Annual Financial Statements of Volkswagen AG

Balance Sheet of Volkswagen AG as of December 31, 2020

€ million	Note	Dec. 31, 2020	Dec. 31, 2019
Assets			
Fixed assets			
Intangible assets	1	822	652
Tangible assets	1	7,997	7,378
Long-term financial assets	1	121,558	112,793
		130,377	**120,823**
Current assets			
Inventories	2	6,542	5,554
Receivables and other assets	3	38,663	35,748
Cash-in-hand and bank balances	4	8,803	5,639
		54,007	**46,940**
Prepaid expenses		**103**	**109**
Excess of plan assets over pension liability		**-**	**0**
Total assets		**184,488**	**167,872**
Equity and Liabilities			
Equity			
Subscribed capital	5	1,283	1,283
Ordinary shares		755	755
Preferred shares		528	528
Capital reserve	6	15,021	15,021
Revenue reserves	7	19,217	16,052
Net retained profits		4,028	3,273
		39,549	**35,629**
Special tax-allowable reserves	**8**	**18**	**18**
Provisions	**9**	**43,201**	**42,986**
Liabilities	**10**	**100,374**	**87,832**
Deferred income	**11**	**1,346**	**1,406**
Total equity and liabilities		**184,488**	**167,872**

Income Statement of Volkswagen AG for the Period January 1 to December 31, 2020

€ million	Note	2020	2019
Sales	12	**67,535**	**80,621**
Cost of sales		−63,418	−74,700
Gross profit on sales		**4,117**	**5,921**
Distribution expenses		−5,422	−5,980
General and administrative expenses		−1,847	−1,968
Other operating income	13	6,022	5,053
Other operating expenses	14	−5,625	−5,967
Financial result	15	**10,477**	**10,638**
Write-downs of long-term financial assets		−690	−1,523
Taxes on income		−693	−1,215
Earnings after taxes = Net income for the year		**6,338**	**4,958**

Notes to the Annual Financial Statements of Volkswagen AG for the Period ended December 31, 2020

Financial statements in accordance with the German Commercial Code

Volkswagen AG is domiciled in Wolfsburg, Germany, and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484. The annual financial statements of Volkswagen AG have been prepared in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) and comply with the provisions of the Aktiengesetz (AktG – German Stock Corporation Act).
The fiscal year corresponds to the calendar year.

To enhance the clarity of presentation, individual items of the balance sheet and the income statement have been combined. These items are disclosed separately in the notes. The income statement uses the cost of sales (function of expense) format. Information that can be disclosed optionally in the balance sheet or income statement, in the notes to the annual financial statements, is disclosed in its entirety in the notes to the annual financial statements. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

Volkswagen AG performs electricity generation and distribution/sales activities together with a subsidiary. As a result, Volkswagen AG and this subsidiary are classed as a vertically integrated energy company within the meaning of section 3 no. 38 of the Energiewirtschaftsgesetz (EnWG – German Energy Industry Act) and are therefore subject to the provisions of the EnWG. Separate accounts must normally be maintained for certain activities in the energy sector in accordance with section 6b(3) of the EnWG (unbundling requirement in accounting systems). Volkswagen AG itself only operates customer systems in accordance with section 3 no. 24 b and 24 a of the EnWG (medium-voltage and low-voltage grids). The subsidiary distributes the electricity via a general supply network (high-voltage grid in Wolfsburg, section 3 no. 17 of the EnWG).

The list of all shareholdings is a component of the notes and can also be downloaded from the electronic companies register at www.unternehmensregister.de and from www.volkswagenag.com/ir.

The Board of Management completed preparation of the annual financial statements on February 16, 2021. On February 16, 2021, the period ended in which adjusting events after the reporting period are recognized.

Declaration on the German Corporate Governance Code in accordance with section 161 of the AktG/section 285 no. 16 of the HGB

The Board of Management and Supervisory Board of Volkswagen AG issued the declaration of conformity in accordance with section 161 of the AktG on Friday, November 13, 2020.

The declaration of conformity has been made permanently available at www.volkswagenag.com/ir.

Significant events in the fiscal year

DIESEL ISSUE

On September 18, 2015, the US Environmental Protection Agency (EPA) publicly announced in a “Notice of Violation” that irregularities in relation to nitrogen oxide (NOx) emissions had been discovered in emissions tests on certain vehicles of Volkswagen Group with type 2.0 l diesel engines in the USA. In this context, Volkswagen AG announced that noticeable discrepancies between the figures achieved in testing and in actual road use had been identified in around eleven million vehicles worldwide with type EA 189 diesel engines. On November 2, 2015, the EPA issued a “Notice of Violation” alleging that irregularities had also been discovered in the software installed in US vehicles with type V6 3.0 l diesel engines.

The diesel issue is rooted in a modification of parts of the software of the relevant engine control units – which, according to Volkswagen AG’s legal position, is only unlawful under US law – for the type EA 189 diesel engines that Volkswagen AG was developing at that time. The decision to develop and install this software function was taken in late 2006 below Board of Management level. None of the members of the Board of Management had, at that time and for several years to follow, knowledge of the development and implementation of this software function.

There are no findings that an unlawful “defeat device” under US law was disclosed to the Ausschuss für Produktsicherheit (Product Safety Committee) or to the persons responsible for preparing the 2014 annual and consolidated financial statements as the cause of the high NOx emissions from certain US vehicles with type EA 189 2.0 l diesel engines following publication of the study by the International Council on Clean Transportation in May 2014. Instead, at the time the 2014 annual and consolidated financial statements were being prepared, the persons responsible for preparing the 2014 annual and consolidated financial statements remained under the impression that the issue could be solved with comparatively little effort.

In the course of the summer of 2015, however, it became successively apparent to individual members of Volkswagen AG’s Board of Management that the cause of the discrepancies in the USA was a modification of parts of the software of the engine control unit, which was later identified as an unlawful “defeat device” as defined by US law. This culminated in the disclosure of a “defeat device” to EPA and CARB on September 3, 2015. According to the assessment at that time of the responsible persons dealing with the matter, the scope of the costs expected by the Volkswagen Group (recall costs, retrofitting costs and financial penalties) was not fundamentally dissimilar to that of previous cases involving other vehicle manufacturers, and, therefore, appeared to be controllable overall with a view to the business activities of the Volkswagen Group. This assessment by the Volkswagen Group was based, among other things, on the advice of a law firm engaged in the USA for approval issues, according to which similar cases in the past were resolved amicably with the US authorities. The publication of the “Notice of Violation” by the EPA on September 18, 2015, which, especially at that time came unexpectedly to the Board of Management, then presented the situation in an entirely different light.

In fiscal year 2020, additional expenses of €0.8 billion had to be recognized in this context, primarily related to legal risks.

The contingent liabilities within the meaning of IAS 37 recognized in connection with the diesel issue totaled €4.2 billion (previous year: €3.6 billion), of which €3.5 billion (previous year: €3.4 billion) was attributable to investor lawsuits. Also included are certain elements of the class action lawsuits relating to the diesel issue as well as criminal proceedings/misdemeanor proceedings as far as these can be quantified.

Further information on the litigation in connection with the diesel issue can be found in the “Litigation” section of the management report.

IMPACT OF THE COVID-19 PANDEMIC

By causing a global decline in demand – driven by, among other factors, measures taken by governments in the form of restrictions on trade in motor vehicles – as well as temporary production stoppages, the Covid-19 pandemic had a negative impact on the Volkswagen AG's net assets, financial position and results of operations in fiscal year 2020. Since the Covid-19 pandemic persists, even at the beginning of 2021, effects on the net assets, financial position and results of operations are again expected for 2021. Please also refer to our comments in the 2020 group management report, specifically in the chapters entitled
Business Development, Results of Operations, Financial Position and Net Assets, Report on Expected Developments and Report on Risks and Opportunities.

The preparation of the annual financial statements as of December 31, 2020 required an analysis of the effects of the Covid-19 pandemic on the recoverability of fixed and current assets. The analysis did not lead to any material additional write-downs for impairment or loss allowances.

MATERIAL TRANSACTIONS

As part of the planned squeeze-out at AUDI AG under the German Stock Corporation Act, Volkswagen AG announced on June 16, 2020 that the cash compensation for the transfer of shares held by minority shareholders had been set at € 1,551.53 per share. On July 31, 2020, the Annual General Meeting of AUDI AG approved the squeeze-out under stock corporation law at AUDI AG and thus the transfer of all outstanding Audi shares to Volkswagen AG. This resolution took effect upon its entry in the commercial register on November 16, 2020. In December 2020, a former shareholder of AUDI AG initiated award proceedings against Volkswagen AG at the Munich I Regional Court, asking the court to review the amount of the cash settlement offered by Volkswagen AG.
Since June 28, 2019, 51 million shares of TRATON SE have been traded on the regulated markets of the Frankfurt Stock Exchange and of the Nasdaq Stockholm. The offer price was set at € 27.00 per share.
The transaction resulted in a disposal loss of €0.8 billion for Volkswagen AG in the previous year, which is reported under other investment expenses in the financial result.

Accounting policies

The accounting policies applied in the previous year were retained. Investment income, income from other investments and long-term loans, as well as net interest income, are combined in the income statement and presented as the financial result. This item is addressed in greater detail in note (15) Financial result.

Purchased intangible assets are recognized at cost and amortized over three to five years using the straight-line method. Internally generated intangible assets are not recognized. Grants paid for third-party assets are capitalized as purchased rights to use and amortized over five years. Software and grants paid are derecognized once they have been fully amortized.

Tangible assets are carried at cost and reduced by depreciation. Investment grants are deducted from cost.

Depreciation is based primarily on the following useful lives:

	Useful life
Buildings	14 – 50 years
Leasehold improvements	10 – 35 years
Technical equipment and machinery	5 – 20 years
Other equipment, operating and office equipment including special tools	3 – 30 years

For additions up until December 31, 2009, to the extent allowed by tax law, depreciation of movable items of tangible assets is generally charged initially using the declining balance method, and subsequently using the straight-line method, and also reflects the use of assets in multishift operation. The option to retain and adjust lower carrying amounts of tangible asset balances at December 31, 2009 in accordance with section 67(4) of the Einführungsgesetz zum Handelsgesetzbuch (EGHGB – Introductory Act to the German Commercial Code) has been exercised. Movable items of tangible assets purchased or manufactured as from January 1, 2010 are depreciated using the straight-line method.

Prepayments made for tangible and intangible assets are measured at their nominal value.

As a general rule, additions of assets are depreciated or amortized ratably in the year of acquisition.

Low-value assets are written off and derecognized in full in the year they are acquired. In addition, certain items of operating and office equipment with individual purchase costs of up to €1,500 are treated as disposals when their standard useful life has expired.

Write-downs are recognized if the impairment is expected to be permanent; write-downs are reversed up to the amount of historical cost, net of depreciation or impairment, as soon as the reasons for impairment no longer apply.

Shares in affiliated companies and other equity investments are measured at the lower of cost and fair value. Fair values are by preference calculated using the discounted cash flow method on the basis of corporate plans, if available, or derived from observable market prices if not.

The basis for calculating fair value using the discounted cash flow method is management's current planning, which is based on expectations regarding future economic trends. The planning period generally covers five years. The discount rate used for the expected cash flows is the weighted average cost of capital (WACC).

As a general principle, all loans are measured at their nominal amount. Non- or low-interest-bearing loans are carried at their present value.

Long-term investments are carried at the lower of cost or fair value in the case of permanent impairment.

Securities held as plan assets for post-employment benefit obligations are measured at fair value and offset against the corresponding provisions. These securities are assets that are exempt from attachment by all creditors and that exclusively serve to settle liabilities from post-employment benefit obligations. The fair value of these assets corresponds to the market price (section 255(4) of the HGB).

Raw materials, consumables and supplies, and merchandise carried in inventories are measured at the lower of average cost and replacement cost. In addition to direct materials and direct labor costs, the carrying amount of finished goods and work in progress also includes proportionate indirect materials and labor costs, including depreciation in the amount required. Adequate valuation allowances take account of all identifiable storage and inventory risks. Prepayments made for inventories are recognized at their nominal amounts.

Volkswagen AG recognizes emissions certificates as of the date of issue or acquisition. They are measured at the lower of cost or fair value. Emissions certificates issued free of charge are recognized as a memorandum item. Each certificate is valued at €32.75 per tonne of CO_2 as of the reporting date.

Receivables and other assets are carried at their principal amounts. Write-downs to the lower fair value are recognized for identifiable specific risks.

Non-interest-bearing receivables due after more than one year are carried at their present value at the balance sheet date by applying an interest rate to match the maturity.

Receivables denominated in foreign currencies are translated at the middle spot rate prevailing at the date of initial recognition. Receivables that are due within less than one year are translated at the middle spot rate at the reporting date. In the case of receivables with a longer term, a lower exchange rate at the balance sheet date results in the remeasurement of the receivable at a lower carrying amount, with the difference recognized in the income statement; a higher exchange rate at the balance sheet date (remeasurement gain) is not recognized. Hedged receivables are not remeasured at the closing rate ("net hedge presentation method").

Purchased foreign currency options are carried at the lower of cost or fair value until maturity.

Securities classified as current assets are carried at the lower of cost or fair value.

Cash and bank balances are measured at their nominal amount.

Expenditure prior to the balance sheet date that represents an expense for a specific period after this date is recognized under prepaid expenses on the assets side of the balance sheet.

