



——— Dr.-Ing. Herbert Diess  
Chairman of the Supervisory Board

*Dear Shareholders,*

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**T**he Audi Group stabilized its delivery volume in the 2019 fiscal year and achieved robust business figures. The Company profited from its young and attractive model range, above all in the higher segments. In addition, the Audi Transformation Plan picked up speed and made a substantial contribution to operating profit. On the other hand, the difficult situation in many markets and also the switch to the new WLTP test cycle negatively impacted the sales figures in the first half of the year.

With the “Audi.Zukunft” fundamental agreement, the Board of Management and employee representatives decided on extensive measures to safeguard competitiveness. For example, platform-oriented plant allocation and optimized plant capacities will assure the lasting future viability of the German sites. There will also be socially responsible adjustments to jobs coupled with an extended employment guarantee up until the end of 2029.

The Board of Management presented the new “consistently Audi” strategy at the Audi 2019 Annual General Meeting. One area in focus is sustainable mobility: By 2025 Audi wants to have around 30 electrified models in its range – some 20 of which will be fully electric. To achieve rapid and profitable scaling of electric mobility, Audi is also focusing on extensive Group synergies by using cross-brand architectures.

The Audi Group attributes these important decisions for the future and the robust operating performance to the huge commitment of the people who work for it. On behalf of the Supervisory Board, I would like to thank all employees for their wholehearted efforts. I am absolutely convinced of the potential of the Audi brand and of its continuing positive business performance.

The Board of Management gave regular, up-to-date, comprehensive accounts of its actions to the Supervisory Board. The Supervisory Board considered the economic framework and the Company’s business development and policy as well as its risk management and risk situation at ordinary meetings of the Supervisory Board convened each quarter, as well as on the basis of regular oral and written reports from the Board of Management, and consulted closely with the Board of Management on these matters.

# “I am absolutely convinced of the potential of the Audi brand and of its continuing positive business performance”

At its four ordinary meetings in 2019, the Supervisory Board also considered in depth the Audi Transformation Plan, the “Audi.Zukunft” fundamental agreement, plant allocations and utilization levels, capital investment as well as the product availability of key models. Furthermore, it held consultations with the Board of Management on progress with the digitalization and electrification of vehicles, and together with the Board of Management routinely determined the content of the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG).

In agreeing to the plans for human resources, financial and investment planning, the Supervisory Board once again confirmed the Board of Management’s strategic decisions.

The restructuring and strengthening of the Board of Management to include competent new members from both within and outside the Group was an important aspect of the Supervisory Board’s work. As part of this, Sabine Maaßen was appointed Board Member for Human Resources with effect from April 1, making her the second woman alongside Hildegard Wortmann, who is very successfully in charge of Marketing and Sales. In this connection, the Supervisory Board also held one extraordinary meeting in the past fiscal year.

The diesel issue, in particular concerning the V6 and V8 TDI engines, accounted for a significant portion of the Supervisory Board’s work in the year under review. It was kept constantly informed of the diesel issue by the Board of Management in the 2019 fiscal year, both in writing and orally.

The Supervisory Board declared unequivocally that all those responsible at Audi must drive forward the ongoing processes and improvements relating to compliance, integrity and culture, and above all permanently anchor them in the workforce. This change process will continue long after the Monitor’s work has come to an end. Only if everyone at Audi acts with integrity and in keeping with the law and observes its values will Audi be a successful company.

In addition to its four ordinary meetings, the Presiding Committee of the Supervisory Board held one extraordinary meeting in 2019.

The average attendance rate in the past fiscal year was 98 percent. All Supervisory Board members were present at more than half of the meetings. The Negotiating Committee did not need to be convened in 2019.

The “Diesel” Committee oversees and supports the Board of Management in its investigation and reappraisal of events related to diesel issues. It also prepares the Supervisory Board’s consultations and resolutions on these issues.

The “Diesel” Committee came together for four meetings in the 2019 fiscal year.

The Audit Committee met once per quarter in the past fiscal year and considered mainly matters of risk management, compliance and auditing work, as well as key issues concerning the monitorship. The Audit Committee also considered the 2019 Interim Financial Report prior to its publication and conducted preparatory work for the 2019 Annual Financial Statements. It also advised on the independence of the auditor, the findings of additional audits commissioned and the situation of the Company at the end of 2019.

Upon the proposal of the Supervisory Board, the Annual General Meeting of AUDI AG appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft as auditor of the accounts for the 2019 fiscal year. The auditor of the accounts confirmed the Annual Financial Statements of AUDI AG, the Consolidated Financial Statements as well as the Combined Management Report of the Audi Group and AUDI AG for the 2019 fiscal year, and in each case issued its unqualified certification with an additional note.

The auditing firm’s representatives explained the key findings of their audit in detail at the meetings of the Audit Committee and Supervisory Board. According to information supplied by the auditing firm, there were no circumstances that might give cause for concern about the auditor’s partiality.

Following examination of the audit documents received and based on its own conclusions, the Audit Committee recommended to the Supervisory Board at the meeting on February 21, 2020, that the Annual and Consolidated Financial Statements each be signed off. The Supervisory Board accepted this recommendation and signed off the Annual and Consoli-

dated Financial Statements prepared by the Board of Management. The Annual Financial Statements are thus established.

There have been no changes to the composition of the Supervisory Board since the close of the last Annual General Meeting on May 23, 2019.

There has been the following change in the composition of the Company's Board of Management since the close of the last Annual General Meeting:

With effect from July 1, 2019, Hildegard Wortmann took charge of the "Marketing and Sales" division.

The Board of Management has suitably taken account of the economic environment and future challenges when making its plans. Together with the entire workforce it will systematically promote the transformation of Audi into a provider of sustainable premium mobility. The Supervisory Board will continue to support the Board of Management in this undertaking to the very best of its ability.

Ingolstadt, February 21, 2020



\_\_\_\_\_ Dr.-Ing. Herbert Diess  
Chairman of the Supervisory Board of AUDI AG