

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE

Corporate governance refers to the responsible and transparent management and supervision of a company geared to long-term value creation. We believe solid corporate governance is a vital prerequisite for being able to sustainably increase our corporate value. It helps to reinforce the confidence of our shareholders, customers, employees, business partners, investors and further stakeholders in our work, and to meet the growing demand for information among national and international stakeholders.

### ***/ GUIDELINE FOR SUCCESSFUL CORPORATE GOVERNANCE – THE GERMAN CORPORATE GOVERNANCE CODE***

Listed German companies take the German Corporate Governance Code (GCGC) as their benchmark. The GCGC makes recommendations and suggestions on sound, responsible corporate governance and control. The Government Commission set up for that purpose has defined the content of the GCGC based on important regulations as well as on nationally and internationally recognized standards of corporate governance. It reviews these regularly in the light of current developments and adapts them as necessary. The Board of Management and Supervisory Board of AUDI AG base their work on the recommendations and suggestions of the GCGC.

### ***/ IMPLEMENTATION OF THE RECOMMENDATIONS AND SUGGESTIONS OF THE GCGC***

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 29, 2018, with the supplements dated February 21, 2019, and September 19, 2019, and continue to be implemented with the exception of the following numbers:

- > 4.2.3, Para. 2, Sentence 6 (amount of remuneration capped with maximum levels for short-term variable remuneration, amount of remuneration capped with maximum levels for total remuneration),
- > 5.3.2, Para. 3, Sentence 2 (independence of the Chairman of the Audit Committee),
- > 5.3.3 (Nomination Committee),
- > 5.4.1, Para. 6 (disclosure regarding election recommendations),
- > 5.4.5, Sentence 2 (no more than three Supervisory Board mandates in non-group listed corporations or similar entities),
- > 5.4.6, Para. 2, Sentence 2 (performance-related remuneration of the Supervisory Board).

The deviation from the recommendation pursuant to No. 4.2.3, Para. 2, Sentence 6 is due to the fact that while the amount of remuneration capped with maximum levels has been defined for the share-based, long-term variable remuneration component, one has not been defined for the short-term variable remuneration component. The Supervisory Board deems it appropriate to forgo defining a limit since the target parameters which are chiefly dependent on the operating result (operating return on sales and return on investment) directly reflect the financial situation, and therefore, in the case of an especially strong result, higher short-term variable remuneration and consequently also higher total remuneration is justified. The Supervisory Board is of the opinion that setting a predefined cap for short-term variable remuneration or total remuneration would detract from the intended incentive of achieving especially good results. In the event that an especially good result is due to extraordinary developments, the Supervisory Board has the authority to impose a limit at its discretion in accordance with the principle of appropriateness.

According to the recommendation No. 5.3.2, Para. 3, Sentence 2, the Chairman of the Audit Committee should, among other things, be “independent.” A lack of the recommended independence could potentially be inferred from the Audit Committee Chairman’s membership of the Supervisory Board of Volkswagen AG, Wolfsburg, and of the Board of Management of Porsche Automobil Holding SE, Stuttgart. The Board of Management and Supervisory Board believe that these activities neither represent a conflict of

interest nor interfere with the work of the Audit Committee Chairman. The exception is declared merely as a precaution.

With regard to No. 5.3.3 (Nomination Committee): The Supervisory Board is of the opinion that a nomination committee merely increases the number of committees without noticeably improving its work as a corporate body.

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.

Trading of the shares of TRATON SE on the Regulated Market of the Frankfurt Stock Exchange and of Nasdaq Stockholm commenced on June 28, 2019. Since then, the Audit Committee Chairman of the Supervisory Board of AUDI AG has served on the Supervisory Boards of three listed companies – AUDI AG, Volkswagen AG and TRATON SE, Munich – as well as on the Supervisory Board of Bertelsmann SE & Co. KGaA, Gütersloh. He also serves on the Board of Management of the listed company Porsche Automobil Holding SE as its Chairman. AUDI AG, Volkswagen AG and TRATON SE do not constitute a joint group with Porsche Automobil Holding SE, Stuttgart. Because it cannot be ruled out that the Supervisory Board mandate for Bertelsmann SE & Co. KGaA, Gütersloh, will involve comparable requirements to a Supervisory Board mandate for a listed company and the exact method of counting mandates is unclear, as a precaution the Board of Management and Supervisory Board declare an exception to No. 5.4.5 Sentence 2 of the Code (no more than a total of three Supervisory Board mandates in non-group listed corporations or similar entities). However, we are convinced that the Chairman of the Audit Committee of the Supervisory Board of AUDI AG has sufficient time available to exercise his mandates within the Volkswagen Group.

The Board of Management and Supervisory Board are of the opinion that the current regulation on remuneration in Section 16 of the Articles of Incorporation and Bylaws of AUDI AG contains a performance-related component for the members of the Supervisory Board which also promotes long-term corporate development. In light of the vagueness of the recommendation from No. 5.4.6, Para. 2, Sentence 2 of the Code and the as yet unclarified scope of a performance-related remuneration component in respect of long-term corporate

development, the Board of Management and Supervisory Board declare the deviation merely as a precaution.

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).



Read more online about the **composition of the Supervisory Board committees** at [www.audi.com/committee](http://www.audi.com/committee).



## **/ 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, as well as product expertise,
- > 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**

In addition to the commitment to the GCGC, as part of the Combined Management Report Audi publishes on its website 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). The contents are permanently available online and give priority to the following:

- > Declaration of Conformity by the Board of Management and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG): This is the current joint declaration of the Board of Management and Supervisory Board of AUDI AG on the implementation of the recommendations and suggestions of the German Corporate Governance Code.
- > Information on corporate governance practices: These include, for example, the Audi Code of Conduct, Corporate Policies, whistleblower system and various guidelines.
- > Methods and practices of the Board of Management and Supervisory Board as well as the committees and bodies set up
- > Information on gender quotas
- > Information on the diversity concept for the Board of Management and Supervisory Board



*Read more online about the*

**Group Management Declaration at**  
[www.audi.com/corporate-management](http://www.audi.com/corporate-management).

### **/ REMUNERATION REPORT**

Detailed explanations on the remuneration system and the individual remuneration of the members of the Board of Management and Supervisory Board can be found in the Remuneration Report of the Combined Management Report.



*Read more about the **Remuneration Report** on*  
**pages 15 ff.**

## **COMMUNICATION AND TRANSPARENCY**

Transparency and open dialogue are essential components of our 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 publication

dates as well as the date of the Annual General Meeting of AUDI AG in our Financial Calendar. This can be accessed at any time on our website 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 the Audi investor relations activities in the 2019 fiscal year, we again provided institutional investors, analysts, shareholders and other stakeholders with timely information about the 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.

To provide transparent, target-group-specific information for stakeholders, Audi is adopting a new format of Executive Summary for the 2019 fiscal year. It is conceived as a distilled form of the magazine and financial sections of the previous Audi Annual Report, and informs shareholders, investors and analysts as well as all stakeholders of AUDI AG about the current financial situation of the Company, provides background information and explains interdependencies along with the strategic corporate goals. This publication integrates parts of the financial report and enhances them with a strategic classification – consistently focused and transparent.

The Executive Summary can be called up online at [www.audi.com/executive-summary](http://www.audi.com/executive-summary). The latest news and background information on finance-specific topics can also be found throughout the year in the online format “Talking Business” at [www.audi.com/talking-business](http://www.audi.com/talking-business).

The Audi Annual General Meeting provides shareholders with a forum for direct contact and dialogue with the Company, as well as an opportunity to exercise their rights as shareholders. We publish information about the Audi Annual General Meeting on our website at [www.audi.com/annual-general-](http://www.audi.com/annual-general-)

meeting. Its convening and the agenda as well as any counter motions received can be viewed there along with other information. The speeches of the Board of Management members and the results of votes at the various Annual General Meetings are also published there. In addition, our shareholders and other interested parties can follow the introductory remarks of the Chairman of the Supervisory Board and the speeches of the Board of Management members live on the Internet. Registered shareholders may exercise their voting rights in person at the Annual General Meeting. Alternatively, they may exercise their right to vote through their chosen proxy or by using a proxy appointed by the Company and bound by their instructions.