Deferred taxes are recognized for temporary differences between the carrying amounts required by the HGB and the tax base of all assets and liabilities. As Volkswagen AG is the consolidated tax group parent and thus also the taxpayer for affiliated companies with which there are profit and loss transfer agreements, the differences at those companies are also included when calculating deferred taxes. Volkswagen AG is also a partner in various partnerships. Deferred taxes in respect of the difference between the HGB carrying amounts of assets and liabilities and their tax base are also reported at Volkswagen AG where these relate to corporation tax. The deferred taxes in respect of these differences are calculated on the basis of an average income tax rate of 30.0% or 15.8% for temporary differences that are attributable to different carrying amounts at partnerships in which Volkswagen AG is a partner. The option to recognize excess assets in accordance with section 274 of the HGB is not exercised.

The differences between the carrying amounts required by the HGB and the lower carrying amounts allowed under tax law were recorded in the special tax-allowable reserves presented between equity and liabilities in the balance sheet.

Existing special reserves are retained since they were recognized before the year of the transition to the provisions of the Bilanzrechtsmodernisierungsgesetz (BilMoG – German Accounting Law Modernization Act). These are reversed to the income statement and are based on the provisions of section 3(2) of the Zonenrandförderungsgesetz (German Zonal Border Development Act), section 6b of the Einkommensteuergesetz (EStG – German Income Tax Act)/regulation 6.6 of the Einkommensteuerrichtlinien (EStR – German Income Tax Regulations), section 7d of the EStG, section 82d of the Einkommensteuer-Durchführungsverordnung (EStDV – German Income Tax Implementing Regulation) and regulation 35 of the EStR. No new special reserves have been recognized since January 1, 2010.

Provisions for pensions and similar obligations are measured in accordance with actuarial principles; the projected unit credit method is used for defined benefit plans.Future obligations are measured on the basis of the ratable benefit entitlements earned as of the balance sheet date. In addition to the pension payments and vested entitlements known at the balance sheet date, future increases in salaries and pensions are taken into consideration, along with other relevant parameters. The discount rate published by the Deutsche Bundesbank as of Monday, December 31, 2020 is used. This figure is used to measure pension provisions in accordance with section 253(2) of the HGB and is based on the discount rate of 2.30% for a remaining maturity of 15 years. For externally funded pension obligations, the fair value of the fund assets is offset against the settlement amount of the obligations in accordance with section 246(2) of the HGB. The fair value of the fund assets is determined on the basis of market values.

Provisions for obligations under partial retirement agreements are also measured in accordance with actuarial principles, taking account of expected salary trends and the latest mortality tables. They are discounted using a discount rate of 0.47% in accordance with section 253 (2) of the HGB. This rate has been determined on the basis of a seven-year average and a remaining maturity of two years. For agreements entered into in the reporting year, it is assumed that the agreed benefits constitute remuneration. Consequently, the top-up amounts are accumulated ratably over the vesting period.

Provisions for taxes and other provisions are calculated according to the principles of prudent business judgment.

Adequate provisions are recognized at their settlement amount for identifiable risks and uncertain obligations on the basis of prudent business judgment, taking into account expected future price and cost increases. Provisions cover all identifiable risks of future settlement.

Provisions that have an expected remaining maturity of more than one year are discounted at an interest rate to match the maturity.

Provisions for warranty obligations are recognized on the basis of the historical or estimated probability of claims affecting vehicles delivered. Assumptions were made in respect of the warranty provisions recognized in connection with the diesel issues. These depend on the series, model year and country concerned and relate in particular to the effort, material costs and hourly wage rates involved, or to vehicle values in the case of repurchases. These assumptions are based on qualified estimates, which are based in turn on external data, and also reflect additional information available internally, such as values derived from past experience.

Provisions for litigation risks relating to the diesel issue, which comprise criminal, civil and administrative law cases as well as product-related lawsuits, including adequate defense and legal advice expenses, were calculated as the best estimate based on the present state of knowledge and current estimates.

Provisions for long-service jubilees and death benefits are also measured using the projected unit credit method.

Liabilities are carried at their settlement amount.

Liabilities denominated in foreign currencies are translated at the middle exchange rate prevailing at the date of initial recognition. Short-term foreign currency liabilities due within one year or less are measured at the middle spot rate. Long-term foreign currency liabilities are recognized at a higher carrying amount, with the difference recognized in the income statement if the closing rate is higher. Lower exchange rates at the balance sheet date (remeasurement gains) are not recognized.

Payments received are recognized at their nominal value.

Receipts prior to the balance sheet date that represent income for a specific period after that date are reported under deferred income on the equity and liabilities side of the balance sheet.

Currency forwards and commodity futures contracts are measured by comparing the agreed rate with the forward rate for the same maturity at the balance sheet date. A provision is recognized for any resulting unrealized loss. Any positive gains (remeasurement gains) are not recognized. Gains and losses are not offset. Measurement gains or losses are discounted to the present value.

Where possible and feasible, derivatives entered into for hedging purposes are combined to form hedges if they have comparable risks to the hedged item. These are recognized using the "net hedge presentation method"; i.e. the items are not measured to the extent that and for as long as offsetting changes in fair value or cash flows are compensated. In some cases, the gross hedge presentation method is used, i.e. offsetting changes or cash flows are recognized separately and compensate each other. In some cases, the gross hedge presentation method is used, i.e. offsetting changes or cash flows are recognized separately and compensate each other.

Derivatives not included in hedge accounting are measured individually at fair value. Any resulting unrealized losses are recognized in income. Assets or liabilities hedged by cross-currency swaps and currency forwards are translated at the contractually agreed rates at the time of initial recognition. Transactions denominated in foreign currencies are translated at the exchange rates prevailing at the transaction dates or at agreed exchange rates. Expected exchange rate losses at the balance sheet date are reflected in the measurement of the items. Receivables and liabilities due within less than one year that are denominated in foreign currencies are translated at the middle spot rate prevailing at the balance sheet date.

Equity investments are translated at the rate prevailing at the date of acquisition.

Production costs are recognized on the basis of directly attributable material and labor costs, as well as proportionate indirect material and labor costs, including depreciation and amortization. Administrative cost components are not included.

Cost of sales contains all expenses relating to the purchase of materials and the production function, the costs of merchandise, the cost of research and development, and warranties and product liability expenses including the amounts recharged by subsidiaries.

Selling expenses include personnel and non-personnel operating costs of our sales and marketing activities, as well as shipping, advertising, sales promotion, market research and customer service costs.

General and administrative expenses include personnel and non-personnel operating costs of the administrative functions.

Other taxes are allocated to the functional areas.

Balance Sheet Disclosures

(1) FIXED ASSETS

The classification of the assets combined in the balance sheet and their changes during the year are presented on pages 12 to 13.

Capital expenditures amounted to:

€ million	2020	2019
Intangible assets	324	522
Tangible assets	2,788	2,699
Long-term financial assets	10,585	29,009
	13,697	**32,230**

The additions of €10.6 billion (previous year: €29.0 billion) are accompanied by disposals of €1.1 billion (previous year: €27.5 billion).

Depreciation, amortization and write-downs were charged on:

€ million	2020	2019
Intangible assets	154	99
Tangible assets	2,142	2,040
Long-term financial assets	690	1,523
	2,986	**3,662**

Assets recognized before the introduction of the BilMoG continue to be depreciated using the declining balance method. Depreciation of tangible assets includes an amount of €- million (previous year: €9.8 million) for write-downs of special tools, an amount of €21.0 million (previous year: €99.9 million) for other equipment, operating and office equipment, and an amount of €4.8 million (previous year: €6.9 million) for declining-balance depreciation.

Write-downs of long-term financial assets primarily relate to impairment losses on long-term equity investments required on the basis of updated corporate plans or expected selling prices.

Disclosures in accordance with section 285 no. 26 of the HGB

Securities investment funds (values as of December 31, 2020)

€ million	Carrying amount	Fair value	Fair value – carrying amount	Distribution 2020	Daily redemption possible	Write-downs not recognized
UI-TV Fund[1]	10,933	10,444	–489	83	yes	yes
UI-ZW Fund[1]	2,354	2,354	-	50	yes	not applicable
UI-BAV Fund[1]	5,307	5,307	-	106	yes	not applicable
DWS Institutional ESG Euro Money Market Fund IC	544	544	-	-	yes	not applicable

1 Distributions received in 2020 were for 2019.

The funds' investment objectives are a return to match the maturity with appropriate risk diversification using the following asset classes: equities, fixed-income securities, cash investments and other assets. These can be invested in both Germany and internationally. The fund units can be redeemed on a daily basis. Fair values are calculated on the basis of quoted market prices.

The DWS fund is an institutional mutual fund that invests solely in money market instruments.

The treasury fund (UI-TV) is allocated to fixed assets at Volkswagen AG and measured at cost. The UI-TV Fund was not written down to the lower fair value in 2020 as no permanent impairment was expected.

The UI-ZW fund (Time Assets fund), the DWS fund and the UI-BAV fund (occupational investment fund) solely serve the purpose of meeting occupational pension obligations and similar long-term obligations and are measured at fair value. The assets of these funds are offset against the related obligations. As the settlement amount exceeds the present value of the UI-BA fund due to the decline in the applicable interest rate, provisions were recognized. Income and expenses from fair value measurement of the funds are recognized immediately in income.

Changes in Fixed Assets

€ million	GROSS CARRYING AMOUNTS Cost Jan. 1, 2020	Additions	Transfers	Disposals	Cost Dec. 31, 2020
Intangible assets					
Industrial and similar rights and assets, and licenses in such rights and assets	828	153	2	93	891
Payments on account	68	171	−2	-	237
	897	**324**	**0**	**93**	**1,128**
Tangible assets					-
Land, land rights and buildings, including buildings on third-party land	6,132	97	84	2	6,312
Technical equipment and machinery	12,345	354	252	320	12,632
Other equipment, operating and office equipment	22,974	1,650	243	412	24,455
Payments on account and assets under construction	1,591	686	−580	1	1,695
	43,042	**2,788**	**−0**	**735**	**45,095**
Long-term financial assets					-
Shares in affiliated companies	100,800	7,300	-	34	108,065
Loans to affiliated companies	4,210	596	-	1,050	3,755
Other equity investments	963	313	-	44	1,231
Loans to other investees and investors	-	-	-	-	-
Long-term investments	8,575	2,373	-	0	10,947
Other loans	18	4	-	1	21
	114,565	**10,585**	**-**	**1,130**	**124,020**
Total fixed assets	**158,503**	**13,697**	**-**	**1,958**	**170,242**

DEPRECIATION, AMORTIZATION AND WRITE-DOWNS							
Cumulative depreciation, amortization and write-downs Jan. 1, 2020	Depreciation, amortization and write-downs in current year	Disposals	Transfers	Reversals of write-downs	Cumulative depreciation, amortization and write-downs Dec. 31, 2020	Carrying amounts Dec. 31, 2020	Carrying amounts Dec. 31, 2019
245	154	93	-	-	306	585	584
-	-	-	-	-	-	237	68
245	**154**	**93**	**-**	**-**	**306**	**822**	**652**
-							
4,530	114	1	-	-	4,644	1,668	1,602
11,132	529	317	1	-	11,346	1,286	1,213
20,001	1,498	390	−1	-	21,108	3,347	2,973
-	-	-	-	-	-	1,695	1,591
35,663	**2,142**	**708**	**-**	**-**	**37,098**	**7,997**	**7,378**
-							
1,484	680	-	-	-	2,164	105,901	99,316
-	-	-	-	-	-	3,755	4,210
274	10	-	-	-	284	948	689
-	-	-	-	-	-	-	-
14	-	-	-	0	14	10,933	8,561
-	-	-	-	-	-	21	18
1,772	**690**	**-**	**-**	**0**	**2,462**	**121,558**	**112,793**
37,680	**2,986**	**801**	**-**	**0**	**39,865**	**130,377**	**120,823**

(2) INVENTORIES

€ million	Dec. 31, 2020	Dec. 31, 2019
Raw materials, consumables and supplies	2,299	1,436
Work in progress	1,024	1,200
Finished goods and merchandise	2,902	2,696
Payments on account	317	222
	6,542	**5,554**

(3) RECEIVABLES AND OTHER ASSETS

€ million	Dec. 31, 2020	Dec. 31, 2019
Trade receivables	1,141	1,297
of which due after more than one year	*1*	*7*
Receivables from affiliated companies	34,255	30,900
of which trade receivables	*5,025*	*4,342*
of which due after more than one year	*4,334*	*4,605*
Receivables from other investees and investors	1,427	1,673
of which trade receivables	*1,401*	*1,635*
of which due after more than one year	-	-
Other assets	1,840	1,878
of which due after more than one year	*191*	*133*
	38,663	**35,748**

In addition to trade receivables, receivables from affiliated companies are composed primarily of short- and medium-term loans and receivables relating to profit distributions, including income tax allocations.
Other assets primarily include tax reimbursements that are not yet due in the amount of €759 million (previous year: €816 million), payments on account of orders in the amount of €354 million (previous year: €409 million), option premiums paid in the amount of €312 million (previous year: €280 million) and receivables from the sale of used vehicles on behalf of subsidiaries in the amount of €90 million (previous year: €196 million).

(4) CASH-IN-HAND AND BANK BALANCES

Bank balances (€8.8 billion; previous year: €5.6 billion) include a total of €2.4 billion (previous year: €3.0 billion) held by an affiliated company. Bank balances include restricted current time deposits of €6.1 billion (previous year: €2.2 billion) with a maximum maturity of three months. Bank balances of €2.4 billion (previous year: €2.4 billion) are held by the affiliated company and are subject to pledges. Restricted balances amount to €– billion (previous year: €21.8 million).

