180,200	-	1,060,000	-
LTI (four-year period)	208,500	-	1,060,000	-
<b>Total</b>	<b>1,873,648</b>	<b>1,219,948</b>	<b>4,399,948</b>	<b>199,502</b>
Pension expense	599,629	599,629	599,629	85,314
<b>Total remuneration</b>	<b>2,473,277</b>	<b>1,819,577</b>	<b>4,999,577</b>	<b>284,816</b>

1) Until Jun. 18, 2018, Member of the Board of Management for Marketing and Sales; from Jun. 19, 2018, to Dec. 31, 2018, Member of the Board of Management for Marketing and Sales and interim Chairman of the Board of Management; since Jan. 1, 2019, Chairman of the Board of Management and interim Member of the Board of Management for Marketing and Sales

EUR	Rupert Stadler <sup>1)</sup>			
	Chairman of the Board of Management <sup>2)</sup>			
	Left: October 2, 2018			2017
	2018	2018 (minimum)	2018 (maximum)	2017
Fixed remuneration <sup>3)</sup>	372,822	372,822	372,822	810,000
Fringe benefits	-	-	-	-
<b>Total</b>	<b>372,822</b>	<b>372,822</b>	<b>372,822</b>	<b>810,000</b>
One-year variable remuneration	974,431	-	1,590,000	883,315
Multi-year variable remuneration	1,203,069	-	3,180,000	1,374,045
Business performance bonus (two-year period)	560,706	-	1,590,000	637,950
LTI (four-year period)	642,363	-	1,590,000	736,095
<b>Total</b>	<b>2,550,322</b>	<b>372,822</b>	<b>5,142,822</b>	<b>3,067,360</b>
Pension expense <sup>4)</sup>	-	-	-	-
<b>Total remuneration</b>	<b>2,550,322</b>	<b>372,822</b>	<b>5,142,822</b>	<b>3,067,360</b>

1) The remuneration of Rupert Stadler is determined according to the VW Group system, based on his activities as Group CEO of Volkswagen AG, and rebilled pro rata to AUDI AG.

This approach may produce temporal and material discrepancies.

2) Inactive from Jun. 19, 2018, until Oct. 2, 2018

3) In the 2018 fiscal year, the fixed remuneration was paid out up until Jun. 18, 2018.

4) Volkswagen AG granted the pension commitment to Rupert Stadler.

EUR	Wendelin Göbel			
	Human Resources and Organization			
	2018	2018 (minimum)	2018 (maximum)	2017
Fixed remuneration	560,000	560,000	560,000	186,667
Fringe benefits	59,437	59,437	59,437	18,226
<b>Total</b>	<b>619,437</b>	<b>619,437</b>	<b>619,437</b>	<b>204,893</b>
One-year variable remuneration	265,000	-	1,060,000	-
Multi-year variable remuneration	388,700	-	2,120,000	-
Business performance bonus (two-year period)	180,200	-	1,060,000	-
LTI (four-year period)	208,500	-	1,060,000	-
<b>Total</b>	<b>1,273,137</b>	<b>619,437</b>	<b>3,799,437</b>	<b>204,893</b>
Pension expense	248,346	248,346	248,346	162,954
<b>Total remuneration</b>	<b>1,521,483</b>	<b>867,783</b>	<b>4,047,783</b>	<b>367,847</b>

EUR	Peter Kössler			
	Production and Logistics			
	2018	2018 (minimum)	2018 (maximum)	2017
Fixed remuneration	560,000	560,000	560,000	186,667
Fringe benefits	119,050	119,050	119,050	16,726
<b>Total</b>	<b>679,050</b>	<b>679,050</b>	<b>679,050</b>	<b>203,393</b>
One-year variable remuneration	265,000	-	1,060,000	-
Multi-year variable remuneration	388,700	-	2,120,000	-
Business performance bonus (two-year period)	180,200	-	1,060,000	-
LTI (four-year period)	208,500	-	1,060,000	-
<b>Total</b>	<b>1,332,750</b>	<b>679,050</b>	<b>3,859,050</b>	<b>203,393</b>
Pension expense	221,521	221,521	221,521	96,721
<b>Total remuneration</b>	<b>1,554,271</b>	<b>900,571</b>	<b>4,080,571</b>	<b>300,114</b>