Under 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.

Reporting of Directors’ Dealings as defined by Article 19 of the Market Abuse Regulation (MAR) can be viewed at [www.audi.com/directors-dealings](http://www.audi.com/directors-dealings). Further information about the Audi Group, reporting of voting rights according to Sections 33 ff. of the German Securities Trading Act (WpHG) and other legal matters can be found at [www.audi.com/corporate-governance](http://www.audi.com/corporate-governance).

The mandates of the members of the Board of Management and Supervisory Board to supervisory bodies are given on pages 11 ff. of this report.



Read more about our **capital market communications** at [www.audi.com/investor-relations](http://www.audi.com/investor-relations).

# REPORT ON RISKS AND OPPORTUNITIES

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

### *// OPERATING PRINCIPLE OF THE RISK MANAGEMENT SYSTEM*

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. Our priority is to address opportunities and risks constructively and openly so that we can ensure lasting success with our entrepreneurial activities. The particular purpose of an effective Risk Management System (RMS) – besides 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 Audi Group's responsible approach to risks is reflected in the formulation of ambitious corporate goals that are based comprehensively on 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. The ICS was comprehensively revised and extended in the past fiscal year. Using a standardized model, all major risk-carrying business processes were assigned control activities by way of safeguards.

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) as part of an integrated and inclusive 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. According to the COSO framework, risk-appropriate internal controls are defined along the entire value chain and their implementation is monitored (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 in the policies of 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). On 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

Supervisory Board		
Board of Management		
First line of defense	Second line of defense	Third line of defense
Divisions	Central GRC organization	Internal Audit
Operational risk management	Coordination of control processes, governance and methodology	Audit of RMS/ICS

The individual 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. Mandatory training and function-specific training programs are aimed at various specific target groups. AUDI AG also has GRC officers 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.

## INTEGRITY AND COMPLIANCE

Acting out of conviction (integrity) as well as compliance with laws and regulations are the basis of our corporate activity and have top priority in the Audi Group. Integrity and compliance are firmly embedded in the “consistently sustainable” mission field of our corporate strategy. They form the basis for the high reputation of the Group and its brands, for the trust of its customers and business partners, for the wellbeing of its employees as well as for sustainable economic success. Ultimately, integrity and compliance are also intended to ensure that high financial damage from fines, disgorgement of profit and liability for damages or criminal investigations does not occur. To assure integrity and compliance with laws and regulations, the Audi Group in the first instance adopts a preventive approach. Its aim is to preclude any possible breaches of the rules.

### / “TOGETHER4INTEGRITY” (T4I)

“Together4Integrity” is the integrity and compliance program of the Volkswagen Group and was introduced at AUDI AG back in 2018. The program is based on the principles of the Ethics & Compliance Initiative (ECI), a globally recognized standard for ethical corporate principles. T4I will be rolled out across the entire Volkswagen Group by 2025. The ECI principles feed into a toolkit together with the Monitor’s recommendations. It contains an abundance of division-specific and general initiatives that reinforce compliance and integrity and promote the change of culture. In the compliance and integrity area, these include above all the Code of Conduct and the corresponding training measures, along with the whistleblower system. The Code of Conduct gives employees a firm handle on how to operate with integrity, thus also advancing the change of culture at Audi. A large number of the T4I measures have already been implemented at the German sites of AUDI AG. At the same

time, AUDI AG is responsible for rolling out the T4I program at its subsidiaries and participations.

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

A Compliance Management System (CMS) refers to the principles, measures, processes and structures of an enterprise to assure permanent compliance with the laws and internal regulations by corporate bodies, employees and third parties acting on behalf of an enterprise. In addition to AUDI AG, around 50 subsidiaries and participations worldwide were in the focus of the CMS in the year under

review, with predominantly local compliance officers acting as multipliers. The CMS is comprised of core elements that are described below:

**Audi Compliance Management System (CMS)**



**// COMPLIANCE GOALS**

It is the responsibility of the Board of Management and managers of the Audi Group to anchor compliance in business processes and decisions as an integral aspect, by promoting a Company-wide compliance and corporate culture. The Board of Management as well as the managers are fundamentally responsible for identifying, evaluating and managing risks, and for compliance.

The Audi CMS prevents systematic misconduct, business-related criminal acts and loss of reputation. It adopts a preventive approach, thus reinforcing compliant behavior by the Board of Management, managers and employees.

**// COMPLIANCE AND CORPORATE CULTURE**

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 to internal corporate policies and our Code of Conduct. Compliance is about protecting employees and companies. In our understanding, an organization in which employees operate in a legally compliant way and internal policies and codes of conduct are heeded can be considered a reliable and trustworthy partner. Integrity and compliance therefore constitute important aspects of governance for our Company.

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

	Integrity	Compliance
<b>Motivation</b>	Mainly intrinsic motivation (out of conviction/reason)	Mainly external pressure (e.g. through legislation)
<b>Goal</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 joint dialogue on the topic of integrity. We want to promote the open sharing of ideas within the Company, live a corporate culture based on trust and firmly embed moral, values-based action at Audi.

The topic of integrity was given further exposure at Audi in 2019 through regularly recurring events and dialogue-based communication measures. For instance, under the motto “Integrity is... plain talking, concrete action,” various campaigns and offerings provided ideas on how behaving with integrity can be strengthened in the corporate context. In addition to a video message by Chairman of the Board of Management Abraham Schot, a series of events took place at the Ingolstadt and Neckarsulm plants at which the Audi Chief Compliance Officer, among others, explained his stance on integrity in everyday situations to employees. The purpose of the campaigns was on the one hand to raise awareness of integrity in general, and on the other hand to start a Company-wide dialogue on how to further reinforce steadfast, credible and sincere action at Audi.

A Company-wide network of integrity ambassadors was also established in the year under review. As the interface with Integrity Management, the ambassadors help to communicate integrity topics to specific target groups in their divisions and serve as a point of contact within the division for employees on integrity questions. In 2019, over 50 ambassadors were selected and suitably qualified for their tasks in Ingolstadt and Neckarsulm.

To promote the dialogue across hierarchical boundaries and help Audi employees connect over compliance and integrity topics, four fireside chats were held in 2019. Board of Management members, managers and employees from all divisions came together at these events to discuss integrity in everyday working life and its significance for Audi’s success.

In addition to the aforementioned integrity measures, employees and managers were also sensitized to the subject of integrity through existing communication channels, events (for example, presentations in the “Denkraum Integrität” community on the internal social media platform Audi team, news reports on the Audi intranet) as well as through departmental workshops on the subject of integrity.

The Volkswagen Group Code of Conduct is firmly established Group-wide, and therefore also at Audi. It is the key instrument for reinforcing awareness of correct behavior among the workforce, assisting employees wherever questions concerning correct behavior arise, and putting them in touch with the right person in cases of doubt. The framework is permanently available on the intranet for

employees and on the Internet for third parties, and is a topic of ongoing communication within the Company.

Employees from all hierarchic levels receive training on the Code of Conduct on a regular basis. The training has been mandatory throughout the Company since 2018. The Code of Conduct is also a fixed component of operational HR processes. New employees are handed a copy of the Code of Conduct as part of their induction. The reference to the Code of Conduct and the obligation to observe it are also firm aspects of employment contracts. The Code of Conduct is also an assessment factor for the variable, performance-related remuneration component in management. Since 2019, employees at higher management levels have received annual Code of Conduct certification.



Read more online about the **Code of Conduct** at [www.audi.com/corporate-governance-practices](http://www.audi.com/corporate-governance-practices).

## // COMPLIANCE PROGRAM AND PROCESSES

The compliance program within the Audi CMS comprises all measures and systems designed to coordinate and uphold compliance within the company. It is an important tool for creating a uniform starting point for all compliance activities throughout the Audi Group.