(5) SUBSCRIBED CAPITAL

The subscribed capital of Volkswagen AG is composed of no-par value bearer shares with a notional value of €2.56. As well as ordinary shares, there are preferred shares that entitle the bearer to a €0.06 higher dividend than ordinary shares, but do not carry voting rights.

As before, the subscribed capital is composed of 295,089,818 no-par value ordinary shares and 206,205,445 no-par value preferred shares and amounts to €1,283 million (previous year: €1,283 million).

The amount to be recognized for provisions for pension obligations that would result if the corresponding average market interest rate for the past seven fiscal years were applied, exceeds the amount recognized in the balance sheet by €3.3 billion. In accordance with section 253(6) sentence 2 of the HGB, this amount is restricted for distribution.

Based on the resolution by the Annual General Meeting on May 14, 2019, authorized capital of up to €179 million, expiring on May 13, 2024, was approved for the issue of new preferred bearer shares.

(6) CAPITAL RESERVES

€ million	Dec. 31, 2020	Dec. 31, 2019
Capital Reserves	15,021	15,021

The capital reserves comprise the share premium from various capital increases (€14,695 million), the premium from the issue of bonds with warrants (€219 million) and an amount of €107 million appropriated on the basis of the capital reduction implemented in 2006.

(7) REVENUE RESERVES

€ million	Dec. 31, 2020	Dec. 31, 2019
Legal reserve	31	31
Other revenue reserves	19,186	16,021
	19,217	**16,052**

An amount of €3,165 million was appropriated from net income for the year to other revenue reserves in accordance with section 58(2) of the AktG.

(8) SPECIAL TAX-ALLOWABLE RESERVES

€ million	Dec. 31, 2020	Dec. 31, 2019
Accelerated tax depreciation	18	18
	18	**18**

(9) PROVISIONS

€ million	Dec. 31, 2020	Dec. 31, 2019
Provisions for pensions and similar obligations	19,030	17,780
Provisions for taxes	4,309	3,842
Other provisions	19,862	21,364
	43,201	**42,986**

Provisions for pensions and similar obligations

Provisions for pensions are recognized for commitments in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits usually depend on the employees' length of service and remuneration. At Volkswagen AG, pension plans are based on defined benefit plans, whereby a distinction is made between provision-funded and externally funded pension plans.

Provisions for pensions and similar obligations are measured on the basis of the following assumptions:

	Dec. 31, 2020	Dec. 31, 2019
Discount rate	2.30%	2.71%
Salary trend	3.40%	3.70%
Wage/pension trend	1.50%	1.50%
Fluctuation	1.10%	1.10%
Basis of calculation	2018 G mortality tables	2018 G mortality tables
Age limits	RV-Altersgrenzen-anpassungsgesetz (German Act to Adapt the Standard Retirement Age to Reflect Demographic Trends and to Strengthen the Funding Basis for the Statutory Pension Insurance System) 2007	RV-Altersgrenzen-anpassungsgesetz (German Act to Adapt the Standard Retirement Age to Reflect Demographic Trends and to Strengthen the Funding Basis for the Statutory Pension Insurance System) 2007

The percentage figure used to calculate the salary trend takes into account increases attributable to career development as a surcharge on regular salary increases. The discount rate applied is based on the average market interest rate for the past ten years. Due to the impact of the Covid-19 pandemic and the suspension of the collectively agreed payscale adjustment for 2020, some compensation was made for additions to provision-funded commitments in the fiscal year under review. The interest expense, including the effects of the change in the discount rate, was partly offset by the suspension of the payscale adjustment and by the reduction in wage and salary trends compared with the previous year.

The pension obligations reported in the balance sheet are composed of the following items:

€ million	Dec. 31, 2020	Dec. 31, 2019
Externally funded pension obligation		
Cost of the pension fund	5,117	4,610
Fair value of the pension fund	5,307	4,586
Settlement amount of the obligations in the pension fund model (fair value)	7,399	6,068
Offset against the fair value of the pension fund (in accordance with section 246(2) of the HGB)	**2,092**	**1,482**
Provision-funded pension obligation		
Settlement amount of the obligations outside the pension fund model	16,938	16,298
Pension provisions reported in the balance sheet	**19,030**	**17,780**

Externally funded pension benefits

The fund assets of externally funded pension obligations are measured at fair value. The settlement amount of the obligation exceeds the present value of the pension fund due to the decline in the interest rate applied. Consequently, corresponding provisions have been recognized. Since 1996, the occupational pension arrangements of Volkswagen AG have been based on a specially developed expense-related pension model. With effect from January 1, 2001, this model was developed into a pension fund, with the annual remuneration-linked contributions being invested in funds by Volkswagen Pension Trust e.V., Wolfsburg, as the trustee. By investing in funds, this model offers an opportunity for increasing benefit entitlements, while at the same time fully safeguarding them.

The following amounts were offset in the income statement:

€ million	2020	2019
Reinvested distributions from the pension fund	106	102
Measurement of the pension fund	215	147
Change in value	**321**	**249**
Adjustment of externally funded pension obligations in profit or loss	−321	−249
Balance of income and expenses	**-**	**-**

Other provisions

Significant provisions were recognized for selling expenses including warranties (€8.9 billion; previous year: €9.6 billion), legal and litigation risks (€1.6 billion; previous year: €2.9 billion) and personnel expenses (€4.3 billion, mainly for long-service benefits, special benefits, partial retirement and other workforce costs; previous year: €4.4 billion).

Provisions for personnel expenses include liabilities relating to employee Time Assets. Volkswagen AG has been issuing Time Assets as a retirement benefit concept for working life planning since January 1, 1998. This allows employees to acquire Time Assets, which represent liabilities for Volkswagen AG. An approved fund (Time Assets fund) was launched to safeguard employees' claims. Investments are also made in a money market fund. By investing in funds, the model offers an opportunity for increasing the value of Time Assets, while at the same time fully safeguarding them.

The plan assets from both funds are measured at fair value in accordance with section 253(1) of the HGB. The fair value of offset assets in the Time Assets fund was determined by reference to market prices (stock market prices) in an active market. Fund assets and liabilities relating to Time Assets are offset:

€ million	Dec. 31, 2020	Dec. 31, 2019
Cost of the Time Asset funds	3,005	2,764
Fair value of the Time Asset funds	2,898	2,583
Settlement amount of the Time Asset obligation	2,899	2,585
Balance of the Time Asset fund and the settlement amount of the Time Asset obligation	**1**	**2**

The following amounts were offset:

€ million	2020	2019
Reinvested distributions from the Time Asset funds	50	45
Measurement of the Time Asset funds	74	72
Change in value	**123**	**118**
Settlement amount of the Time Asset obligation	–123	–118
Balance of income and expenses	**-**	**-**

(10) LIABILITIES

€ million	Dec. 31, 2020	TERM TO MATURITY due within one year	due in more than one year	*of which due within one to five years*	*of which due over 5 years*
Type of liability					
Liabilities to banks	**4,033**	2,707	1,326	*1,318*	*8*
Payments received on account of orders	**128**	128	-	-	-
Trade payables	**2,265**	2,265	-	-	-
Liabilities to affiliated companies	**90,325**	40,979	49,346	*24,417*	*24,929*
Liabilities to other investees and investors	**1,133**	1,133	-	-	-
Other liabilities	**2,490**	2,308	182	*182*	-
of which taxes	***199***	*199*	*0*	*0*	-
of which social security	***40***	*40*	-	-	-
	100,374	**49,519**	**50,854**	***25,917***	***24,937***

€ million	Dec. 31, 2018	TERM TO MATURITY due within one year	due in more than one year	*of which due within one to five years*	*of which due over 5 years*
Type of liability					
Liabilities to banks	**2,900**	1,312	1,588	*1,577*	*11*
Payments received on account of orders	**56**	56	-	-	-
Trade payables	**2,117**	2,117	-	-	-
Liabilities to affiliated companies	**78,536**	33,454	45,082	*23,437*	*21,645*
Liabilities to other investees and investors	**1,377**	1,377	-	-	-
Other liabilities	**2,848**	2,159	689	*605*	*84*
of which taxes	***41***	*41*	-	-	-
of which social security	***38***	*38*	-	-	-
	87,832	**40,474**	**47,359**	***25,619***	***21,740***

Volkswagen AG’s syndicated credit line of €10.0 billion agreed in December 2019 was drawn down during 2020. Furthermore, the syndicated credit line was extended by one year by making use of the first extension option. There is an option to extend the term by a further year until 2026 at the latest, subject to the banks’ approval. This credit facility was unused as of the end of 2020. Apart from that, as of December 31, 2020, there was only one other line of credit of €0.4 billion for Volkswagen AG, which was drawn down in full.

In September 2020, Volkswagen AG, via a subsidiary, Volkswagen International Finance N.V., Amsterdam, Netherlands, successfully placed its first green bonds on the market, with a principal amount of €2.0 billion and terms of eight and twelve years. The green bonds are based on the Green Finance Framework presented in March 2020 for sustainability oriented financial instruments. The proceeds will be specifically used to refinance the Modular Electric Drive Toolkit (MEB) and the new battery-electric vehicles, the ID.3 and ID.4.

In addition, Volkswagen International Finance N.V. issued unsecured subordinated hybrid notes with an aggregate principal amount of €3.0 billion. The notes, which are perpetual, will boost net liquidity. One note with a principal amount of €1.5 billion can only be canceled by the issuer after five years, while the other with a principal amount of €1.5 billion cannot be canceled until nine years have elapsed. The transactions will be partly used to refinance the hybrid bond with a principal amount of €1.25 billion that was issued 2014 and canceled as of March 24, 2021.

In the US capital market, bonds with an aggregate principal amount of USD 4.0 billion each were placed with investors in the name of Volkswagen Group of America Finance, LLC, Herndon, USA, in May and November 2020. In the Canadian refinancing market, VW Credit Canada, Inc./Crédit VW Canada, Inc., St. Laurent, Canada, issued notes with a volume of CAD 1.0 billion. In addition, private placements were placed under the automotive issuance program for the first time since 2015.

€2.6 billion (previous year: €2.5 billion) of the liabilities to affiliated companies relates to trade payables. The liabilities to other investees and investors contain trade payables of €54 million (previous year: €147 million). Other liabilities include option premiums received in the amount of €258 million (previous year: €227 million).

Standard retention of title applies to the liabilities from deliveries of goods contained in the amounts shown above.

Other liabilities include liabilities to employees of €1 million (previous year: €216 million) that are secured by real estate liens.

(11) DEFERRED INCOME

Deferred income primarily comprises amounts for extended warranties and fees collected in relation to online services (Car-Net).

CONTINGENCIES AND COMMITMENTS

€ million	Dec. 31, 2020	Dec. 31, 2019
Contingent liabilities from guarantees	178	170
Contingent liabilities from warranties	39,076	36,407
of which relating to pensions	1,008	735
of which relating to affiliated companies	451	239
Granting of security for third-party liabilities	1,440	1,507
of which relating to affiliated companies	1,055	987
	40,694	**38,084**

The shareholders of Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal (VW OT Logistik), were granted a put option that entitles them to tender their shares in VW OT Logistik to Volkswagen AG until December 31, 2024. The value of this obligation amounted to €0.04 billion (previous year: €0.05 billion) as of the reporting date.

Contingent liabilities from warranties

Contingent liabilities from warranties relate primarily to guarantees given to creditors of subsidiaries and for bonds issued by these subsidiaries.

Risk assessment of the settlement of contingent liabilities

Volkswagen AG provides guarantees for the capital market issues of the finance companies, for development loans from supranational financial institutions and, in specific cases, for loans to newly formed subsidiaries. Volkswagen AG manages its subsidiaries in such a way that they can discharge their financial obligations at any time. In addition to the preparation of a monthly liquidity report for Volkswagen AG, regular financial reviews are held during which the variances between the actual and projected liquidity are analyzed and the necessary corrective measures are implemented. Based on this information, the Company sees no risk of a claim being brought under the guarantees provided.

For more information, please refer to the disclosures on existing contingent liabilities in the section entitled “Related party disclosures”.

Transactions not included in the balance sheet (section 285 no. 3 of the HGB)

Volkswagen AG finances its trade receivables from foreign affiliated companies and certain selected non-Group importers on the basis of nonrecourse factoring via foreign subsidiaries. In addition, selected receivables from partners of the domestic sales organization are financed on the basis of non-recourse factoring via a subsidiary.

The total amount concerned was €26.1 billion (previous year: €31.5 billion) in the fiscal year. The Company received liquid funds in this amount. These transactions do not lead to any specific new risks.

Volkswagen AG sells a small number of vehicles, mainly to car rental companies, subject to the obligation to repurchase them for a predefined price after a fixed period of time. As of December 31, 2020, this was the case for 13,930 vehicles worth €0.2 billion (previous year: 18,105 vehicles worth €0.3 billion). Provisions are recognized for the risk arising from potential differences between the agreed prices and the market prices when such vehicles are marketed in the future.

TOTAL FEES PAID TO AUDITORS

The total fee paid to the auditors of the consolidated financial statements can be found in Note 41 of the notes to the consolidated financial statements.

The financial statement audit services related to the audit of the single-entity and consolidated financial statements of Volkswagen AG and to reviews of the interim consolidated financial statements of Volkswagen AG. Other assurance services mainly related to statutory and non-statutory audits as well as non-statutory assurance services for capital transactions. Other services provided by the auditors in the reporting period focused on advice on how to implement new legal standards and advice on corporate governance matters. The tax advice provided by the auditors in the reporting period related primarily to assistance in the preparation of tax returns for employees on delegations abroad.