EUR	Dr. Bernd Martens			
	Procurement and IT			
	2018	2018 (minimum)	2018 (maximum)	2017
Fixed remuneration	560,000	560,000	560,000	560,000
Fringe benefits	210,847	210,847	210,847	53,820
<b>Total</b>	<b>770,847</b>	<b>770,847</b>	<b>770,847</b>	<b>613,820</b>
One-year variable remuneration	980,500	-	1,060,000	980,000
Multi-year variable remuneration	1,166,000	-	2,120,000	1,171,300
Business performance bonus (two-year period)	540,600	-	1,060,000	545,900
LTI (four-year period)	625,400	-	1,060,000	625,400
<b>Total</b>	<b>2,917,347</b>	<b>770,847</b>	<b>3,950,847</b>	<b>2,765,120</b>
Pension expense	334,546	334,546	334,546	353,368
<b>Total remuneration</b>	<b>3,251,893</b>	<b>1,105,393</b>	<b>4,285,393</b>	<b>3,118,488</b>

EUR	Dr.-Ing. Peter Mertens			
	Technical Development			
	Left: October 31, 2018			
	2018	2018 (minimum)	2018 (maximum)	2017
Fixed remuneration <sup>1)</sup>	466,667	466,667	466,667	6,373,334
Fringe benefits	57,351	57,351	57,351	58,686
<b>Total</b>	<b>524,018</b>	<b>524,018</b>	<b>524,018</b>	<b>6,432,020</b>
One-year variable remuneration	618,300	-	883,334	-
Multi-year variable remuneration	875,400	-	1,766,668	-
Business performance bonus (two-year period)	458,400	-	883,334	-
LTI (four-year period)	417,000	-	883,334	-
<b>Total <sup>2)</sup></b>	<b>2,017,718</b>	<b>524,018</b>	<b>3,174,020</b>	<b>6,432,020</b>
Pension expense	861,169	861,169	861,169	928,370
<b>Total remuneration</b>	<b>2,878,887</b>	<b>1,385,187</b>	<b>4,035,189</b>	<b>7,360,390</b>

1) To compensate for lost entitlements resulting from the change in employer, Dr.-Ing. Peter Mertens received EUR 6.0 million in the previous year.

2) Includes a top-up amount on minimum remuneration of EUR 1.87 million in the previous year

EUR	Hans-Joachim Rothenpieler			
	Technical Development			
	Joined: November 1, 2018			
	2018	2018 (minimum)	2018 (maximum)	2017
Fixed remuneration	83,335	83,335	83,335	-
Fringe benefits	9,745	9,745	9,745	-
<b>Total</b>	<b>93,080</b>	<b>93,080</b>	<b>93,080</b>	<b>-</b>
One-year variable remuneration	-	-	150,000	-
Multi-year variable remuneration	-	-	300,000	-
Business performance bonus (two-year period)	-	-	150,000	-
LTI (four-year period)	-	-	150,000	-
<b>Total</b>	<b>93,080</b>	<b>93,080</b>	<b>543,080</b>	<b>-</b>
Pension expense	69,025	69,025	69,025	-
<b>Total remuneration</b>	<b>162,105</b>	<b>162,105</b>	<b>612,105</b>	<b>-</b>

EUR	Alexander Seitz			
	Finance, China, Compliance and Integrity			
	2018	2018 (minimum)	2018 (maximum)	2017
	Fixed remuneration	560,000	560,000	560,000
Fringe benefits	54,601	54,601	54,601	331,759
<b>Total</b>	<b>614,601</b>	<b>614,601</b>	<b>614,601</b>	<b>518,426</b>
One-year variable remuneration	265,000	-	1,060,000	-
Multi-year variable remuneration	388,700	-	2,120,000	-
Business performance bonus (two-year period)	180,200	-	1,060,000	-
LTI (four-year period)	208,500	-	1,060,000	-
<b>Total</b>	<b>1,268,301</b>	<b>614,601</b>	<b>3,794,601</b>	<b>518,426</b>
Pension expense	415,113	415,113	415,113	156,668
<b>Total remuneration</b>	<b>1,683,414</b>	<b>1,029,714</b>	<b>4,209,714</b>	<b>675,094</b>