Within the Audi Group, we have defined compliance focal areas which need to be observed in order to protect our brands. These are permanently tracked and implemented through the annually updated compliance program. Audi already offers various information and training measures as well as ad hoc consultancy services for the compliance focal areas. The requirements on specific topics are defined in corporate policies that have been enacted on behalf of the Board of Management. These policies are binding for all employees and have been coordinated within the Volkswagen Group.

Compliance focal areas at Audi:

- > Anti-corruption/anti-fraud
- > Prevention of money laundering
- > Business partner approval
- > Insider information
- > Human rights
- > Awarding of external contracts
- > Antitrust law
- > Whistleblower system

As well as continuously addressing the compliance focus topics, the Compliance Program 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 substantially by requirements resulting from the settlement agreements reached with the U.S. agencies as a result of the diesel issue.

To ensure that the Compliance Program is a lasting success, suitable communication and training measures were again held in 2019 for specific target groups.

The year under review also saw us embark on the worldwide roll-out of the new standardized and IT-based process of the Volkswagen Group for business partner selection. Existing and new business partners are checked regularly for adherence to integrity and compliance principles using a risk-based approach.

### **// COMPLIANCE RISKS**

Compliance risk analyses for identifying and evaluating compliance risks are conducted regularly for the defined compliance focus topics.

### **// COMPLIANCE ORGANIZATION**

To fulfill its obligations, the Board of Management of AUDI AG has set up the “Compliance/Integrity” organizational unit that is directly subordinate to the Chief Compliance Officer (CCO) as the head of the “Integrity, Compliance, Risk Management” organizational unit. The CCO reports on disciplinary matters to the Chairman of the Board of Management of AUDI AG on the current situation and on events of particular significance. Reports are given quarterly in a regular reporting format, among other things to keep the Audit Committee of the Supervisory Board in the loop. Independently of this, ad hoc reporting is fundamentally possible. In addition, the Chief Compliance Officer reports on functional matters to the Group Chief Compliance Officer appointed by Volkswagen AG, Wolfsburg, and also to the higher-level integrity function at Group level.

In special situations (e.g. serious compliance violations), ad hoc reports must be given to the higher-level compliance function.

Risk and compliance officers have also been defined for all Audi divisions. The participations where AUDI AG holds a majority interest or assumes entrepreneurial management (e.g. controlling influence) have installed their own

compliance officers, and additionally receive advice and support on compliance activities. It was again ensured in 2019 that both the individual participations and AUDI AG were bound into the Volkswagen Group reporting structure.

### **/// COMPLIANCE COMMUNICATION AND TRAINING**

At AUDI AG, currently two Company-wide mandatory training programs on the subjects of “Anti-corruption” and “Code of Conduct” need to be completed. In addition, the members of the Board of Management receive separate training on compliance topics at recurring face-to-face events.

The remaining compliance focus topics are covered in face-to-face or online training for specific target groups. These include training on interaction with public officials, on the whistleblower system, and on the awarding of external contracts. All training courses are fundamentally available to all interested employees.

### **// COMPLIANCE MONITORING/IMPROVEMENT**

Group-wide compliance monitoring and improvement is a significant component of the Compliance Management System (CMS) at Audi. The aim is to achieve a continuous improvement in all elements of the CMS. In pursuit of this, the appropriateness and effectiveness of the individual compliance measures are systematically evaluated.

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

Since June 2017, the “Integrity, Compliance, Risk Management” organizational unit has also coordinated cooperation with the Independent Compliance Monitor/Auditor Mr. Larry D. Thompson, appointed by the U.S. authorities. Mr. Thompson is assessing and overseeing Volkswagen’s and Audi’s fulfillment of the conditions from the agreements with the U.S. agencies on the diesel issue. A 90-day extension to the U.S. monitorship was requested by the Volkswagen Group and approved in the year under review. This agreement gives us more time on the one hand to comprehensively review the measures implemented as well as correct them as necessary, and on the other hand to complete measures that are outstanding. These include such aspects as further reinforcing compliance along with the reporting and control systems. The resources for integrity and compliance were therefore substantially increased in recent years, to anchor the numerous building blocks of effective integrity and compliance management deeply within the Company. Further requirements from the settlement agreements with the U.S. agencies were added in

the period under review. Further details are provided later on in this section. The objective is that the Monitor's certification report will confirm the effectiveness of our Company's integrity and compliance programs.

The Monitor regular provides recommendations for action, which Volkswagen and Audi take very seriously and on which they work continuously to implement. For instance, there was increased monitoring of the CMS at foreign companies in the year under review of 2019 and a method of identifying certain risks was developed. There were also ongoing adjustments and additions to existing processes in the whistleblower system to satisfy the U.S. monitorship's requirements on the regular, risk-based external auditing of the whistleblower system.



Read more online about the **whistleblower system** at [www.audi.com/whistle-blower](http://www.audi.com/whistle-blower).

### **/// INTEGRITY INDEX AT AUDI 2019 IN PILOT PHASE**

The Volkswagen Group in addition prompted the establishment of an integrity index in the year under review, in the form of a pilot project at Volkswagen Passenger Cars and Audi. The index was developed in partnership with the Technical University of Munich and is intended to comprehensively reflect the integrity of an organization. In the future, we will use this indicator to measure our progress with anchoring integrity more deeply in our Company. With

the integrity index, we are defining an international benchmark for integrity measurement. The index is set up to be cross-industry and global, has high scientific validity and incorporates established frameworks such as those of the Ethics & Compliance Initiative (ECI) and the Global Reporting Initiative (GRI). It is intended to reveal weaknesses in integrity and compliance matters, and visualize changes in the mindset and behavior of managers and employees.

### **/// FURTHER IMPROVEMENTS TO THE AUDI CMS**

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. The Audi Compliance Cockpit includes for instance conducting business partner checks, easy custom solutions for creating online training programs and digital reporting of compliance measures required and implemented in the companies. The Audi Compliance Cockpit was introduced in 2018 and supplemented with further modules in the year under review.

The revision of the Audi Corporate Regulations, started in 2017, has now been completed. The aim here was to restructure and simplify the collected internal corporate regulations and communicate them more effectively as well as to transfer valid Volkswagen Group Policies into Audi Corporate Policies. The ongoing adjustment and updating of the Audi Corporate Regulations is a fundamental task.

## MEMBERS OF THE BOARD OF MANAGEMENT AND THEIR MANDATES

Status of all data: December 31, 2019

### **Abraham Schot** (born 1961)

Chairman of the Board of Management, since January 1, 2019

Marketing and Sales <sup>1)</sup>, from September 1, 2017, to June 30, 2019

Member of the Board of Management of Volkswagen AG, “Premium” brand group, since January 1, 2019

Nationality: Dutch

**Wendelin Göbel** (born 1963) Human Resources and Organization, since September 1, 2017

Nationality: German

#### **Mandates:**

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

### **Peter Kössler** (born 1959)

Production and Logistics, since September 1, 2017

Nationality: German

#### **Mandates:**

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

### **Dr. Bernd Martens** (born 1966)

Procurement and IT, since September 1, 2012

Nationality: German

### **Hans-Joachim Rothenpieler** (born 1957)

Technical Development, since November 1, 2018

Nationality: German

#### **Mandate:**

- ◆ Volkswagen Financial Services AG, Braunschweig

### **Alexander Seitz** (born 1962)

Finance, China and Legal Affairs, since September 1, 2017

Nationality: German

### **Hildegard Wortmann** (born 1966)

Marketing and Sales, since July 1, 2019

Nationality: German

1) Interim from January 1 to June 30, 2019

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 comparable domestic and foreign regulatory bodies