OTHER FINANCIAL OBLIGATIONS

€ million	Dec. 31, 2020	Due 2021	Due 2022 - 2025	Due after 2025
Loan commitments	27,702	27,702	-	-
of which related to affiliated companies	*27,639*	*27,639*	-	-
Rental and leasing agreements	1,275	438	452	385
of which related to affiliated companies	*570*	*283*	*139*	*148*
Other Contracts	1,532	90	1,040	401
of which related to affiliated companies	*157*	*17*	*140*	-
of which related to associated companies	-	-	-	-
	30,508	**28,230**	**1,492**	**786**

The other financial obligations from long-term rental and leasing agreements comprise lease payments for business vehicles, rentals of storage, logistics and office space, test tracks as well as operating and office equipment. Around 42 hectares of land (carrying amount €7.0 million) are encumbered by heritable building rights. In accordance with Art. 5(10) of the statutes of the Einlagensicherungsfonds (Deposit Protection Fund), Volkswagen AG has given an undertaking to indemnify Bundesverband deutscher Banken e.V., Berlin, against any losses incurred that are attributable to measures taken by it in favor of a majority-owned bank.

Volkswagen AG has liabilities from its investments in commercial partnerships.

The purchase commitment for capital expenditure projects has not changed significantly.

Other miscellaneous obligations primarily comprise obligations for investments in the infrastructure for zero-emission vehicles as well as initiatives for promoting access to and awareness of these technologies. The Volkswagen Group had committed itself to an amount of €0.9 billion under the settlement agreement relating to the diesel issue.

Disclosures on derivatives

MEASUREMENT METHODS

The fair values of the derivatives generally correspond to the market or quoted market price. If no active market exists, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models, and verified by confirmations from the banks that handle the transactions.

The calculations were based on the following term structures:

in %	EUR	CAD	CHF	CNY	GBP	JPY	PLN	SEK	USD
Interest rate for six months	−0.4707	0.4178	−0.7357	2.8501	0.0147	−0.1458	0.1794	0.0495	0.1818
Interest rate for one year	−0.5150	0.4386	−0.7293	2.9022	−0.0131	−0.0958	0.1524	0.0034	0.1821
Interest rate for five years	−0.4645	0.8320	−0.5610	3.3500	0.1926	−0.0375	0.6100	0.1325	0.4300
Interest rate for ten years	−0.2650	1.2375	−0.2875	4.0700	0.3966	0.0513	1.0800	0.3880	0.9240

DERIVATIVES

Currency forwards, currency options, commodity futures, cross-currency swaps and interest rate swaps are used as hedging instruments. All instruments serve to hedge currency, interest rate and commodity price risk exposures of hedged items attributable to the real economy, independently of whether or not they are included in hedge accounting. In 2020, existing hedges of sales revenue were terminated because the hedged items no longer met the criteria for hedge accounting. Provisions for impending losses (see section entitled “Balance sheet items and carrying amounts”) were recognized to a small extent for the currency forwards concerned and, in cases in which they were settled, new hedging relationships were designated for the currency forwards concerned.

The following table shows the hedging volume of the financial instruments not included in hedge accounting.

€ million	NOTIONAL AMOUNT		FAIR VALUE	
Type and volume	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Currency futures contracts	**4,042**	**4,883**		
of which currency purchases	*3,413*	*3,529*		
of which positive fair values			*20*	*117*
of which negative fair values			*−118*	*−3*
of which currency sales	*629*	*1,353*		
of which positive fair values			*7*	*2*
of which negative fair values			*−3*	*−4*
Currency option contracts	**-**	**-**		
of which positive fair values			*-*	*-*
Commodity futures contracts	**3,116**	**3,169**		
of which positive fair values			*453*	*100*
of which negative fair values			*−46*	*−132*

Balance sheet items and carrying amounts

Derivatives not included in hedges are contained in the following balance sheet items at the carrying amounts shown:

€ million		CARRYING AMOUNT	
	Balance sheet item	Dec. 31, 2020	Dec. 31, 2019
Expected losses from open currency forwards	Other provisions	131	7
Expected losses from open commodity future contracts	Other provisions	46	132

Derivatives – included in hedges

Explanations of the risks hedged, the hedging strategy and the highly probable forecast transactions are included in the management report.

Hedges of currency, interest rate and commodity price risk exposures

The following risk exposures are included in hedge accounting:

€ million	NOTIONAL AMOUNT		FAIR VALUE	
Hedged risks	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Currency risk from assets (cross currency swaps, currency forwards) and forecasted transactions	**2,845**	**2,565**		
negative fair values			–37	–112
positive fair values			21	27
Currency risk from forecast transactions	**109,057**	**122,863**		
negative fair values			–2,003	–2,079
positive fair values			2,018	1,729
Currency option contracts	**34,433**	**30,087**		
negative fair values			–291	–138
positive fair values			402	140
Commodity futures contracts	**6,249**	**5,588**		
negative fair values			–427	–128
positive fair values			431	128
Currency risk from executory contracts	**8,642**	**7,511**		
negative fair values			–312	–125
positive fair values			157	148

A portfolio approach is used to hedge currency risk exposures, under which expected cash inflows and outflows in foreign currencies are offset in order to hedge the net position. Since the volume of the hedges is lower than the volume of the planned commodity purchases and sales, there is a strong presumption that the changes in cash flows from hedging instruments in the future will offset the effects relating to commodity purchases and sales. Furthermore, the extent of hedging decreases the later the commodity purchase or sale is planned within the planning period. All hedges were recognized using both the net hedge presentation method and the gross hedge presentation method. The recognized hedges were almost 100% effective.

Assets and liabilities in a nominal amount of €2.8 billion are hedged by combining cross-currency swaps with interest rate swaps of equal amounts in micro hedges; the term of the hedge is based on the term of the underlying transaction. An exposure of €37 million arising from assets was hedged as of the reporting date on December 31, 2020. The effectiveness of the hedge is assessed prospectively using the critical terms match method and retrospectively using the dollar offset method.

Micro hedges, macro hedges and portfolio hedges are recognized for the forecast transactions. Their effectiveness is assessed prospectively using the critical terms match method and retrospectively using the dollar offset method. With respect to the hedging of forecast transactions using currency forwards, risk exposures in the amount of €79.5 billion are hedged by micro hedges, €29.5 billion by macro hedges and €54 million by portfolio hedges.

Forecast transactions relating to risk exposures of €34.4 billion are micro-hedged using currency options.

Planned commodity purchases in foreign currency and revenue from vehicle sales that are highly probable in the coming five years. There are also currency forwards that serve as offsetting transactions to close out terminated hedges.

An insignificant amount of individual planned sales and purchases in connection with the future electric vehicle strategy also relates to periods beyond this. Currency risk exposures relating to executory contracts are hedged by micro hedges.

In addition to the derivatives used for hedging foreign currency, interest rate and price risk, the Group held options and other derivatives in connection with fund investments at the reporting date with a notional amount of €7.9 billion. Credit default swaps, also in connection with fund investments, had a notional amount of €18.2 billion.

Hedging of currency and commodity price risk exposures for subsidiaries

Volkswagen AG combines the currency and purchase price risk exposures of certain subsidiaries with its own exposures as part of uniform planning in order to hedge them using currency forwards, currency options and commodity futures with external partners. The notional amounts of the aggregate hedging transactions entered into by Volkswagen AG for forecast transactions and planned commodity purchases therefore also includes amounts attributable to subsidiaries included in the consolidated financial statements. They are allocated to subsidiaries either via hedging transactions between the subsidiary and Volkswagen AG that mirror the external hedging transactions, or by the subsidiary participating in the gain or loss when the hedging transaction is settled

The term and method used to assess the effectiveness of hedging transactions entered into between Volkswagen AG and a subsidiary are the same as for external hedging transactions. Hedge accounting is applied only to micro hedges. The underlying is defined as the entire hedging transaction or a part of the hedging transaction entered into between Volkswagen AG and external partners.

Derivatives

The following table shows the hedging volume attributable to subsidiaries included in the consolidated financial statements that is not included in hedge accounting:

€ million	NOTIONAL AMOUNT		FAIR VALUE	
Hedged risks	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Currency futures contracts	**270**	**254**		
of which currency purchases	*266*	*251*		
of which positive fair values			*1*	*9*
of which negative fair values			*–14*	*0*
of which currency sales	*4*	*3*		
of which positive fair values			*0*	*0*
of which negative fair values			*-*	*-*
Currency option contracts	**-**	**-**		
of which positive fair values			*-*	*-*
Commodity futures contracts	**274**	**275**		
of which positive fair values			*34*	*3*
of which negative fair values			*–2*	*–12*

Balance sheet items and carrying amounts

The carrying amounts of hedges not included in hedge accounting and attributable to subsidiaries are contained in the following balance sheet items:

€ million		CARRYING AMOUNT	
	Balance sheet item	Dec. 31, 2020	Dec. 31, 2019
Expected losses from open currency forwards	Other provisions	14	0
Expected losses from open commodity future contracts	Other provisions	2	12

Hedging of currency and commodity price risk exposures

The following exposures were hedged for subsidiaries and included in hedge accounting:

€ million		DEC. 31, 2020		
Hedged exchange rate risks	Hedging instrument	Amount hedged	Positive fair value	Negative fair value
Forecast transactions	Currency futures contracts	39,745	306	–1,190
	Currency option contracts	15,411	55	–217
	Commodity futures contracts	3,125	34	–393
		58,281	**395**	**–1,801**
Executory contracts	Currency futures contracts	3,190	132	–24
Assets	Currency futures contracts	-	-	-
		61,470	**528**	**–1,825**

Income Statement Disclosures

(12) SALES

€ million	2020	%	2019	%
by region				
Germany	26,797	39.7	30,536	37.9
Europe / excl. Germany	30,478	45.1	36,391	45.1
North America	2,115	3.1	3,456	4.3
South America	602	0.9	757	0.9
Africa	1,064	1.6	1,684	2.1
Asia-Pacific	6,480	9.6	7,798	9.7
	67,535	**100.0**	**80,621**	**100.0**
by segment				
Vehicle sales	41,793	61.9	52,495	65.1
Genuine parts	5,645	8.4	6,453	8.0
Other sales	20,097	29.8	21,673	26.9
	67,535	**100.0**	**80,621**	**100.0**

Other sales comprise deliveries of materials and parts worth €10.5 billion (previous year: €11.7 billion) to subsidiaries.

(13) OTHER OPERATING INCOME

€ million	2020	2019
Other operating income	6,022	5,053
of which income from the reversal of special tax-allowable reserves	*0*	*1*

Other operating income relates primarily to income from the measurement and settlement of hedging transactions and income from the foreign currency translation of goods and services deliveries in the amount of €2.8 billion (previous year: €2.9 billion). Income from the reversal of provisions amounts to €1.8 billion (previous year: €1.5 billion). Other income that is attributable to previous fiscal years amounts to €0.1 billion (previous year: €0.1 billion).

(14) OTHER OPERATING EXPENSES

€ million	2020	2019
Other operating expenses	5,625	5,967

Other operating expenses include legal and litigation risks relates primarily from the diesel issue amounting to €1.1 billion (previous year: €2.3 billion). This item also includes expenses from the measurement and settlement of hedging transactions and foreign currency translation expenses of €2.9 billion (previous year: €2.8 billion).
Foreign currency translation expenses mainly relate to exchange rate losses from the measurement and settlement of foreign currency hedges, as well as exchange rate losses from the translation of operating receivables and liabilities that have not been offset.

(15) FINANCIAL RESULT

€ million	2020	2019
Income and expenses from investments	14,037	14,144
Interest income and expense	−1,406	−1,000
Other financial result	−2,155	−2,507
	10,477	**10,638**

Income and expenses from investments

€ million	2020	2019
Income from investments	4,238	5,437
of which from affiliated companies	*2,272*	*3,192*
Income from profit and loss transfer agreements	11,653	10,210
Other investment income	7	-
Other investment expenses	667	1,102
Cost of loss absorption	1,193	401
	14,037	**14,144**

Income from investments primarily comprises income from Volkswagen (China) Investment Co. Ltd., Beijing, China, FAW-Volkswagen Automotive Company Ltd., Changchun, China and SAIC-Volkswagen Automotive Company Ltd., Shanghai, China .

Income from profit and loss transfer agreements, which includes allocations of income-related taxes, primarily comprises income from AUDI AG, Ingolstadt, Porsche Holding Stuttgart GmbH, Stuttgart, Volkswagen Bank GmbH, Braunschweig, and Porsche Siebte Vermögensverwaltung GmbH, Wolfsburg.

Other investment expenses primarily comprise the transfer of investment income of €0.6 billion to AUDI AG, Ingolstadt.

Interest income and expense

€ million	2020	2019
Income from other investments and long-term loans	99	305
of which from affiliated companies	*12*	*214*
Other interest and similar income	266	65
of which from affiliated companies	*253*	*57*
Interest and similar expenses	1,770	1,369
of which to affiliated companies	*1,360*	*1,283*
	−1,406	**−1,000**

Interest and similar expenses mainly relate to interest expenses to affiliated companies, bank commission and interest on overnight and fixed-term borrowings as well as negative interest on time deposits.

Other financial result

€ million	2020	2019
Interest component of pension expenses	−1,932	−2,174
Unwinding of the discount on provisions	−222	−332
Unwinding of the discount on/discounting of liabilities	−0	−0
	−2,155	**−2,507**

Other taxes

The other taxes allocated to the consuming functions amounted to €59 million (previous year: €65 million). They relate to VAT, vehicle taxes and land taxes.