### **/ 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 40,417 (32,951) thousand on December 31, 2018; the amount of EUR 8,612 (23,040) thousand including actuarial effects in accordance with IAS 19 and transfers was allocated to the provision in the year under review.

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 31,228 (22,080) thousand; the amount of EUR 9,944 (16,259) thousand, including transfers, 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 21,440 (10,914) thousand in the past year. For this group of individuals there were pension obligations amounting to EUR 100,629 (99,642) thousand measured in accordance with IAS 19 or EUR 83,462 (75,551) thousand in accordance with the requirements of German commercial law.

### **// BOARD OF MANAGEMENT PENSIONS IN 2018 (IFRS)**

EUR	2018		2017	
	Pension expense	Present values as of December 31	Pension expense	Present values as of December 31
Abraham Schot	599,629	4,347,545	85,314	3,859,969
Rupert Stadler (until Oct. 2, 2018) <sup>1)</sup>	-	-	-	-
Wendelin Göbel	248,346	8,037,574	162,954	7,933,714
Peter Kössler	221,521	7,532,556	96,721	7,448,299
Dr. Bernd Martens	334,546	7,324,169	353,368	7,154,405
Dr.-Ing. Peter Mertens (until Oct. 31, 2018) <sup>2)</sup>	861,169	-	928,370	1,146,784
Hans-Joachim Rothenpieler (since Nov. 1, 2018) <sup>2)</sup>	69,025	7,386,338	-	-
Alexander Seitz	415,113	5,788,540	156,668	5,407,965
Members of the Board of Management who left in the previous year	-	-	817,768	-
<b>Total</b>	<b>2,749,349</b>	<b>40,416,722</b>	<b>2,601,163</b>	<b>32,951,136</b>

1) Volkswagen AG granted the pension commitment to Rupert Stadler.

2) Pension expense in 2018 is reported on a pro rata basis.

**// BOARD OF MANAGEMENT PENSIONS IN 2018 (GERMAN COMMERCIAL CODE [HGB])**

EUR	2018		2017	
	Service costs	Present values as of December 31	Service costs	Present values as of December 31
Abraham Schot	322,855	3,331,889	792,714	2,599,681
Rupert Stadler (until Oct. 2, 2018) <sup>1)</sup>	-	-	-	-
Wendelin Göbel	58,849	6,081,993	-816,915	5,233,316
Peter Kössler	22,917	5,969,060	1,034,706	5,260,022
Dr. Bernd Martens	109,457	5,413,389	13,611	4,561,203
Dr.-Ing. Peter Mertens (until Oct. 31, 2018) <sup>2)</sup>	-51,606	-	530,946	796,419
Hans-Joachim Rothenpieler (since Nov. 1, 2018) <sup>2)</sup>	-19,513	6,002,912	-	-
Alexander Seitz	245,628	4,428,616	150,821	3,629,830
Members of the Board of Management who left in the previous year	-	-	-563,373	-
<b>Total</b>	<b>688,587</b>	<b>31,227,859</b>	<b>1,142,510</b>	<b>22,080,471</b>

1) Volkswagen AG granted the pension commitment to Rupert Stadler.

2) Service costs in 2018 are reported on a pro rata basis.

**/ 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.

Former members of the Board of Management and their surviving dependents were allocated EUR 11,233 (24,262) thousand.

This includes the amounts agreed with Rupert Stadler and Dr.-Ing. Peter Mertens in connection with their departure from the Board of Management.