## MEMBERS OF THE SUPERVISORY BOARD AND THEIR MANDATES

Status of all data: December 31, 2019

**Dr.-Ing. Herbert Diess** (born 1958) <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

Nationality: Austrian

**Mandates:**

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

**Peter Mosch** (born 1972) <sup>1)</sup>, since July 1, 2001

Vice Chairman

Chairman of the General Works Council of AUDI AG, Ingolstadt

Nationality: German

**Mandates:**

- Audi Pensionskasse – Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt
- Volkswagen AG, Wolfsburg
- ◆ Audi Stiftung für Umwelt GmbH, Ingolstadt

**Mag. Josef Ahorner** (born 1960), since November 30, 2015

Businessman, Vienna, Austria

Nationality: Austrian

**Mandates:**

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

**Rita Beck** (born 1970), since December 13, 2016

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

Nationality: German

**Marianne Heiß** (born 1972), since May 7, 2018

Chief Executive Officer of BBDO Group Germany GmbH, Düsseldorf

Nationality: Austrian

**Mandates:**

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

**Johann Horn** (born 1958), since January 1, 2000

District Manager of IG Metall Bayern, Munich

Nationality: German

**Mandates:**

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

**Gunnar Kilian** (born 1975) <sup>1)</sup>, since May 9, 2018

Member of the Board of Management of Volkswagen AG, Wolfsburg

Nationality: German

**Mandate:**

- Wolfsburg AG, Wolfsburg

**Rolf Klotz** (born 1958), since May 16, 2013

Chairman of the Works Council of AUDI AG, Neckarsulm plant

Nationality: German

**Dr. Julia Kuhn-Piëch** (born 1981), since November 30, 2015

Property Manager, Salzburg, Austria

Nationality: Austrian

**Mandates:**

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

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

**Petra Otte** (born 1973), since May 9, 2018

Trade Union Secretary/Press Spokeswoman of IG Metall  
Baden-Württemberg, Stuttgart

Nationality: German

**Mandate:**

- Heidelberg Druckmaschinen AG, Wiesloch

**Dr. jur. Hans Michel Piëch** (born 1942), since November 19, 2009

Attorney, Vienna, Austria

Nationality: Austrian

**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 Greater China, consisting of: Porsche (China)  
Motors Limited, Shanghai Porsche Hong Kong Limited,  
Hong Kong
- ♦ Porsche Holding Gesellschaft m.b.H., Salzburg, Austria
- ♦ Schmittenhöhebahn AG, Zell am See, Austria
- ♦ Volksoper Wien GmbH, Vienna, Austria

**Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch** (born 1951),

since April 25, 2003

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

Nationality: Austrian

**Mandates:**

- Autostadt GmbH, Wolfsburg
- Bertelsmann Management SE, Gütersloh
- Bertelsmann SE & Co. KGaA, Gütersloh
- Dr. Ing. h.c. F. Porsche AG, Stuttgart
- TRATON SE, 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** (born 1961),

since November 19, 2009

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

Nationality: Austrian

**Mandates:**

- Dr. Ing. h.c. F. Porsche AG, Stuttgart
- Porsche Automobil Holding SE, Stuttgart
- Volkswagen AG, Wolfsburg
- ♦ Porsche Holding Gesellschaft m.b.H., Salzburg, Austria
- ♦ Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG,  
Ludwigsburg

**Dr. rer. comm. Wolfgang Porsche** (born 1943),

since May 10, 2012

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

Nationality: Austrian

**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 Greater China, consisting of:  
Porsche (China) Motors Limited, Shanghai Porsche  
Hong Kong Limited, Hong Kong
- ♦ Porsche Holding Gesellschaft m.b.H., Salzburg, Austria
- ♦ Schmittenhöhebahn AG, Zell am See, Austria

**Rainer Schirmer** (born 1966), since May 9, 2018

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

Nationality: German

**Mandate:**

- Audi BKK, Ingolstadt

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

**Jörg Schlagbauer** (born 1977), since February 7, 2006

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

Nationality: German

**Mandates:**

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

**Irene Schulz** (born 1964), since July 11, 2016

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

Nationality: German

**Helmut Späth** (born 1956), since May 25, 2010

Member of the Works Council of AUDI AG, Ingolstadt plant

Nationality: German

**Mandates:**

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

**Stefanie Ulrich** (born 1965), since September 14, 2017

Personnel Management Neckarsulm, Neckarsulm plant

Nationality: German

**Mandates:**

- Agentur für Arbeit, Heilbronn
- Audi BKK, Ingolstadt

**Hiltrud Dorothea Werner** (born 1966)<sup>1)</sup>, since February 16, 2017

Member of the Board of Management of Volkswagen AG, Wolfsburg

Nationality: German

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

## REMUNERATION REPORT

### ***/ CONTENTS OF THE REMUNERATION REPORT FOR SUPERVISORY BOARD AND BOARD OF MANAGEMENT***

The Remuneration Report explains the principles of Board of Management and Supervisory Board remuneration. The Remuneration Report also 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) of the German Commercial Code (HGB) and the German Corporate Governance Code.

### ***/ PRINCIPLES AND NEW REGULATIONS OF BOARD OF MANAGEMENT REMUNERATION***

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 the 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. In particular, the remuneration structure is focused on ensuring the sustainable growth of the enterprise in accordance with Section 87, Para. 1 of the German Stock Corporation Act (AktG).

At the end of 2018, the Supervisory Board of AUDI AG resolved to adjust the remuneration system of the Board of Management, with effect from January 1, 2019. The new system for remuneration of the Board of Management was approved at the 130th Annual General Meeting on May 23, 2019, with 99.90 percent of the votes cast. The adjustment, in which the Supervisory Board was assisted by renowned, independent external remuneration and legal consultants, resulted in an alignment with the Volkswagen Group strategy "TOGETHER – Strategy 2025." The new remuneration system applies to Ms. Wortmann from July 1, 2019, the date on which she joined the Board of Management of AUDI AG. The old remuneration system, which had been approved at the 121st Annual General Meeting on May 20, 2010, with 99.70 percent of the votes cast, continued to apply to the contracts valid in 2019 with Mr. Göbel, Mr. Kössler, Dr. Martens, Mr. Rothenpieler and Mr. Seitz.

The remuneration system specified by Volkswagen AG exclusively applies to Mr. Schot from January 1, 2019, following his appointment to the Board of Management of Volkswagen AG (Premium brand group). AUDI AG does not have any obligation to make any payments towards the remuneration stated for Mr. Schot. These payments are being made solely by Volkswagen AG.

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.

The next section describes the new and old remuneration systems.

### ***/ COMPONENTS OF BOARD OF MANAGEMENT REMUNERATION UNDER THE OLD SYSTEM***

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 individual basic remuneration, the fixed remuneration also includes remuneration for appointments at AUDI AG subsidiaries and participations in which AUDI AG holds a direct or indirect interest. 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 fixed remuneration is reviewed on a regular basis by the Supervisory Board and adjusted as necessary.

### **// VARIABLE REMUNERATION WITHOUT A PERFORMANCE SHARE PLAN**

In the case of the contracts with Mr. Göbel, Mr. Kössler, Dr. Martens, Mr. Rothenpieler and Mr. Seitz, the variable (performance-related) remuneration consists of a bonus, based on business performance in 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 personal performance of members of the Board of Management (one-year variable remuneration).

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

### **/// BONUS SYSTEM**

The business performance bonus rewards the positive business development of the Audi Group. Generally, the amount of the bonus is based on the Audi Group's average operating profit over the previous two years plus the proportionate operating profit of the Chinese associated companies. The system is regularly reviewed by the Supervisory Board with regard to adjustments.

### **/// LONG-TERM INCENTIVE (LTI)**

The amount of the LTI (four-year period) for the members of the Board of Management of AUDI AG is determined according to the achievement of the strategic goals of the Volkswagen Group. The relevant target areas for the 2019 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 indices calculated for customer satisfaction, employees and the sales situation are aggregated 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**

In the event of the regular termination of their employment, the members of the Board of Management are also granted retirement pay as well as the use of company cars for the period in which they receive retirement pay. Under this commitment, they also hold entitlement to 60 percent of their retirement pay for a survivor's pension for their spouse or registered partner and 15 percent orphan benefits for half-orphans and 30 percent orphan benefits for full orphans.