Deferred taxes

Offsetting deferred tax assets and liabilities in the fiscal year resulted in an excess of tax assets in Volkswagen AG's consolidated tax group. This represents a future tax benefit and is not recognized as an asset. The following tables show the changes in deferred taxes in the current and past fiscal year:

Reporting period

€ million	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
Dec. 31, 2020	Difference	Tax	Difference	Tax
Assets				
Fixed assets	5,106	1,526	−55	−17
Current assets	3,416	1,024	−23	−7
Other assets	8	2	-	-
Liabilities				
Special reserves	0	0	0	0
Provisions	21,685	6,499		
Liabilities	792	237	−951	−285
Deferred income items	419	126		
Tax loss carried forward		1,864		
Total		**11,278**		**−308**
Offset		−308		308
Net deferred tax assets		10,970		

Previous year

€ million	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
Dec. 31, 2019	Difference	Tax	Difference	Tax
Assets				
Fixed assets	6,055	1,800	−48	−14
Current assets	4,403	1,312	−23	−7
Other assets	15	5	-	-
Liabilities				
Special reserves	0	0	0	0
Provisions	26,743	7,970		
Liabilities	1,066	318	−894	−266
Deferred income items	255	76		
Tax loss carried forward		1,239		
Total		**12,719**		**−288**
Offset		−288		288
Net deferred tax assets		12,431		

NOTICES AND DISCLOSURE OF CHANGES REGARDING THE OWNERSHIP OF VOTING RIGHTS IN VOLKSWAGEN AG IN ACCORDANCE WITH THE WERTPAPIERHANDELSGESETZ (WPHG – GERMAN SECURITIES TRADING ACT) IN THE VERSION CURRENTLY VALID ON THE DATE OF PUBLICATION

PORSCHE

1) Porsche Automobil Holding SE, Stuttgart, Germany has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the threshold of 50% on January 5, 2009 and amounted to 50.76% (149,696,680 voting rights) at this date.

2) The following persons notified us in accordance with article 21, section 1 of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 50.76% (149,696,680 voting rights) at this date. All of the above-mentioned 149,696,680 voting rights are attributable to each of the persons making the notification in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG. The voting rights attributed to the persons making the notifications are held via subsidiaries within the meaning of article 22, section 3 of the WpHG, whose attributed share of the voting rights amounts to 3% or more and whose names are given in brackets:

   Mag. Josef Ahorner, Austria
   (Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

   Mag. Louise Kiesling, Austria
   (Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

   Prof. Ferdinand Alexander Porsche, Austria
   (Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

   Dr. Oliver Porsche, Austria
   (Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Kai Alexander Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mark Philipp Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Anton Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ing. Hans-Peter Porsche, Austria
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Peter Daniell Porsche, Austria
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Wolfgang Porsche, Germany
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Wolfgang Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Porsche Privatstiftung, Salzburg/Austria
(Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Privatstiftung, Salzburg/Austria
(Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Porsche Holding GmbH, Salzburg/Austria
(Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Holding GmbH, Salzburg/Austria
(Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Louise Daxer-Piëch GmbH, Salzburg/Austria
(Louise Daxer-Piech GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany),

Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria
(Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/ Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Anton Porsche GmbH, Salzburg/Austria
(Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Louise Daxer-Piech GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/ Germany),

Ferdinand Alexander Porsche GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/ Germany),

Gerhard Porsche GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ing. Hans-Peter Porsche GmbH, Salzburg/Austria
(Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Hans-Peter Porsche GmbH, Grünwald/Germany
(Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Wolfgang Porsche GmbH, Grünwald/Germany
(Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Porsche GmbH, Stuttgart/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Hans Michel Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piech GmbH, Grünwald/Germany; Dr. Hans Michel Piëch GmbH, Salzburg/Austria),

Dr. Hans Michel Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piech GmbH, Grünwald/Germany),

Hans Michel Piech GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piech GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria; Ferdinand Karl Alpha Privatstiftung, Vienna/Austria),

Ferdinand Karl Alpha Privatstiftung, Vienna/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piech GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piech GmbH, Grünwald/Germany),

Ferdinand Piech GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany).

3) Porsche Holding Gesellschaft m.b.H., Salzburg/Austria, and Porsche GmbH, Salzburg/Austria, notified us in accordance with article 21, section 1 of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 53.13% (156,702,015 voting rights) at this date.

All the above-mentioned 156,702,015 voting rights are attributable to Porsche Holding Gesellschaft m.b.H. in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributed share of the voting rights amounts to 3% or more are:
– Porsche GmbH, Salzburg/Austria;
– Porsche GmbH, Stuttgart/Germany;
– Porsche Automobil Holding SE, Stuttgart/Germany.

Of the above-mentioned 156,702,015 voting rights, 50.76% of the voting rights (149,696,753 voting rights) are attributable to Porsche GmbH, Salzburg/Austria, in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributed share of the voting rights amounts to 3% or more are:
– Porsche GmbH, Stuttgart/Germany;
– Porsche Automobil Holding SE, Stuttgart/Germany.

4) Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, Germany has notified us in accordance with article 21, section 1 of the WpHG that its (indirect) share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 29, 2010 and amounted to 50.74% of the voting rights (149,696,680 voting rights) at this date.

   Of this figure, 50.74% of the voting rights (149,696,680 voting rights) are attributable to Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

   The voting rights attributed to Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG are held via the following enterprises controlled by it, whose share of the voting rights in Volkswagen Aktiengesellschaft amounts to 3% or more in each case: Wolfgang Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart.

   These voting rights were not reached by exercise of purchase rights resulting from financial instruments according to article 25, section 1, sentence 1 of the WpHG.

5) On August 12, 2013, LK Holding GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on August 10, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date.

   Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to LK Holding GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

   The voting rights attributed to LK Holding GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Porsche Automobil Holding SE, Stuttgart; Familien Porsche-Kiesling Beteiligung GmbH, Grünwald; Louise Daxer-Piech GmbH, Grünwald.

6) On September 11, 2013, Ahorner Alpha Beteiligungs GmbH, Grünwald, Germany, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 11, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ahorner Alpha Beteiligungs GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

   The voting rights attributed to Ahorner Alpha Beteiligungs GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Porsche Automobil Holding SE, Stuttgart.

7) On September 11, 2013, Ahorner Beta Beteiligungs GmbH, Grünwald, Germany, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 11, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ahorner Beta Beteiligungs GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

   The voting rights attributed to Ahorner Beta Beteiligungs GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

8) On September 11, 2013, Louise Daxer-Piech GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 11, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Louise Daxer-Piech GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

   The voting rights attributed to Louise Daxer-Piech GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Ahorner Beta Beteiligungs GmbH, Grünwald; Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

9) On September 11, 2013, Ahorner Holding GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 11, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ahorner Holding GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

   The voting rights attributed to Ahorner Holding GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Louise Daxer-Piech GmbH, Salzburg, Austria; Ahorner Beta Beteiligungs GmbH, Grünwald; Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

10) On December 16, 2014, Porsche Wolfgang 1. Beteiligungsverwaltungs GmbH, Stuttgart, Germany, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights on December 15, 2014 and amounted to 0% of the voting rights (0 voting rights) at this date.

11) On December 17, 2014, Dr. Wolfgang Porsche Holding GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on December 15, 2014 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Dr. Wolfgang Porsche Holding GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

   The voting rights attributed to Dr. Wolfgang Porsche Holding GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Wolfgang Porsche GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

12) On July 15, 2015, the following persons in each case have notified us in accordance with article 21, section 1 of the WpHG that their share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on July 14, 2015 and in each case amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date:

– Dipl.-Design. Stephanie Porsche-Schröder, Austria,
– Dr. Dr. Christian Porsche, Austria,
– Ferdinand Rudolf Wolfgang Porsche, Austria

Of this figure, in each case 50.73% of the voting rights (149,696,681 voting rights) are attributable to each of the above-mentioned notifying persons in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG. The voting rights attributed to the notifying persons in each case are held via the following enterprises controlled by the notifying persons, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case:

Dr. Wolfgang Porsche Holding GmbH, Salzburg; Wolfgang Porsche GmbH, Grünwald; Ferdinand Porsche Familien-Privatstiftung, Salzburg; Familie Porsche Holding GmbH, Salzburg; Ing. Hans-Peter Porsche GmbH, Salzburg; Hans-Peter Porsche GmbH, Grünwald; Ferdinand Porsche Holding GmbH, Salzburg; Prof. Ferdinand Alexander Porsche GmbH, Salzburg; Ferdinand Alexander Porsche GmbH, Grünwald; Gerhard Anton Porsche GmbH, Salzburg; Gerhard Porsche GmbH, Grünwald; LK Holding GmbH, Salzburg; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

13) On July 15, 2015, Familie Porsche Privatstiftung, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights on July 14, 2015 and amounted to 0% of the voting rights (0 voting rights) at this date.

14) On July 15, 2015, Ferdinand Porsche Privatstiftung, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights on July 14, 2015 and amounted to 0% of the voting rights (0 voting rights) at this date.

15) On July 15, 2015, Ferdinand Porsche Familien-Privatstiftung, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on July 14, 2015 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ferdinand Porsche Familien-Privatstiftung in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Ferdinand Porsche Familien-Privatstiftung are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case:

Familie Porsche Holding GmbH, Salzburg; Ing. Hans-Peter Porsche GmbH, Salzburg; Hans-Peter Porsche GmbH, Grünwald; Ferdinand Porsche Holding GmbH, Salzburg; Prof. Ferdinand Alexander Porsche GmbH, Salzburg; Ferdinand Alexander Porsche GmbH, Grünwald; Gerhard Anton Porsche GmbH, Salzburg; Gerhard Porsche GmbH, Grünwald; LK Holding GmbH, Salzburg; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

16) On July 20, 2015, the following persons in each case have notified us in accordance with article 21, section 1 of the WpHG that their share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on July 14, 2015 and in each case amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date:

– Dr. Geraldine Porsche, Austria,
– Diana Porsche, Austria,
– Felix Alexander Porsche, Germany.

Of this figure, in each case 50.73% of the voting rights (149,696,681 voting rights) are attributable to each of the above-mentioned notifying persons in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG. The voting rights attributed to the notifying persons in each case are held via the following enterprises controlled by the notifying persons, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case:

Ferdinand Porsche Familien-Privatstiftung, Salzburg; Familie Porsche Holding GmbH, Salzburg; Ing. Hans-Peter Porsche GmbH, Salzburg; Hans-Peter Porsche GmbH, Grünwald; Ferdinand Porsche Holding GmbH, Salzburg; Prof. Ferdinand Alexander Porsche GmbH, Salzburg; Ferdinand Alexander Porsche GmbH, Grünwald; Gerhard Anton Porsche GmbH, Salzburg; Gerhard Porsche GmbH, Grünwald; LK Holding GmbH, Salzburg; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

17) On August 4, 2015, Ferdinand Porsche Familien- Holding GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on July 31, 2015 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ferdinand Porsche Familien- Holding GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Ferdinand Porsche Familien- Holding GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case:
Hans-Peter Porsche GmbH, Grünwald; Ferdinand Alexander Porsche GmbH, Grünwald; Gerhard Porsche GmbH, Grünwald; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

18) Release according to article 26, section 1 of the WpHG of June 3, 2016

1. Details of issuer
VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Reason for notification
☐ Acquisition/disposal of shares with voting rights
☒ Acquisition/disposal of instruments
☐ Change of breakdown of voting rights
☐ Other reason:

3. Details of person subject to the notification obligation
Name:
Dr. Dr. Christian Porsche, Dipl.- Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche
City and country of registered office:

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.
Porsche Automobil Holding SE

5. Date on which treshold was crossed or reached
June 1, 2016

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	52.22%	52.22%	52.22%	295089818
Previous notification	50.73%	n/a%	0.00%	

7. Notified details of the resulting situation a. Voting rights attached to shares (articles 21, 22 WpHG)				
ISIN	absolute		in %	
	direct (article 21 WpHG)	indirect (article 22 WpHG)	direct (article 21 WpHG)	indirect (article 22 WpHG)
DE0007664005	0	154093681	0%	52.22%
Total	**154093681**		**52.22 %**	

b.1. Instruments according to article 25, section 1, no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to article 25, section 1, no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contribution Agreement	n/a	n/a	physical	154093681	52.22%
			Total	**154093681**	**52.22%**

8. Information in relation to the person subject to the notification obligation

☐ Person subject to the notification obligation (3.) is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

☒ Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Familie WP Holding GmbH	%	52.22%	52.22%
Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Dr. Wolfgang Porsche Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%
Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Ferdinand Porsche Familien-Privatstiftung	%	%	%
Ferdinand Porsche Familien- Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%

Porsche Automobil Holding SE	52.22%	%	52.22%

9. In case of proxy voting according to article 22, section 3 WpHG
(only possible when attributable according to article 22, section 1, sentence 1 no. 6 of the WpHG)
Date of general meeting:
Holding position after general meeting: % (equals voting rights)

19) Release according to article 26, section 1 of the WpHG of June 3, 2016

1. Details of issuer
VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Reason for notification
☐ Acquisition/disposal of shares with voting rights
☒ Acquisition/disposal of instruments
☐ Change of breakdown of voting rights
☐ Other reason:

3. Details of person subject to the notification obligation
Name: City and country of registered office:
Mr. Dr. Wolfgang Porsche

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.
Porsche Automobil Holding SE

5. Date on which treshold was crossed or reached
June 1, 2016

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	52.22%	52.22%	52.22%	295089818
Previous notification	50.76%	n/a%	0.00%	