Rupert Stadler was allocated remuneration that can be broken down into a non-performance-related component in the amount of EUR 3,228 thousand and a performance-related component in the amount of EUR 3,692 thousand. Payment of the above amounts to Mr. Stadler is subject to the course and outcome of the criminal proceedings. Volkswagen AG and AUDI AG essentially have joint and several liability for the amounts allocated.

Dr.-Ing. Peter Mertens was granted non-performance-related remuneration in the amount of EUR 2,673 thousand and performance-related remuneration in the amount of EUR 1,640 thousand for the period November 1, 2018, to October 31, 2019.

## / REMUNERATION OF THE SUPERVISORY BOARD

The remuneration paid to the Supervisory Board is composed of fixed and variable components in accordance with Section 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 1,594 (1,207) thousand. The remuneration comprises EUR 290 (237) thousand in fixed and EUR 1,304 (970) thousand in variable components. The level of the variable remuneration components is based on the compensatory

payment made for the 2018 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 2019 fiscal year pursuant to Section 16 of the Articles of Incorporation and Bylaws.

EUR	Fixed	Variable	Total 2018	
Dr.-Ing. Herbert Diess (since May 7, 2018)	-	-	-	Chairman (since May 8, 2018) <sup>1)</sup> Shareholder representative
Matthias Müller (resigned with effect from Apr. 13, 2018)	-	-	-	Chairman <sup>1)</sup> Shareholder representative
Peter Mosch <sup>2)</sup>	21,900	105,689	127,589	Vice Chairman <sup>1)</sup> (since May 9, 2018) Employee representative
Berthold Huber <sup>2) 3)</sup>	7,450	41,567	49,017	Vice Chairman <sup>1) 3)</sup> Employee representative
Mag. Josef Ahorner	16,900	76,689	93,589	Shareholder representative <sup>4)</sup>
Senator h. c. Helmut Aurenz <sup>3)</sup>	4,225	20,783	25,008	Shareholder representative
Rita Beck <sup>2)</sup>	14,500	58,000	72,500	Employee representative
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz (resigned with effect from Apr. 12, 2018)	-	-	-	Shareholder representative
Marianne HeiB (since May 7, 2018)	10,350	37,700	48,050	Shareholder representative
Johann Horn <sup>2)</sup>	16,400	76,689	93,089	Employee representative <sup>4)</sup>
Gunnar Kilian (since May 9, 2018)	-	-	-	Shareholder representative
Rolf Klotz <sup>2)</sup>	17,500	87,000	104,500	Employee representative <sup>5)</sup>
Dr. Julia Kuhn-Piëch	13,500	58,000	71,500	Shareholder representative
Petra Otte <sup>2)</sup> (since May 9, 2018)	9,800	37,378	47,178	Employee representative
Dr. jur. Hans Michel Piëch	19,000	87,000	106,000	Shareholder representative <sup>1)</sup>
Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch	23,500	116,000	139,500	Shareholder representative <sup>6)</sup>
Dr. jur. Ferdinand Oliver Porsche	18,500	87,000	105,500	Shareholder representative <sup>5)</sup>
Dr. rer. comm. Wolfgang Porsche	13,500	58,000	71,500	Shareholder representative
Rainer Schirmer <sup>2)</sup> (since May 9, 2018)	13,200	56,067	69,267	Employee representative <sup>4)</sup>
Jörg Schlagbauer <sup>2)</sup>	19,000	87,000	106,000	Employee representative <sup>5)</sup>
Irene Schulz <sup>2)</sup>	17,400	76,689	94,089	Employee representative <sup>7)</sup>
Helmut Späth <sup>2)</sup>	14,500	58,000	72,500	Employee representative
Stefanie Ulrich	14,500	58,000	72,500	Employee representative
Max Wäcker <sup>2) 3)</sup>	4,225	20,783	25,008	Employee representative
Hiltrud Dorothea Werner	-	-	-	Shareholder representative <sup>5) 8)</sup>
Prof. Dr. rer. pol. Carl H. Hahn	-	-	-	Honorary Chairman
<b>Total</b>	<b>289,850</b>	<b>1,304,034</b>	<b>1,593,884</b>	