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.

### **/ COMPONENTS OF BOARD OF MANAGEMENT REMUNERATION UNDER THE NEW SYSTEM**

The new remuneration system applies to Mr. Schot and Ms. Wortmann. The remuneration 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.

Ms. Wortmann has received a contractual guarantee of minimum remuneration of EUR 1.0 million gross for the 2019 fiscal year, comprising fixed and variable remuneration.

### // FIXED REMUNERATION

The fixed remuneration under the new system is the same as that under the old system.

### // VARIABLE REMUNERATION WITH A PERFORMANCE SHARE PLAN

In the case of the contracts with Mr. Schot and Ms. Wortmann, the variable (performance-related) remuneration is composed of an annual bonus with a one-year assessment period and a long-term incentive in the form of a performance share plan with a forward-looking three-year term. The components of the variable remuneration reflect both positive and negative developments.

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

### /// ANNUAL BONUS

The annual bonus is based on the result for the respective fiscal year. The initial amount of the annual bonus for a given

fiscal year is determined by multiplying the individual contractual target with the total target achievement level. If a total target achievement level of 100 percent is reached, the initial amount equals the target amount.

In view of his duties as a member of the Board of Management of Volkswagen AG, one half of the annual bonus accruing to Mr. Schot is calculated on the basis of the operating profit of the Volkswagen Group plus the proportionate operating profit of the Chinese associated companies and the other half on the basis of the operating return on sales of the Volkswagen Group.

In addition, Mr. Schot is subject to a performance factor (multiplier). The calculated payment amount may be individually reduced (multiplier of 0.8) or increased (multiplier of 1.2) by up to 20 percent by the Supervisory Board, taking into account the degree of achievement of the individual targets agreed between the Supervisory Board and the respective member of the Board of Management, as well as the success of the Board of Management of the Volkswagen Group in transforming the Volkswagen Group by transferring employees to new areas of activity.

The payment amount under the annual bonus accruing to Mr. Schot is capped at 180 percent of the target amount in view of his duties as a member of the Board of Management of Volkswagen AG. The cap for Mr. Schot is derived from 150 percent of the maximum financial target achievement and a performance factor of a maximum of 1.2.

#### Component 1: Operating result of the Volkswagen Group including Chinese joint ventures (proportionate)

EUR billion	2019
Maximum threshold	25.0
100% level of target	17.0
Minimum threshold	9.0
Actual	21.4
Target achievement (in %)	127

#### Component 2: Operating return on sales of the Volkswagen Group

in %	2019
Maximum threshold	8.0
100% level of target	6.0
Minimum threshold	4.0
Actual	6.7
Target achievement (in %)	118

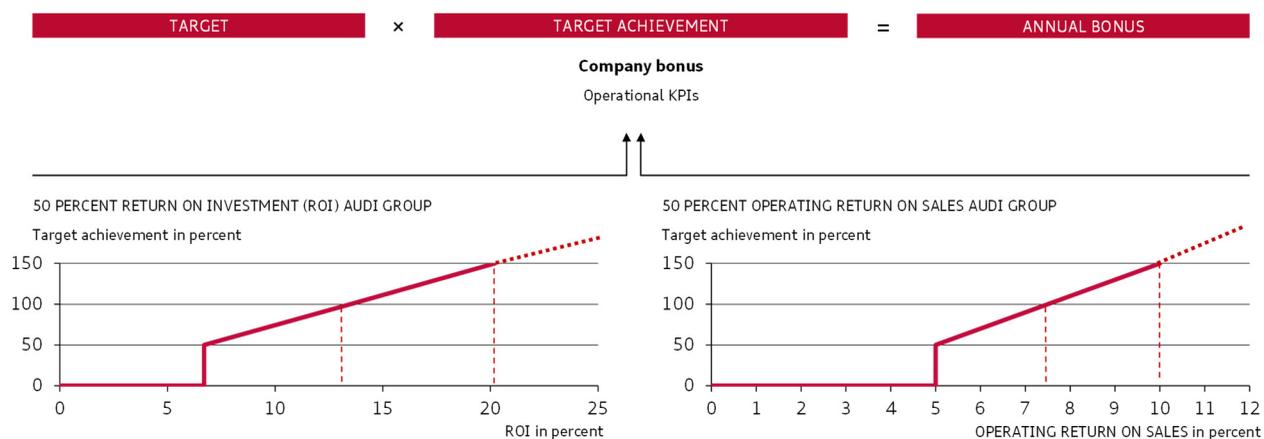
In the case of the members of the Board of Management of AUDI AG who are not members of the Board of Management of Volkswagen AG, the annual bonus is based on the Audi Consolidated Financial Statements in the first year of the new remuneration system in 2019. One half of the annual bonus is dependent on the return on investment (ROI) achieved by the Audi Group and the other half on the operating return on sales achieved by the Audi Group. Each of the two components of the annual bonus are only included in the calculation if certain thresholds are exceeded or reached.

There is no performance factor (multiplier) for members of the Board of Management of AUDI AG. There is no cap on the amount paid under the annual bonus.

Starting in the 2020 fiscal year, the return on investment (ROI) and the operating return on sales achieved by the Audi Group and Volkswagen AG will be included in equal parts in the calculation of the annual bonus.

In 2019, the new remuneration system applies only to Ms. Wortmann.

### Calculation of the amount paid under the annual bonus



### Return on investment (ROI) of the Audi Group

in %	2019
150% level of target	20.2
100% level of target	13.5
50% level of target	6.7
Actual	12.7
Target achievement (in %)	93

### Operating return on sales of the Audi Group

in %	2019
150% level of target	10.0
100% level of target	7.5
50% level of target	5.0
Actual	8.1
Target achievement (in %)	112



**Information on the performance shares**

	Performance period 2019–2021	
	Number of granted performance shares	Fair value at the grant date in EUR
Abraham Schot (since Jan. 1, 2019) <sup>1)</sup>	8,359	1,075,328
Hildegard Wortmann (since July 1, 2019)	2,550	328,057
<b>Total</b>	<b>10,909</b>	<b>1,403,385</b>

1) The amount of remuneration paid to Mr. Schot is based on the remuneration calculated under the Volkswagen Group system for members of the Board of Management of Volkswagen AG. AUDI AG does not have any obligation to make any payments to Mr. Schot towards the remuneration stated above. These payments are made solely by Volkswagen AG.

in EUR			
	Total carrying amount of the obligation as of Dec. 31, 2019	Intrinsic value of the liabilities as of Dec. 31, 2019	Total expense for the period
Abraham Schot (since Jan. 1, 2019) <sup>1)</sup>	1,494,404	0	1,494,404
Hildegard Wortmann (since July 1, 2019)	198,530	0	198,530
<b>Total</b>	<b>1,692,934</b>	<b>0</b>	<b>1,692,934</b>

1) The amount of remuneration paid to Mr. Schot is based on the remuneration calculated under the Volkswagen Group system for members of the Board of Management of Volkswagen AG. AUDI AG does not have any obligation to make any payments to Mr. Schot towards the remuneration stated above. These payments are made solely by Volkswagen AG.

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

The provision recognized as of December 31, 2019, reflects the obligation to the members of the Board of Management. To determine its amount, the performance shares expected for future performance periods were taken into account in addition to the provisional performance shares determined or allocated for the performance period 2019 to 2021. The amount therefore depends on the individual contract term and the relevant vesting arrangements for the performance shares.

The intrinsic value was calculated in accordance with IFRS 2 and corresponds to the amount that the members of the Board of Management would have received if they had stepped down on December 31, 2019. Only the non-forfeitable (vested) performance shares at the reporting

date are included in the calculation. The intrinsic value was calculated on the basis of the unweighted average share price for the 30 trading days (Xetra closing prices of Volkswagen's preferred shares) preceding December 31, 2019, taking into account the dividends paid per preferred share during the performance period. The performance shares do not vest until after the expiry of the performance period. This means that if a member of the Board of Management terminates his or her service contract of his or her own accord, all performance shares that have not yet vested are forfeited. For this reason, the intrinsic value of the performance shares equals zero during the performance period. The net value of all amounts recognized in profit or loss for the performance shares in the 2019 fiscal year is recorded in "Total expense for the period" in accordance with IFRS.