7. Notified details of the resulting situation
a. Voting rights attached to shares (articles 21, 22 WpHG)

ISIN	absolute		in %	
	direct (article 21 WpHG)	indirect (article 22 WpHG)	direct (article 21 WpHG)	indirect (article 22 WpHG)
DE0007664005	0	154093681	0%	52.22%
Total	**154093681**		**52.22%**	

b.1. Instruments according to article 25, section 1, no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to article 25, section 1, no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contribution Agreement	n/a	n/a	physical	154093681	52.22%
			Total	**154093681**	**52.22%**

8. Information in relation to the person subject to the notification obligation

☐ Person subject to the notification obligation (3.) is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

☒ Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Dr. Wolfgang Porsche	%	%	%
Familie WP Holding GmbH	%	52.22%	52.22%
Dr. Wolfgang Porsche	%	%	%
Dr. Wolfgang Porsche Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%
Dr. Wolfgang Porsche	%	%	%
Ferdinand Porsche Familien-Privatstiftung	%	%	%
Ferdinand Porsche Familien- Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%

9. In case of proxy voting according to article 22, section 3 WpHG
(only possible when attributable according to article 22, section 1, sentence 1 no. 6 of the WpHG)
Date of general meeting:
Holding position after general meeting: % (equals voting rights)

20) Release according to article 26, section 1 of the WpHG of June 17, 2016

1. Details of issuer
VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Reason for notification
☐ Acquisition/disposal of shares with voting rights
☒ Acquisition/disposal of instruments
☐ Change of breakdown of voting rights
☒ Other reason: Group notification due to intra group restructuring

3. Details of person subject to the notification obligation	
Name:	City and country of registered office:
Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.
Porsche Automobil Holding SE

5. Date on which treshold was crossed or reached
June 15, 2016

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	52.22%	0.00%	52.22%	295089818
Previous notification	52.22%	52.22%	52.22%	

7. Notified details of the resulting situation
a. Voting rights attached to shares (articles 21, 22 WpHG)

ISIN	absolute		in %	
	direct (article 21 WpHG)	indirect (article 22 WpHG)	direct (article 21 WpHG)	indirect (article 22 WpHG)
DE0007664005	0	154093681	0	52.22%
Total	**154093681**		**52.22%**	

b.1. Instruments according to article 25, section 1, no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to article 25, section 1, no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		**%**

8. Information in relation to the person subject to the notification obligation

☐ Person subject to the notification obligation (3.) is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

☒ Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.- Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Familie WP Holding GmbH	%	%	%
Dr. Wolfgang Porsche Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%
Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.- Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Ferdinand Porsche Familien-Privatstiftung	%	%	%
Ferdinand Porsche Familien- Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%

9. In case of proxy voting according to article 22, section 3 WpHG
(only possible when attributable according to article 22, section 1, sentence 1 no. 6 of the WpHG)
Date of general meeting:
Holding position after general meeting: % (equals voting rights)

21) Release according to article 26, section 1 of the WpHG of November 10, 2017

1. Details of issuer
VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Reason for notification
☐ Acquisition/disposal of shares with voting rights
☐ Acquisition/disposal of instruments
☐ Change of breakdown of voting rights
☒ Other reason: Disposal of subsidiary

3. Details of person subject to the notification obligation

Name:	City and country of registered office:
Mr Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand Karl Piëch, Date of birth: April 17, 1937	

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.

5. Date on which treshold was crossed or reached
November 8, 2017

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	0.00%	0.00%	0.00%	295089818
Previous notification	50.76%	n/a%	n/a%	

7. Notified details of the resulting situation **a. Voting rights attached to shares (articles 21, 22 WpHG)**				
ISIN	absolute		in %	
	direct (article 21 WpHG)	indirect (article 22 WpHG)	direct (article 21 WpHG)	indirect (article 22 WpHG)
DE0007664005	0	0	0.00%	0.00%
Total	**0**		**0.00%**	

b.1. Instruments according to article 25, section 1, no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to article 25, section 1, no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		**%**

8. Information in relation to the person subject to the notification obligation

☒ Person subject to the notification obligation (3.) is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

☐ Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)

9. In case of proxy voting according to article 22, section 3 WpHG
(only possible when attributable according to article 22, section 1, sentence 1 no. 6 of the WpHG)
Date of general meeting:
Holding position after general meeting: % (equals voting rights)

10. Other explanatory remarks:
This voting rights notification is made with releasing effect also for Dipl.Ing. Dr. h.c. Ferdinand K. Piech GmbH, Salzburg, and Ferdinand Karl Alpha Privatstiftung, Salzburg. Due to the sale and transfer of the participation in Auto 2015 Beteiligungs GmbH by Dipl.Ing. Dr. h.c. Ferdinand K. Piech GmbH, Salzburg, voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT are also no longer attributed to Dipl.Ing. Dr. h.c. Ferdinand K. Piech GmbH, Salzburg, and Ferdinand Karl Alpha Privatstiftung, Salzburg.

QATAR

We have received the following notification:

(1) Pursuant to article 21, section 1 of the WpHG we hereby notify for and on behalf of the State of Qatar, acting by and through the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of article 25, section 1, sentence 1 of the WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the State of Qatar pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of article 25, section 1, sentence 1 of the WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the State of Qatar pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

Voting rights that are attributed to the State of Qatar pursuant to lit. (a) and (b) above are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

(aa) Qatar Investment Authority, Doha, Qatar;
(bb) Qatar Holding LLC, Doha, Qatar;
(cc) Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Luxembourg;
(dd) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands.

(2) Pursuant to article 21, section 1 of the WpHG we hereby notify for and on behalf of the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of article 25, section 1, sentence 1 of the WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of article 25, section 1, sentence 1 of the WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

Voting rights that are attributed to the Qatar Investment Authority pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (bb) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

(3) Pursuant to article 21, section 1 of the WpHG we hereby notify for and behalf of Qatar Holding LLC, Doha, Qatar, that its direct and indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of article 25, section 1, sentence 1 of the WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of article 25, section 1, sentence 1 of the WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

Voting rights that are attributed to Qatar Holding LLC pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (cc) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

We have received the following notification:

(1) Pursuant to article 21, section 1 of the WpHG we hereby notify for and on behalf of Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Luxembourg, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to article 22, section 1, sentence 1 no.1 of the WpHG.

Voting rights that are attributed to Qatar Holding Luxembourg II S.à.r.l. are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

(a) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands;
(b) Qatar Holding Germany GmbH, Frankfurt am Main, Germany.

(2) Pursuant to article 21, section 1 of the WpHG we hereby notify for and on behalf of Qatar Holding Netherlands B.V., Amsterdam, The Netherlands, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to article 22, section 1, sentence 1 no. 1 of the WpHG.

Voting rights that are attributed to Qatar Holding Netherlands B.V. are held via the entity as set forth in (1) (b) which is controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amounts to 3% or more.

(3) Pursuant to article 21, section 1 of the WpHG we hereby notify for and on behalf of Qatar Holding Germany GmbH, Frankfurt am Main, Germany, that its direct voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 3%, 5%, 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date.

STATE OF LOWER SAXONY

The State of Lower Saxony notified us on January 4, 2021 that it held a total of 59,022,390 ordinary shares of Volkswagen AG as of December 31, 2020. It held 520 VW ordinary shares directly and 59,021,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft Niedersachsen mbH (HanBG), which is owned by the State of Lower Saxony.

RECONCILIATION OF NET INCOME TO NET RETAINED PROFITS

€ million	2020	2019
Net income for the year	6,338	4,958
Retained profits brought forward	855	0
Appropriations to revenue reserves	–3,165	–1,685
Net retained profits	**4,028**	**3,273**

Declining balance depreciation continues to be charged to net income. See page 10 for the amount incurred in the fiscal year. The Board of Management and the Supervisory Board propose to the Annual General Meeting that a dividend of €4.0 billion be distributed from net retained profits of €2.4 billion.

TOTAL EXPENSE FOR THE PERIOD

Cost of materials

€ million	2020	2019
Cost of raw materials, consumables and supplies, and of purchased merchandise	43,854	52,035
Cost of purchased services	4,408	4,682
	48,263	**56,718**

Personnel expenses

€ million	2020	2019
Wages and salaries	8,576	9,731
Social security, post-employment and other employee benefit costs	2,013	2,185
of which in respect of post-employment benefits	*634*	*682*
	10,588	**11,916**

AVERAGE NUMBER OF EMPLOYEES OF VOLKSWAGEN AG DURING THE YEAR

	2020	2019
by group		
Direct area	55,879	56,902
Indirect area	61,079	60,144
	116,958	**117,046**
Apprentices	4,576	4,622
	121,534	**121,668**
by plant		
Wolfsburg	66,341	66,090
Hanover	14,908	15,141
Braunschweig	7,090	7,172
Kassel	17,069	17,007
Emden	8,955	9,101
Salzgitter	7,171	7,157
	121,534	**121,668**

Information about the composition of the Board of Management and the Supervisory Board, on changes in these executive bodies and on the memberships of members of the Board of Management and the Supervisory Board of other statutory supervisory boards and comparable supervisory bodies is contained in an annex to the notes.

REPORT ON SUBSEQUENT EVENTS

Negative report.

REMUNERATION BASED ON PERFORMANCE SHARES AND PHANTOM SHARES (SHARE-BASED PAYMENT)

At the beginning of 2017, the Supervisory Board of Volkswagen AG resolved to adjust the remuneration system of the Board of Management with effect from January 1, 2017. The remuneration system of the Board of Management comprises non-performance-related and performance-related components. The performance-related remuneration now consists of a performance-related annual bonus with a one-year assessment period and a long-term incentive (LTI) in the form of a Performance-Share-Plan with a forward-looking three-year term (share-based payment). In addition, a bonus was converted into phantom preferred shares (phantom shares) in 2016; the payment was made in 2019.

The group of beneficiaries of the performance share plan was expanded at the end of 2018 by including members of top management and at the end of 2019 by adding all other members of management and selected participants below management level. Performance shares were first granted to members of top management at the beginning of 2019. All other beneficiaries were allocated benefits on the basis of performance shares for the first time at the beginning of 2020. The function of the performance share plan for top management and other beneficiaries is largely identical to the performance share plan that was granted to the members of the Board of Management. When the performance share plan was launched, members of top management were guaranteed a minimum bonus amount for the first three years on the basis of the remuneration for 2018, while all other beneficiaries were given a guarantee for the first three years on the basis of the remuneration for 2019.

Performance Shares

Each performance period of the performance share plan has a term of three years. For members of the Board of Management and of top management, the annual target amount under the LTI is converted at the time of granting into performance shares on the basis of the initial reference price of Volkswagen's preferred shares. This annual target amount is allocated to the respective beneficiaries as a pure calculation position.

Based on the degree of target achievement for the annual earnings per Volkswagen preferred share, the number of performance shares is definitively determined on the basis of a three-year, forward-looking performance period. After the end of the performance period, a cash settlement is made. The payment amount corresponds to the number of determined performance shares, multiplied by the closing reference price at the end of the period plus a dividend equivalent.

For all other beneficiaries, the payment amount is determined by multiplying the target amount by the degree of target achievement for the annual earnings per Volkswagen preferred share and the ratio of the closing reference price at the end of the period, plus a dividend equivalent, to the initial reference price. Target achievement is determined on the basis of a three-year performance period with a forward-looking horizon of one year. As a departure from this, target achievement in 2020 will initially be determined on the basis of a one-year forward-looking performance period, and in 2021 on the basis of a two-year performance period with a forward-looking horizon of one year.

For all beneficiaries, the payment amount under the performance share plan is limited to 200% of the target amount; the payment amount is reduced by 20 % if the average ratio of capex to sales revenue or the R&D ratio in the Automotive Division of the last three years is smaller than 5% during the performance period.

Board of Management

		31.12.2020	31.12.2019
Expense attributable to current period	€ million	2	22
Carrying amount of obligation	€ million	39	57
Intrinsic value (of obligation)	€ million	30	31
Fair value at time of granting	€ million	16	20
Number of performance shares	shares	389,524	431,800
of which number attributable to current period	*shares*	*99,150*	*155,418*

The disclosure relates to current and former members of the Board of Management.

Members of Top Management

		31.12.2020	31.12.2019
Expense attributable to current period	€ million	76	83
Carrying amount of obligation	€ million	81	83
Intrinsic value (of obligation)	€ million	76	78
Fair value at time of granting	€ million	51	46
Number of performance shares	shares	665,727	355,781
of which number attributable to current period	*shares*	*309,946*	*355,781*

Members of management and selected participants below management level

In the fiscal year, beneficiary members of management and selected participants below management level were allocated a target amount of €314 million on which target achievement of 100% is based (previous year: €– million). As of December 31, 2020, the total carrying amount of the obligation, which corresponded to the intrinsic value of the liabilities, was €238 million (previous year: €– million). Total expense of €238 million (previous year: €– million) was recognized for this commitment in the reporting period.

Phantom shares

At its meeting on April 22, 2016, Volkswagen AG's Supervisory Board accepted the offer made by the members of the Board of Management to withhold 30% of the variable remuneration for fiscal year 2015 for the Board of Management members active on the date of the resolution and to make its disposal subject to future share price performance by means of phantom shares. The amount withheld led to the creation of 50,703 phantom preferred shares. In 2018, Mr. Stadler received a cash payment of the value of 8,633 shares in an amount of €1.0 million as part of the termination of his contract of service. The other phantom shares were settled as planned in fiscal year 2019. The payment amount totaled €5.3 million.