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) Until the close of the Annual General Meeting on May 9, 2018

4) Member of the Diesel Committee (since May 9, 2018)

5) Member of the Audit Committee

6) Chairman of the Audit Committee

7) Member of the Presiding Committee, Negotiating Committee and Audit Committee (since May 9, 2018)

8) Chairwoman of the Diesel Committee (since May 9, 2018)

## MEMBERS OF THE BOARD OF MANAGEMENT AND THEIR MANDATES

Status of all data: December 31, 2018, or the date on which the member left the Board of Management

### Abraham Schot (57)

Chairman of the Board of Management <sup>1)</sup>, since January 1, 2019  
Marketing and Sales <sup>2)</sup>  
Member of the Board of Management of Volkswagen AG,  
“Premium” brand group, since January 1, 2019

### Wendelin Göbel (55)

Human Resources and Organization

#### Mandates:

- ◆ Lebenshilfe Werkstätten der Region 10 GmbH, Ingolstadt
- ◆ Volkswagen Pension Trust e.V., Wolfsburg

### Peter Kössler (59)

Production and Logistics

#### Mandates:

- ◆ ERC Ingolstadt Eishockeyclub GmbH, Ingolstadt
- ◆ Volkswagen Group Services GmbH, Wolfsburg

### Dr. Bernd Martens (52)

Procurement and IT

### Hans-Joachim Rothenpieler (61)

Technical Development, since November 1, 2018

### Alexander Seitz (56)

Finance, China, Compliance and Integrity

Resigned from the Board of Management at the close of October 2, 2018:

### Rupert Stadler (55)

Chairman of the Board of Management <sup>3)</sup>,  
“Premium” brand group <sup>3)</sup>

#### Mandates (on October 2, 2018):

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

Resigned from the Board of Management at the close of October 31, 2018:

### Dr.-Ing. Peter Mertens (57)

Technical Development

1) interim from June 19, 2018, to December 31, 2018

2) interim since January 1, 2019

3) inactive from June 19, 2018, to October 2, 2018

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

## MEMBERS OF THE SUPERVISORY BOARD AND THEIR MANDATES

Status of all data: December 31, 2018, or the date on which the member left the Supervisory Board

**Dr.-Ing. Herbert Diess** (60) <sup>1)</sup>, since May 7, 2018

Chairman

Chairman of the Board of Management of Volkswagen AG, Wolfsburg

Chairman of the Brand Board of Management of Volkswagen Passenger Cars;

“Volume” brand group; China, since January 11, 2019

**Mandates:**

- FC Bayern München AG, Munich
- Infineon Technologies AG, Neubiberg

**Peter Mosch** (46) <sup>1)</sup>

Vice Chairman

Chairman of the General Works Council of AUDI AG, Ingolstadt

**Mandates:**

- Audi Pensionskasse – Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt
- Volkswagen AG, Wolfsburg

**Mag. Josef Ahorner** (58)

Businessman, Vienna, Austria

**Mandates:**

- Porsche Automobil Holding SE, Stuttgart
- ◆ Automobili Lamborghini S.p.A., Sant’Agata Bolognese, Italy
- ◆ EMARSYS eMarketing Systems AG, Vienna, Austria (Chairman)

**Rita Beck** (48)

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

**Marianne Heiß** (46), since May 7, 2018

Chief Financial Officer of BBDO Group Germany GmbH, Düsseldorf

**Mandates:**

- Porsche Automobil Holding SE, Stuttgart
- Volkswagen AG, Wolfsburg

**Johann Horn** (60)

District Manager of IG Metall Bayern, Munich

**Mandates:**

- EDAG Engineering GmbH, Wiesbaden
- EDAG Engineering Holding GmbH, Munich

**Gunnar Kilian** (43) <sup>1)</sup>, since May 9, 2018

Member of the Board of Management of Volkswagen AG, Wolfsburg

**Mandate:**

- Wolfsburg AG, Wolfsburg

**Rolf Klotz** (60)

Chairman of the Works Council of AUDI AG, Neckarsulm plant

**Dr. Julia Kuhn-Piëch** (37)

Property Manager, Salzburg, Austria

**Mandates:**

- MAN SE, Munich
- MAN Truck & Bus AG, Munich
- ◆ Audi Stiftung für Umwelt GmbH, Ingolstadt