**// OTHER AGREEMENTS**

The other agreements under the new remuneration system are the same as those under the old remuneration system.

**/ BOARD OF MANAGEMENT REMUNERATION FOR  
2019 PURSUANT TO GERMAN COMMERCIAL CODE  
(HGB)**

The figures shown in the following table reflect the figures reported in the 2019 financial statements as expense.

EUR	2019				2018
	Non-performance-related remuneration	Performance-related remuneration <sup>1) 2)</sup>	Long-term incentive component <sup>3)</sup>	Total remuneration	Total remuneration
Abraham Schot <sup>4)</sup>	922,000	1,340,000	1,494,404	3,756,404	3,056,315
Wendelin Göbel	651,980	2,284,300	-	2,936,280	2,455,804
Peter Kössler	706,103	2,284,300	-	2,990,403	2,515,417
Dr. Bernd Martens	810,675	2,284,300	-	3,094,975	2,620,547
Hans-Joachim Rothenpieler	614,141	2,284,300	-	2,898,441	351,495
Alexander Seitz	615,119	2,284,300	-	2,899,419	2,450,968
Hildegard Wortmann (since July 1, 2019) <sup>5)</sup>	566,097	287,350	198,530	1,051,977	-
Members of the Board of Management who left in the previous year	-	-	-	-	3,327,716
<b>Total</b>	<b>4,886,115</b>	<b>13,048,850</b>	<b>1,692,934</b>	<b>19,627,899</b>	<b>13,450,546</b>
<b>of which borne by AUDI AG <sup>3)</sup></b>	<b>3,964,115</b>	<b>11,708,850</b>	<b>198,530</b>	<b>15,871,495</b>	<b>13,450,546</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 resulted in expense (remuneration) of EUR -1,607,750 (Abraham Schot, Peter Kössler, Wendelin Göbel, Dr. Bernd Martens, Alexander Seitz: EUR -312,700 each; Hans-Joachim Rothenpieler: EUR -44,250).

3) The value of the performance shares is reported within the long-term incentive component. The provision recognized by AUDI AG as of December 31, 2019, relates solely to the performance shares accruing to Ms. Wortmann.

4) The amount of remuneration paid to Mr. Schot is based on the remuneration calculated under the Volkswagen Group system for members of the Board of Management of Volkswagen AG. AUDI AG does not have any obligation to make any payments to Mr. Schot towards the remuneration stated above. These payments are made solely by Volkswagen AG.

5) Ms. Wortmann has received a contractual guarantee of minimum remuneration of EUR 1,000,000 gross for the 2019 fiscal year, comprising fixed and variable remuneration, excluding fringe benefits. The non-performance-related remuneration includes a prorated top-up amount of EUR 250,120 on the minimum remuneration.

**/ BOARD OF MANAGEMENT REMUNERATION  
(BENEFITS RECEIVED) PURSUANT TO GERMAN  
CORPORATE GOVERNANCE CODE**

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

EUR	Abraham Schot <sup>1)</sup>	
	Chairman of the Board of Management <sup>2)</sup>	
	2019	2018
Fixed remuneration	922,000	1,146,667
Fringe benefits	-	59,948
<b>Total</b>	<b>922,000</b>	<b>1,206,615</b>
One-year variable remuneration	901,000	265,000
Multi-year variable remuneration	1,261,400	388,700
Business performance bonus (two-year period)	636,000	180,200
LTI (four-year period)	625,400	208,500
<b>Total</b>	<b>3,084,400</b>	<b>1,860,315</b>
Pension expense <sup>3)</sup>	0	599,629
<b>Total remuneration</b>	<b>3,084,400</b>	<b>2,459,944</b>

1) The variable remuneration entails the full remuneration for his duties as member of the Board of Management for Marketing and Sales for the 2018 fiscal year.

2) Chairman of the Board of Management since January 1, 2019, and Member of the Board of Management for Marketing and Sales from January 1, 2019, through June 30, 2019, as a dual function

3) AUDI AG's pension plan for Mr. Schot was deemed to have vested on December 31, 2018, following his appointment to the Board of Management of Volkswagen AG.

EUR	Wendelin Göbel	
	Human Resources and Organization	
	2019	2018
Fixed remuneration	560,000	546,667
Fringe benefits	91,980	59,437
<b>Total</b>	<b>651,980</b>	<b>606,104</b>
One-year variable remuneration	901,000	265,000
Multi-year variable remuneration	1,261,400	388,700
Business performance bonus (two-year period)	636,000	180,200
LTI (four-year period)	625,400	208,500
<b>Total</b>	<b>2,814,380</b>	<b>1,259,804</b>
Pension expense	243,473	248,346
<b>Total remuneration</b>	<b>3,057,853</b>	<b>1,508,150</b>

EUR	Peter Kössler	
	Production and Logistics	
	2019	2018
Fixed remuneration	560,000	546,667
Fringe benefits	146,103	119,050
<b>Total</b>	<b>706,103</b>	<b>665,717</b>
One-year variable remuneration	901,000	265,000
Multi-year variable remuneration	1,261,400	388,700
Business performance bonus (two-year period)	636,000	180,200
LTI (four-year period)	625,400	208,500
<b>Total</b>	<b>2,868,503</b>	<b>1,319,417</b>
Pension expense	220,187	221,521
<b>Total remuneration</b>	<b>3,088,690</b>	<b>1,540,938</b>

EUR	Dr. Bernd Martens	
	Procurement and IT	
	2019	2018
Fixed remuneration	560,000	560,000
Fringe benefits	250,675	210,847
<b>Total</b>	<b>810,675</b>	<b>770,847</b>
One-year variable remuneration	901,000	980,500
Multi-year variable remuneration	1,261,400	1,166,000
Business performance bonus (two-year period)	636,000	540,600
LTI (four-year period)	625,400	625,400
<b>Total</b>	<b>2,973,075</b>	<b>2,917,347</b>
Pension expense	326,237	334,546
<b>Total remuneration</b>	<b>3,299,312</b>	<b>3,251,893</b>

EUR	Hans-Joachim Rothenpieler	
	Technical Development	
	2019	2018
Fixed remuneration	523,334	80,000
Fringe benefits	90,807	9,745
<b>Total</b>	<b>614,141</b>	<b>89,745</b>
One-year variable remuneration	127,500	-
Multi-year variable remuneration	178,500	-
Business performance bonus (two-year period)	90,000	-
LTI (four-year period)	88,500	-
<b>Total</b>	<b>920,141</b>	<b>89,745</b>
Pension expense	220,260	69,025
<b>Total remuneration</b>	<b>1,140,401</b>	<b>158,770</b>

EUR	Alexander Seitz	
	Finance, China and Legal Affairs	
	2019	2018
Fixed remuneration	560,000	546,667
Fringe benefits	55,119	54,601
<b>Total</b>	<b>615,119</b>	<b>601,268</b>
One-year variable remuneration	901,000	265,000
Multi-year variable remuneration	1,261,400	388,700
Business performance bonus (two-year period)	636,000	180,200
LTI (four-year period)	625,400	208,500
<b>Total</b>	<b>2,777,519</b>	<b>1,254,968</b>
Pension expense	412,376	415,113
<b>Total remuneration</b>	<b>3,189,895</b>	<b>1,670,081</b>

EUR	Hildegard Wortmann	
	Marketing and Sales	
	Joined: July 1, 2019	
	2019	2018
Fixed remuneration	264,000	-
Fringe benefits	51,977	-
<b>Total</b>	<b>315,977</b>	<b>-</b>
One-year variable remuneration	-	-
Multi-year variable remuneration	-	-
Long-term incentive (performance share plan 2019–2021)	-	-
<b>Total</b>	<b>315,977</b>	<b>-</b>
Pension expense	387,470	-
<b>Total remuneration</b>	<b>703,447</b>	<b>-</b>

**/ BOARD OF MANAGEMENT REMUNERATION  
(BENEFITS GRANTED) PURSUANT TO GERMAN  
CORPORATE GOVERNANCE CODE**

The figures for the variable remuneration excluding the performance share plan shown here as benefits granted are based on a mean probability scenario. The variable

remuneration including the performance share plan is based on 100 percent target achievement in the case of the annual bonus and the fair value as of the grant date in the case of the performance share plan.