In the previous year, changes in the fair value of the phantom shares had led to the recognition of expenses of €0.3 million.

RELATED PARTY DISCLOSURES

Related parties as defined by IAS 24 are natural persons and entities that Volkswagen AG has the ability to control or on which it can exercise significant influence, or natural persons and entities that have the ability to control or exercise significant influence on Volkswagen AG, or that are influenced by another related party of Volkswagen AG.

All transactions with related parties are conducted on an arm's length basis.

Porsche SE held the majority of the voting rights in Volkswagen AG as of the reporting date. The creation of rights of appointment for the State of Lower Saxony was resolved at the Extraordinary General Meeting of Volkswagen AG on December 3, 2009. As a result, Porsche SE cannot appoint the majority of the members of Volkswagen AG's Supervisory Board for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche SE has the power to participate in the operating policy decisions of the Volkswagen Group and is therefore classified as a related party as defined by IAS 24.

The contribution of Porsche SE's holding company operating business to Volkswagen AG on August 1, 2012 has the following effects on the agreements between Porsche SE, Volkswagen AG and companies of the Porsche Holding Stuttgart Group that existed prior to the contribution and were entered into on the basis of the Comprehensive Agreement and its related implementation agreements:

> As part of the contribution of Porsche SE's holding company operating business to Volkswagen AG, Volkswagen AG undertook to assume standard market liability compensation effective August 1, 2012 for guarantees issued to external creditors, whereby it is indemnified internally.
> Volkswagen AG continues to indemnify Porsche SE internally against claims by the Einlagensicherungsfonds (German deposit protection fund) after Porsche SE submitted an indemnification agreement required by the Bundesverband Deutscher Banken (Association of German Banks) to the Einlagensicherungsfonds in August 2009. Volkswagen AG has also undertaken to indemnify the Einlagensicherungsfonds against any losses caused by measures taken by the latter in favor of a bank in which Volkswagen AG holds a majority interest.
> Under certain conditions, Porsche SE continues to indemnify Porsche Holding Stuttgart, Porsche AG and their legal predecessors against tax liabilities that exceed the obligations recognized in the financial statements of those companies relating to periods up to and including July 31, 2009. In return, Volkswagen AG has undertaken to pay to Porsche SE any tax benefits of Porsche Holding Stuttgart, Porsche AG and their legal predecessors and subsidiaries for tax assessment periods up to July 31, 2009. Based on the results of the external tax audit for the assessment periods 2006 to 2008 that has now been completed, a compensation obligation running into the low triple-digit millions of euros would arise for Volkswagen AG. New information emerging in the future from the external tax audit for the 2009 assessment period that started at the end of 2015 could result in an increase or decrease in the potential compensation obligation.

Under the terms of the Comprehensive Agreement, Porsche SE and Volkswagen AG had granted each other put and call options with regard to the remaining 50.1% interest in Porsche Holding Stuttgart held by Porsche SE until the contribution of its holding company operating business to Volkswagen AG. Both Volkswagen AG (if it had exercised its call option) and Porsche SE (if it had exercised its put option) had undertaken to bear the tax burden resulting from the exercise of the options and any subsequent activities in relation to the equity investment in Porsche Holding Stuttgart (e.g. from recapture taxation on the spin-off in 2007 and/or 2009). If tax benefits had accrued to Volkswagen AG, Porsche Holding Stuttgart, Porsche AG, or their respective subsidiaries as a result of recapture taxation on the spin-off in 2007 and/or 2009, the purchase price to be paid by Volkswagen AG for the transfer of the outstanding 50.1% equity investment in Porsche Holding Stuttgart if the put option had been exercised by Porsche SE would have been increased by the present value of the tax benefit. This arrangement was taken over under the terms of the contribution agreement to the effect that Porsche SE has a claim against Volkswagen AG for payment in the amount of the present value of the realizable tax benefits from any recapture taxation of the spin-off in 2007 as a result of the contribution. It was also agreed under the terms of the contribution that Porsche SE will indemnify Volkswagen AG, Porsche Holding Stuttgart and their subsidiaries against taxes if

measures taken by or not taken by Porsche SE result in recapture taxation for 2012 at these companies in the course of or following implementation of the contribution. In this case, too, Porsche SE is entitled to assert a claim for payment against Volkswagen AG in the amount of the present value of the realizable tax benefits that arise at the level of Volkswagen AG or one of its subsidiaries as a result of such a transaction.
Further agreements were entered into and declarations were issued in connection with the contribution of Porsche SE's holding company operating business to Volkswagen AG, in particular:

> Porsche SE indemnifies its contributed subsidiaries, Porsche Holding Stuttgart, Porsche AG and their subsidiaries against liabilities to Porsche SE that relate to the period up to and including December 31, 2011 and that exceed the obligations recognized in the financial statements of those companies for that period.
> Moreover, Porsche SE indemnifies Volkswagen AG, Porsche Holding Stuttgart, Porsche AG and their subsidiaries against half of the taxes (other than taxes on income) arising at those companies in conjunction with the contribution that would not have been incurred in the event of the exercise of the call option on the shares of Porsche Holding Stuttgart that continued to be held by Porsche SE until the contribution. Volkswagen AG therefore indemnifies Porsche SE against half of such taxes that it incurs. In addition, Porsche Holding Stuttgart is indemnified against half of the land transfer tax and other costs triggered by the merger.
> Additionally, Porsche SE and Porsche AG agreed to allocate any subsequent VAT receivables or liabilities from transactions in the period up to December 31, 2009 to the company entitled to the receivable or incurring the liability.
> A range of information, conduct and cooperation obligations were agreed by Porsche SE and the Volkswagen Group.

According to a notification dated, January 4, 2021, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20.00% of the voting rights of Volkswagen AG on December 31, 2020. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment).

The following tables present the amounts of supplies and services transacted between Volkswagen AG and related parties. The scope of such related parties was defined on the basis of IAS 24 and comprises unconsolidated and consolidated subsidiaries unless Volkswagen AG directly or indirectly holds 100% of the shares, joint ventures, associates, Porsche SE and its affiliated companies as well as other related parties. In addition to the amounts disclosed in the following tables, Volkswagen AG paid dividends to Porsche SE in the amount of €756 million (previous year: €753 million).

RELATED PARTIES

€ million	SUPPLIES AND SERVICES RENDERED 2020	SUPPLIES AND SERVICES RECEIVED 2020
Porsche SE and its majority interests	1	0
Supervisory Board members	0	-
Board of Management members	0	-
Consolidated subsidiaries	3,060	1,296
Unconsolidated subsidiaries	53	216
Joint ventures and its majority interests	2,463	153
Associates and its majority interests	7	549
Pension plans	1	-
State of Lower Saxony, its majority interests and joint ventures	9	6

€ million	SUPPLIES AND SERVICES RENDERED 2019	SUPPLIES AND SERVICES RECEIVED 2019
Porsche SE and its majority interests	1	1
Supervisory Board members	0	-
Board of Management members	0	-
Consolidated subsidiaries	11,903	8,871
Unconsolidated subsidiaries	90	332
Joint ventures and its majority interests	2,799	132
Associates and its majority interests	8	643
Pension plans	1	-
State of Lower Saxony, its majority interests and joint ventures	9	4

€ million	INCOME FROM PROFIT AND LOSS TRANSFER AGREEMENTS 2020	COST OF LOSS ABSORPTION 2020	INTEREST INCOME 2020	INTEREST EXPENSE 2020
Porsche SE and its majority interests	-	-	-	-
Consolidated subsidiaries	16	-	13	0
Unconsolidated subsidiaries	1	4	0	0
Joint ventures and its majority interests	1,966	-	–0	0
Associates and its majority interests	-	-	0	-
State of Lower Saxony, its majority interests and joint ventures	0	-	-	-

€ million	INCOME FROM PROFIT AND LOSS TRANSFER AGREEMENTS 2019	COST OF LOSS ABSORPTION 2019	INTEREST INCOME 2019	INTEREST EXPENSE 2019
Porsche SE and its majority interests	-	-	-	-
Consolidated subsidiaries	5,010	-	15	79
Unconsolidated subsidiaries	0	5	0	0
Joint ventures and its majority interests	2,245	-	0	0
Associates and its majority interests	-	-	0	-
State of Lower Saxony, its majority interests and joint ventures	0	-	-	-

€ million	COLLATERAL GRANTED 2020	COLLATERAL RECEIVED 2020	CREDIT LINES GRANTED 2020
Consolidated subsidiaries	466	-	3,458
Unconsolidated subsidiaries	-	-	31
Joint ventures and its majority interests	-	849	-
State of Lower Saxony, its majority interests and joint ventures	-	-	-

€ million	COLLATERAL GRANTED 2019	COLLATERAL RECEIVED 2019	CREDIT LINES GRANTED 2019
Consolidated subsidiaries	443	-	485
Unconsolidated subsidiaries	-	-	59
Joint ventures and its majority interests	-	1,573	-
State of Lower Saxony, its majority interests and joint ventures	-	-	-

The Board of Management and Supervisory Board of the Volkswagen Group are related parties. At the end of the fiscal year, liabilities to members of the Board of Management relating to the annual bonus and performance shares stood at €24.2 million (previous year: €50.1 million). The following benefits and remuneration were recorded as expenses for these persons in connection with their executive body membership:

€	2020	2019
Short-term benefits	28,976,753	34,411,475
Benefits based on phantom shares and performance share plan	6,570,097	19,606,328
Post-employment benefits (service cost only)	2,786,825	9,989,705
Termination benefits	11,577,039	10,100,271[1]
	49,910,713	**74,107,778**

1 Prior-year figures adjusted.

Benefits paid on the basis of performance shares include the cost of €6.6 million (previous year: €19.5 million) attributable to the performance shares granted to Board of Management members under the remuneration system applicable as from 2017.

In fiscal year 2020, the share price performance up until the settlement date led to the recognition of an expense of €– million (previous year: expense of €0.1 million) for the phantom shares.

The post-employment benefits relate to additions to pension provisions for current members of the Board of Management. The termination benefits relate to the payments made to Mr. Sommer in connection with his early departure from the Board of Management on June 30, 2020 and to Mr. Renschler in connection with his early departure from the Board of Management on July 15, 2020.

PENSIONS OF THE MEMBERS OF THE BOARD OF MANAGEMENT

€	SERVICE EXPENSE 2020	PRESENT VALUE AS OF Dec. 31, 2020	SERVICE EXPENSE 2019	PRESENT VALUE AS OF Dec. 31, 2019
Herbert Diess	1,209,191	5,978,186	1,104,539	4,303,485
Oliver Blume	654,547	2,037,202	585,858	1,164,974
Markus Duesmann (since April 1, 2020)	556,277	556,277	-	-
Gunnar Kilian	683,998	2,240,485	589,939	1,263,756
Andreas Renschler (until July 15, 2020)	−1,792,287	-	3,900,449	22,489,022
Abraham Schot (until March 31, 2020)	66,375	-	1,601,918	1,601,918
Stefan Sommer (until June 30, 2020)	205,544	-	588,158	887,818
Hiltrud Dorothea Werner	783,476	3,568,854	711,305	2,427,087
Frank Witter	419,704	12,170,752	927,703	10,651,438
Members who left in the previous year	-	-	−20,164	-
Total	**2,786,825**	**26,551,756**	**9,989,705**	**44,789,498**

REMUNERATION OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

€	2020	2019
Board of Management remuneration		
Non-performance-related remuneration	18,535,556	13,283,805
Performance-related remuneration	6,903,129	17,647,682
Long-term incentive component	12,746,420	14,414,075
	38,185,105	**45,345,561**
Supervisory Board remuneration		
Non-performance-related remuneration components	2,294,167	2,290,833
Variable remuneration components	1,340,889	1,140,444[1]
	3,635,056	**3,431,278**
	41,820,161	**48,776,839**

1 Prior-year figures adjusted.

The non-performance-related remuneration of the Board of Management comprises fixed remuneration and fringe benefits. In addition, Mr. Duesmann was granted a compensation of lost entitlements in the amount of €7.3 million due to the change of employer. The fringe benefits relate to noncash benefits granted and include in particular the use of operating assets such as company cars and the payment of insurance premiums. Taxes due on these noncash benefits were mainly borne by Volkswagen AG.

Performance-related remuneration includes the annual bonus with a one-year assessment period. The long-term incentive component contains the long-term incentive (LTI) in the form of a performance share plan with a forward-looking three-year term. For the details on performance share plans for the members of the Board of Management, please refer to the information in the section entitled “Remuneration based on performance shares and phantom shares (share-based payment)”.

Advances granted to members of the Board of Management under the performance share plan amounted to €6.5 million as of December 31, 2020 (previous year: €12.3 million). In the fiscal year, a total of €4.3 million (previous year: €– million) of the advances paid to members of the Board of Management were deducted from the payment amount under the performance share plan.

As a result of its regular review of the Supervisory Board remuneration, the Supervisory Board proposed a reorganization of the system of Supervisory Board remuneration to the 2017 Annual General Meeting, which was approved on May 10, 2017 with 99.98 % of the votes cast. The remuneration of the members of the Supervisory Board of Volkswagen AG no longer contains any performance-related remuneration components but consists entirely of non-performance-related remuneration components. Remuneration for supervisory board work at subsidiaries continues in part to comprise a mix of non-performance-related and performance-related components.

On December 31, 2020, the pension provisions for members of the Board of Management amounted to €26.6 million (previous year: €44.8 million). Current pensions are index-linked in line with the index-linking of the highest collectively agreed salary insofar as the application of section 16 of the Gesetz zur Verbesserung der betrieblichen Altersversorgung (BetrAVG – German Company Pension Act) does not lead to a larger increase.