**Petra Otte** (45), since May 9, 2018

Trade union secretary/press spokeswoman of IG Metall Baden-Württemberg, Stuttgart

**Mandates:**

- Aesculap AG, Tuttlingen
- Heidelberger Druckmaschinen AG, Wiesloch

1) In connection with their 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 (76)**

Attorney, Vienna, Austria

**Mandates:**

- Dr. Ing. h.c. F. Porsche AG, Stuttgart
- Porsche Automobil Holding SE, Stuttgart (Vice Chairman)
- 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 AG, Zell am See, Austria
- ◆ Volksoper Wien GmbH, Vienna, Austria

**Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch (67)**

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
- Bertelsmann Management SE, Gütersloh
- Bertelsmann SE & Co. KGaA, Gütersloh
- Dr. Ing. h.c. F. Porsche AG, Stuttgart
- TRATON AG, Munich (Chairman)
- Volkswagen AG, Wolfsburg (Chairman)
- Wolfsburg AG, Wolfsburg
- ◆ 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 (Vice Chairman)

**Dr. jur. Ferdinand Oliver Porsche (57)**

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
- TRATON AG, Munich
- Volkswagen AG, Wolfsburg
- ◆ Porsche Holding Gesellschaft m.b.H., Salzburg, Austria
- ◆ Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Ludwigsburg

**Dr. rer. comm. Wolfgang Porsche (75)**

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 AG, Zell am See, Austria

**Rainer Schirmer (52), since May 9, 2018**

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

**Mandate:**

- Audi BKK, Ingolstadt

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

**Jörg Schlagbauer (41)**

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

**Mandates:**

- Audi BKK, Ingolstadt (alternating Chairman)
- BKK Landesverband Bayern, Munich (Vice Chairman)
- Sparkasse Ingolstadt Eichstätt, Ingolstadt

**Irene Schulz (54)**

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

**Mandates:**

- Osram Licht AG, Munich
- Osram GmbH, Munich

**Helmut Späth (62)**

Member of the Works Council of AUDI AG, Ingolstadt plant

**Mandates:**

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

**Stefanie Ulrich (53)**

Personnel Management Neckarsulm, Neckarsulm plant

**Mandates:**

- Agentur für Arbeit, Heilbronn
- Audi BKK, Ingolstadt

**Hiltrud Dorothea Werner (52) <sup>1)</sup>**

Member of the Board of Management of Volkswagen AG,  
Wolfsburg

Resigned from the Supervisory Board with effect from  
April 12, 2018:

**Dr. rer. pol. h. c. Francisco Javier Garcia Sanz (61) <sup>1) 2)</sup>**

Member of the Board of Management of Volkswagen AG,  
Wolfsburg

**Mandates (on April 12, 2018):**

- Hochtief AG, Essen
- ♦ CriteriaCaixa Holding S.A., Barcelona, Spain

Resigned from the Supervisory Board with effect from  
April 13, 2018:

**Matthias Müller (65) <sup>2)</sup>**

Chairman

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

Resigned from the Supervisory Board at the close of the  
Annual General Meeting on May 9, 2018:

**Senator h. c. Helmut Aurenz (81) <sup>2)</sup>**

Owner of the ASB Group, Stuttgart

**Mandate (on May 9, 2018):**

- ♦ Automobili Lamborghini S.p.A., Sant'Agata Bolognese,  
Italy

**Berthold Huber (68) <sup>2)</sup>**

Vice Chairman

**Max Wäcker (64) <sup>2)</sup>****Mandate (on May 9, 2018):**

- Audi BKK, Ingolstadt

1) In connection with their 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.

2) Status of all data: date on which the member left the Supervisory Board.

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