EUR	Abraham Schot <sup>1)</sup>			
	Chairman of the Board of Management <sup>2)</sup>			
	2019	2019 (minimum)	2019 (maximum)	2018
Fixed remuneration	922,000	922,000	922,000	1,160,000
Fringe benefits	-	-	-	59,948
<b>Total</b>	<b>922,000</b>	<b>922,000</b>	<b>922,000</b>	<b>1,219,948</b>
One-year variable remuneration	-	-	-	265,000
One-year variable remuneration (annual bonus)	1,340,000	-	2,412,000	-
Multi-year variable remuneration	1,075,328	-	2,150,656	388,700
Business performance bonus (two-year period)	-	-	-	180,200
LTI (four-year period)	-	-	-	208,500
Long-term incentive (performance share plan 2019-2021)	1,075,328	-	2,150,656	-
<b>Total</b>	<b>3,337,328</b>	<b>922,000</b>	<b>5,484,656</b>	<b>1,873,648</b>
Pension expense <sup>3)</sup>	0	0	0	599,629
<b>Total remuneration</b>	<b>3,337,328</b>	<b>922,000</b>	<b>5,484,656</b>	<b>2,473,277</b>

- 1) The amount of remuneration paid to Mr. Schot is based on the remuneration calculated under the Volkswagen Group system for members of the Board of Management of Volkswagen AG. AUDI AG does not have any obligation to make any payments to Mr. Schot towards the remuneration stated above. These payments are made solely by Volkswagen AG.  
2) Chairman of the Board of Management since January 1, 2019, and Member of the Board of Management for Marketing and Sales from January 1, 2019, through June 30, 2019, as a dual function  
3) AUDI AG's pension plan for Mr. Schot was deemed to have vested on December 31, 2018, following his appointment to the Board of Management of Volkswagen AG.

EUR	Wendelin Göbel			
	Human Resources and Organization			
	2019	2019 (minimum)	2019 (maximum)	2018
Fixed remuneration	560,000	560,000	560,000	560,000
Fringe benefits	91,980	91,980	91,980	59,437
<b>Total</b>	<b>651,980</b>	<b>651,980</b>	<b>651,980</b>	<b>619,437</b>
One-year variable remuneration	795,000	-	1,060,000	265,000
Multi-year variable remuneration	1,489,300	-	2,120,000	388,700
Business performance bonus (two-year period)	598,900	-	1,060,000	180,200
LTI (four-year period)	890,400	-	1,060,000	208,500
<b>Total</b>	<b>2,936,280</b>	<b>651,980</b>	<b>3,831,980</b>	<b>1,273,137</b>
Pension expense	243,473	243,473	243,473	248,346
<b>Total remuneration</b>	<b>3,179,753</b>	<b>895,453</b>	<b>4,075,453</b>	<b>1,521,483</b>

EUR	Peter Kössler			
	Production and Logistics			
	2019	2019 (minimum)	2019 (maximum)	2018
Fixed remuneration	560,000	560,000	560,000	560,000
Fringe benefits	146,103	146,103	146,103	119,050
<b>Total</b>	<b>706,103</b>	<b>706,103</b>	<b>706,103</b>	<b>679,050</b>
One-year variable remuneration	795,000	-	1,060,000	265,000
Multi-year variable remuneration	1,489,300	-	2,120,000	388,700
Business performance bonus (two-year period)	598,900	-	1,060,000	180,200
LTI (four-year period)	890,400	-	1,060,000	208,500
<b>Total</b>	<b>2,990,403</b>	<b>706,103</b>	<b>3,886,103</b>	<b>1,332,750</b>
Pension expense	220,187	220,187	220,187	221,521
<b>Total remuneration</b>	<b>3,210,590</b>	<b>926,290</b>	<b>4,106,290</b>	<b>1,554,271</b>

EUR	Dr. Bernd Martens			
	Procurement and IT			
	2019	2019 (minimum)	2019 (maximum)	2018
Fixed remuneration	560,000	560,000	560,000	560,000
Fringe benefits	250,675	250,675	250,675	210,847
<b>Total</b>	<b>810,675</b>	<b>810,675</b>	<b>810,675</b>	<b>770,847</b>
One-year variable remuneration	795,000	-	1,060,000	980,500
Multi-year variable remuneration	1,489,300	-	2,120,000	1,166,000
Business performance bonus (two-year period)	598,900	-	1,060,000	540,600
LTI (four-year period)	890,400	-	1,060,000	625,400
<b>Total</b>	<b>3,094,975</b>	<b>810,675</b>	<b>3,990,675</b>	<b>2,917,347</b>
Pension expense	326,237	326,237	326,237	334,546
<b>Total remuneration</b>	<b>3,421,212</b>	<b>1,136,912</b>	<b>4,316,912</b>	<b>3,251,893</b>

EUR	Hans-Joachim Rothenpieler			
	Technical Development			
	2019	2019 (minimum)	2019 (maximum)	2018
Fixed remuneration	540,000	540,000	540,000	83,335
Fringe benefits	90,807	90,807	90,807	9,745
<b>Total</b>	<b>630,807</b>	<b>630,807</b>	<b>630,807</b>	<b>93,080</b>
One-year variable remuneration	795,000	-	1,060,000	-
Multi-year variable remuneration	1,489,300	-	2,120,000	-
Business performance bonus (two-year period)	598,900	-	1,060,000	-
LTI (four-year period)	890,400	-	1,060,000	-
<b>Total</b>	<b>2,915,107</b>	<b>630,807</b>	<b>3,810,807</b>	<b>93,080</b>
Pension expense	220,260	220,260	220,260	69,025
<b>Total remuneration</b>	<b>3,135,367</b>	<b>851,067</b>	<b>4,031,067</b>	<b>162,105</b>

EUR	Alexander Seitz			
	Finance, China and Legal Affairs			
	2019	2019 (minimum)	2019 (maximum)	2018
Fixed remuneration	560,000	560,000	560,000	560,000
Fringe benefits	55,119	55,119	55,119	54,601
<b>Total</b>	<b>615,119</b>	<b>615,119</b>	<b>615,119</b>	<b>614,601</b>
One-year variable remuneration	795,000	-	1,060,000	265,000
Multi-year variable remuneration	1,489,300	-	2,120,000	388,700
Business performance bonus (two-year period)	598,900	-	1,060,000	180,200
LTI (four-year period)	890,400	-	1,060,000	208,500
<b>Total</b>	<b>2,899,419</b>	<b>615,119</b>	<b>3,795,119</b>	<b>1,268,301</b>
Pension expense	412,376	412,376	412,376	415,113
<b>Total remuneration</b>	<b>3,311,795</b>	<b>1,027,495</b>	<b>4,207,495</b>	<b>1,683,414</b>

EUR	Hildegard Wortmann			
	Marketing and Sales			
	Joined: July 1, 2019			
	2019	2019 (minimum)	2019 (maximum)	2018
Fixed remuneration	274,000	274,000	274,000	-
Top-up amount to reach minimum remuneration	120,593	736,000	-	-
Fringe benefits	51,977	51,977	51,977	-
<b>Total</b>	<b>446,570</b>	<b>1,061,977</b>	<b>325,977</b>	<b>-</b>
One-year variable remuneration (annual bonus)	287,350	-	- <sup>2)</sup>	-
Multi-year variable remuneration	328,057	-	744,000	-
Long-term incentive (performance share plan 2019–2021)	328,057	-	744,000	-
<b>Total</b> <sup>1)</sup>	<b>1,061,977</b>	<b>1,061,977</b>	<b>-</b>	<b>-</b>
Pension expense	387,470	387,470	387,470	-
<b>Total remuneration</b>	<b>1,449,447</b>	<b>1,449,447</b>	<b>-</b>	<b>-</b>

1) Ms. Wortmann has received a contractual guarantee of minimum remuneration of EUR 1,000,000 gross for the 2019 fiscal year, comprising fixed and variable remuneration, excluding fringe benefits of EUR 51,977 and the proportionate Supervisory Board remuneration of EUR 10,000.

2) There is no cap on the amount paid under the annual bonus.

### **/ BENEFITS PAID UPON REGULAR TERMINATION OF EMPLOYMENT**

In the event of regular 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. The agreed benefits are paid or made available when the Board of Management member reaches the age of 63 or 65, as applicable.

The retirement pay is calculated as a percentage of the monthly basic remuneration provided for in the individual service contract. Unless the service contract already provides

for a rate of 50 percent, the individual percentage rises from an individual basic percentage by a defined rate for every year of service to the company up to a maximum of 50 percent of the monthly basic remuneration defined as a basis for calculating the retirement pay.

The pension obligations in accordance with IAS 19 for members of the active Board of Management amounted to EUR 50,527 (40,417) thousand on December 31, 2019, an amount of 10,111 (8,612) 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 35,962 (31,228) thousand, the amount of EUR 4,734 (9,944) 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, unless the application of Section 16 of the German Act on the

Improvement of Company Pension Provision (BetrAVG) leads to a higher increase.

Former members of the Board of Management and their surviving dependents received EUR 22,453 (21,440) thousand in the past year. For this group of individuals there were pension obligations amounting to EUR 113,390 (100,629) thousand measured in accordance with IAS 19 or EUR 87,745 (83,462) thousand measured in accordance with the requirements of German commercial law.

### // BOARD OF MANAGEMENT PENSIONS IN 2019 (IFRS)

EUR	2019		2018	
	Pension expense	Present values as of December 31	Pension expense	Present values as of December 31
Abraham Schot <sup>1)</sup>	0	4,368,888	599,629	4,347,545
Wendelin Göbel	243,473	9,898,148	248,346	8,037,574
Peter Kössler	220,187	8,982,475	221,521	7,532,556
Dr. Bernd Martens	326,237	9,284,973	334,546	7,324,169
Hans-Joachim Rothenpieler	220,260	9,738,869	69,025	7,386,338
Alexander Seitz	412,376	7,394,656	415,113	5,788,540
Hildegard Wortmann (since July 1, 2019) <sup>2)</sup>	387,470	859,300	-	-
Members of the Board of Management who left in the previous year	-	-	861,169	-
<b>Total</b>	<b>1,810,003</b>	<b>50,527,309</b>	<b>2,749,349</b>	<b>40,416,722</b>

1) AUDI AG's pension plan for Mr. Schot was deemed to have vested on December 31, 2018, in an amount equaling the entitlement accruing to him as of that date upon his appointment to the Board of Management of Volkswagen AG and is not subject to any future increases. For the period from January 1, 2019, Mr. Schot has been granted a defined-contribution pension plan for which Volkswagen AG recognized a pension expense of EUR 2,222,572 in 2019 in accordance with the IFRS and a present value of the same amount as of December 31, 2019.

2) Pension expense in 2019 is reported on a pro rata basis.

### // BOARD OF MANAGEMENT PENSIONS IN 2019 (GERMAN COMMERCIAL CODE [HGB])

EUR	2019		2018	
	Service costs	Present values as of December 31	Service costs	Present values as of December 31
Abraham Schot <sup>1)</sup>	- 659,403	3,079,567	322,855	3,331,889
Wendelin Göbel	- 131,231	6,845,532	58,849	6,081,993
Peter Kössler	- 105,301	6,619,121	22,917	5,969,060
Dr. Bernd Martens	- 57,030	6,219,264	109,457	5,413,389
Hans-Joachim Rothenpieler	665,636	7,420,356	- 19,513	6,002,912
Alexander Seitz	114,273	5,195,856	245,628	4,428,616
Hildegard Wortmann (since July 1, 2019) <sup>2)</sup>	291,201	582,402	-	-
Members of the Board of Management who left in the previous year	-	-	- 51,606	-
<b>Total</b>	<b>118,145</b>	<b>35,962,098</b>	<b>688,587</b>	<b>31,227,859</b>

1) AUDI AG's pension plan for Mr. Schot was deemed to have vested on December 31, 2018, in an amount equaling the entitlement accruing to him as of that date upon his appointment to the Board of Management of Volkswagen AG and is not subject to any future increases. For the period from January 1, 2019, Mr. Schot has been granted a defined-contribution pension plan for which Volkswagen AG recognized a service costs of EUR 1,601,918 for 2019, under German commercial law and a present value of the same amount as of December 31, 2019.

2) Service costs in 2019 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 is 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.

### / 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 2,219 (1,594) thousand. The remuneration comprises EUR 252 (290) thousand in fixed and EUR 1,967 (1,304) thousand in variable components. The amount of the variable remuneration components is based on the compensatory payment made for the 2019 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 2020 fiscal year pursuant to Section 16 of the Articles of Incorporation and Bylaws.

EUR	Fixed	Variable	Total 2019	
Dr.-Ing. Herbert Diess	-	-	-	Chairman <sup>1)</sup> Shareholder representative
Peter Mosch <sup>2)</sup>	20,500	168,800	189,300	Vice Chairman <sup>1)</sup> Employee representative
Mag. Josef Ahorner	16,000	126,600	142,600	Shareholder representative <sup>3)</sup>
Rita Beck <sup>2)</sup>	11,500	84,400	95,900	Employee representative
Marianne HeiB	11,500	84,400	95,900	Shareholder representative
Johann Horn <sup>2)</sup>	16,000	126,600	142,600	Employee representative <sup>3)</sup>
Gunnar Kilian	-	-	-	Shareholder representative
Rolf Klotz <sup>2)</sup>	16,000	126,600	142,600	Employee representative <sup>4)</sup>
Dr. Julia Kuhn-Piëch	11,000	84,400	95,400	Shareholder representative
Petra Otte <sup>2)</sup> (Member of the Audit Committee since May 22, 2019)	14,238	110,072	124,310	Employee representative
Dr. jur. Hans Michel Piëch	16,000	126,600	142,600	Shareholder representative <sup>1)</sup>
Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch	20,500	168,800	189,300	Shareholder representative <sup>5)</sup>
Dr. jur. Ferdinand Oliver Porsche	16,000	126,600	142,600	Shareholder representative <sup>4)</sup>
Dr. rer. comm. Wolfgang Porsche	11,500	84,400	95,900	Shareholder representative
Rainer Schirmer <sup>2)</sup>	16,000	126,600	142,600	Employee representative <sup>3)</sup>
Jörg Schlagbauer <sup>2)</sup>	16,000	126,600	142,600	Employee representative <sup>4)</sup>
Irene Schulz <sup>2)</sup> (Member of the Audit Committee until May 22, 2019)	16,000	126,600	142,600	Employee representative <sup>1)</sup>
Helmut Späth <sup>2)</sup>	11,500	84,400	95,900	Employee representative
Stefanie Ulrich	11,500	84,400	95,900	Employee representative
Hiltrud Dorothea Werner	-	-	-	Shareholder representative <sup>4) 6)</sup>
Prof. Dr. rer. pol. Carl H. Hahn	-	-	-	Honorary Chairman
<b>Total</b>	<b>251,738</b>	<b>1,966,872</b>	<b>2,218,610</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) Member of the Diesel Committee

4) Member of the Audit Committee

5) Chairman of the Audit Committee

6) Chairwoman of the Diesel Committee