The former members of the Board of Management and their surviving dependents were granted €35.9 million (previous year adjusted: €14.5 million). Pension provisions for this group of individuals amounted to €317.8 million (previous year: €300.5 million).

In connection with his departure from the Board of Management effective March 31, 2020, Mr. Schot was granted the following amounts:

- a non-performance-related component of €2.4 million (previous year: €– million),
- a performance-related component of €3.8 million (previous year: €– million) and
- a long-term incentive component of €3.0 million (previous year: €– million).

In connection with his departure from the Board of Management effective June 30, 2020, Mr. Sommer was granted a non-performance-related component of €1.5 million (previous year: €– million).

In connection with his departure from the Board of Management effective July 15, 2020, Mr. Renschler was granted a non-performance-related component of €10.1 million (previous year: €– million).

The individual remuneration of the members of the Board of Management and the Supervisory Board is explained in the remuneration report in the management report. A comprehensive assessment of the individual remuneration components, including the LTI, in the form of the performance share plan can also be found there.

Executive Bodies

MEMBERS OF THE BOARD OF MANAGEMENT

(Appointments: as of December 31, 2020 or the leaving date from the Board of Management of Volkswagen AG)

DR.-ING. HERBERT DIESS (*1958)
Chairman (since April 13, 2018),
Chairman of the Brand Board of Management
of Volkswagen Passenger Cars (until June 30, 2020),
Volume brand group,
China
July 1, 2015[1], appointed until 2023
Nationality: Austrian
Appointments:
○ FC Bayern München AG, Munich

MURAT AKSEL (*1972)
Purchasing (since January 1, 2021),
January 1, 2021[1], appointed until 2023
Nationality: German

OLIVER BLUME (*1968)
Chairman of the Executive Board of
Dr. Ing. h.c. F. Porsche AG,
Sport & Luxury brand group
April 13, 2018[1], appointed until 2023
Nationality: German

MARKUS DUESMANN (*1969)
Chairman of the Board of Management of AUDI AG,
Premium brand group
April 1, 2020[1], appointed until 2024
Nationality: German

GUNNAR KILIAN (*1975)
Human Resources,
Truck & Bus brand group (since July 15, 2020)
April 13, 2018[1], appointed until 2023
Nationality: German
APPOINTMENTS:
○ Wolfsburg AG, Wolfsburg

ANDREAS RENSCHLER (*1958)
Chairman of the Board of Management of TRATON SE,
Truck & Bus brand group
February 1, 2015 – July 15, 2020[1]
Nationality: German
Appointments (as of July 15, 2020):
○ Deutsche Messe AG, Hanover

THOMAS SCHMALL-VON WESTERHOLT (*1964)
Technology (since January 1, 2021),
Chairman of the Board of Management of
Volkswagen Group Components,
January 1, 2021[1], appointed until 2023
Nationality: German, Brazilian

ABRAHAM SCHOT (*1961)
Chairman of the Board of Management of AUDI AG,
Premium brand group
January 1, 2019 – March 31, 2020[1]
Nationality: Dutch

DR.-ING. STEFAN SOMMER (*1963)
Components & Procurement
September 1, 2018 – June 30, 2020[1]
Nationality: German

HILTRUD DOROTHEA WERNER (*1966)
Integrity & Legal Affairs
February 1, 2017[1], appointed until 2022
Nationality: German

FRANK WITTER (*1959)
Finance & IT,
Components & Procurement
(acting, July 1 – December 31, 2020)
October 7, 2015[1], appointed until 2021
Nationality: German

As part of their duty to manage and supervise the Group's business, the members of the Board of Management hold other offices on the supervisory boards of consolidated Group companies and other significant investees.

○ Membership of statutory supervisory boards in Germany.
⊙ Comparable appointments in Germany and abroad.

1 Beginning or period of membership of the Board of Management.

MEMBERS OF THE SUPERVISORY BOARD AND COMMITTEES

(Appointments: as of December 31, 2020 or the leaving date from the Supervisory Board of Volkswagen AG)

HANS DIETER PÖTSCH (*1951)
Chairman (since October 7, 2015),
Chairman of the Executive Board and Chief Financial Officer of Porsche Automobil Holding SE
October 7, 2015[1], elected until 2021
Nationality: Austrian
Appointments:
- ○ AUDI AG, Ingolstadt
- ○ Autostadt GmbH, Wolfsburg
- ○ Bertelsmann Management SE, Gütersloh
- ○ Bertelsmann SE & Co. KGaA, Gütersloh
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
- ○ TRATON SE, Munich (Chairman)
- ○ Wolfsburg AG, Wolfsburg
- ⊙ Porsche Austria Gesellschaft m.b.H., Salzburg (Chairman)
- ⊙ Porsche Holding Gesellschaft m.b.H., Salzburg (Chairman)
- ⊙ Porsche Retail GmbH, Salzburg (Chairman)
- ⊙ VfL Wolfsburg-Fußball GmbH, Wolfsburg (Deputy Chairman)

JÖRG HOFMANN (*1955)
Deputy Chairman (since November 20, 2015),
First Chairman of IG Metall
November 20, 2015[1], appointed until 2022
Nationality: German
Appointments:
- ○ Robert Bosch GmbH, Stuttgart

DR. HUSSAIN ALI AL ABDULLA (*1957)
Board Member of the Qatar Investment Authority
April 22, 2010[1], elected until 2025
Nationality: Qatari
Appointments:
- ⊙ Gulf Investment Corporation, Safat/Kuwait (Board member)
- ⊙ Qatar Investment Authority, Doha (Board member)
- ⊙ Qatar Supreme Council for Economic Affairs and Investment, Doha (Board member)

DR. HESSA SULTAN AL JABER (*1959)
Former Minister of Information and Communications Technology, Qatar
June 22, 2016[1], elected until 2024
Nationality: Qatari
Appointments:
- ⊙ Malomatia, Doha (Chairwoman)
- ⊙ MEEZA, Doha
- ⊙ Qatar Satellite Company (Es'hailSat), Doha (Chairwoman)
- ⊙ Trio Investment, Doha (Chairwoman)

DR. BERND ALTHUSMANN (*1966)
Minister of Economic Affairs, Labor, Transport and Digitalization for the Federal State of Lower Saxony
December 14, 2017[1], delegated until 2022
Nationality: German
Appointments:
- ○ Deutsche Messe AG, Hanover (Deputy Chairman)
- ⊙ Container Terminal Wilhelmshaven JadeWeserPort-Marketing GmbH & Co. KG, Wilhelmshaven (Chairman)
- ⊙ JadeWeserPort Realisierungs GmbH & Co. KG, Wilhelmshaven (Chairman)
- ⊙ JadeWeserPort Realisierungs-Beteiligungs GmbH, Wilhelmshaven (Chairman)
- ⊙ Niedersachsen Ports GmbH & Co. KG, Oldenburg (Chairman)

KAI BLIESENER (*1971)
Head of Vehicle Construction and Automotive and Supplier Industry Coordinator at IG Metall
June 20, 2020[1], appointed until 2022

DR. JUR. HANS-PETER FISCHER (*1959)
Chairman of the Board of Management of Volkswagen Management Association e.V.
January 1, 2013[1], appointed until 2022
Nationality: German
Appointments:
- ⊙ Volkswagen Pension Trust e.V., Wolfsburg

○ Membership of statutory supervisory boards in Germany.
⊙ Comparable appointments in Germany and abroad.

1 Beginning or period of membership of the Supervisory Board.

MARIANNE HEIß (*1972)
Chief Executive Officer of BBDO Group Germany GmbH, Düsseldorf
February 14, 2018[1], elected until 2023
Nationality: Austrian
Appointments:
○ AUDI AG, Ingolstadt
○ Porsche Automobil Holding SE, Stuttgart

JOHAN JÄRVKLO (*1973)
Secretary-General of the European and Global Group Works Council of Volkswagen AG
November 22, 2015 – May 29, 2020[1]
Nationality: Swedish

ULRIKE JAKOB (*1960)
Deputy Chairwoman of the Works Council of Volkswagen AG, Kassel plant
May 10, 2017[1], appointed until 2022
Nationality: German

DR. LOUISE KIESLING (*1957)
Entrepreneur
April 30, 2015[1], elected until 2021
Nationality: Austrian

PETER MOSCH (*1972)
Chairman of the General Works Council of AUDI AG
January 18, 2006[1], appointed until 2022
Nationality: German
Appointments:
○ AUDI AG, Ingolstadt (Deputy Chairman)
○ Audi Pensionskasse – Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt
⊙ Audi Stiftung für Umwelt GmbH, Ingolstadt

BERTINA MURKOVIC (*1957)
Chairwoman of the Works Council of Volkswagen Commercial Vehicles
May 10, 2017[1], appointed until 2022
Nationality: German
Appointments:
⊙ MOIA GmbH, Berlin

BERND OSTERLOH (*1956)
Chairman of the General and Group Works Councils of Volkswagen AG
January 1, 2005[1], appointed until 2022
Nationality: German
Appointments:
○ Autostadt GmbH, Wolfsburg
○ TRATON SE, Munich
○ Wolfsburg AG, Wolfsburg
⊙ Allianz für die Region GmbH, Braunschweig
⊙ Porsche Holding Gesellschaft m.b.H., Salzburg
⊙ SEAT, S.A., Martorell
⊙ ŠKODA Auto a.s., Mladá Boleslav
⊙ VfL Wolfsburg-Fußball GmbH, Wolfsburg
⊙ Volkswagen Group Services GmbH
⊙ Volkswagen Immobilien GmbH, Wolfsburg

DR. JUR. HANS MICHEL PIËCH (*1942)
Lawyer in private practice
August 7, 2009[1], elected until 2024
Nationality: Austrian
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ Porsche Automobil Holding SE, Stuttgart (Deputy Chairman)
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Atlanta
⊙ Porsche Greater China, consisting of:
Porsche (China) Motors Limited, Shanghai
Porsche Hong Kong Limited, Hong Kong
⊙ Porsche Holding Gesellschaft m.b.H., Salzburg
⊙ Schmittenhöhebahn AG, Zell am See
⊙ Volksoper Wien GmbH, Vienna

DR. JUR. FERDINAND OLIVER PORSCHE (*1961)
Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft
August 7, 2009[1], elected until 2024
Nationality: Austrian
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ Porsche Automobil Holding SE, Stuttgart
⊙ Porsche Holding Gesellschaft m.b.H., Salzburg
⊙ Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Ludwigsburg

DR. RER. COMM. WOLFGANG PORSCHE (*1943)
Chairman of the Supervisory Board of Porsche Automobil Holding SE; Chairman of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG
April 24, 2008[1], elected until 2023
Nationality: Austrian
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chairman)
○ Porsche Automobil Holding SE, Stuttgart (Chairman)
⊙ Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Atlanta
⊙ Porsche Greater China, consisting of:
Porsche (China) Motors Limited, Shanghai
Porsche Hong Kong Limited, Hong Kong
⊙ Porsche Holding Gesellschaft m.b.H., Salzburg
⊙ Schmittenhöhebahn AG, Zell am See

○ Membership of statutory supervisory boards in Germany.
⊙ Comparable appointments in Germany and abroad.

1 Beginning or period of membership of the Supervisory Board.

CONNY SCHÖNHARDT (*1978)
Union Secretary to the board of IG Metall
June 21, 2019[1], appointed until 2022
Nationality: German

ATHANASIOS STIMONIARIS (*1971)
Chairman of the Group Works Council of MAN SE, MAN Truck & Bus SE and TRATON SE
May 10, 2017[1], appointed until 2022
Nationality: German
Appointments:
- ○ MAN SE, Munich
- ○ MAN Truck & Bus SE, Munich
- ○ MAN Truck & Bus Deutschland GmbH, Munich
- ○ Rheinmetall MAN Military Vehicles GmbH, Munich
- ○ TRATON SE, Munich (Deputy Chairman)

STEPHAN WEIL (*1958)
Minister-President of the Federal State of Lower Saxony
February 19, 2013[1], delegated until 2022
Nationality: German

WERNER WERESCH (*1961)
Member of the Executive Committee of the Works Council of Porsche Automobil Holding SE and Chairman of the General and Group Works Councils of Dr. Ing. h.c. F. Porsche AG
February 21, 2019[1], appointed until 2022
Nationality: German
Appointments:
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart

COMMITTEES OF THE SUPERVISORY BOARD AS OF DECEMBER 31, 2020

Members of the Executive Committee
Hans Dieter Pötsch (Chairman)
Jörg Hofmann (Deputy Chairman)
Peter Mosch
Bertina Murkovic
Bernd Osterloh
Dr. Hans Michel Piëch
Dr. Wolfgang Porsche
Stephan Weil

Members of the Mediation Committee established in accordance with section 27(3) of the Mitbestimmungsgesetz (German Codetermination Act)
Hans Dieter Pötsch (Chairman)
Jörg Hofmann (Deputy Chairman)
Bernd Osterloh
Stephan Weil

Members of the Audit Committee
Dr. Ferdinand Oliver Porsche (Chairman)
Bernd Osterloh (Deputy Chairman)
Marianne Heiß
Conny Schönhardt

Members of the Nomination Committee
Hans Dieter Pötsch (Chairman)
Dr. Hans Michel Piëch
Dr. Wolfgang Porsche
Stephan Weil

Special Committee on Diesel Engines
Dr. Wolfgang Porsche (Chairman)
Dr. Bernd Althusmann
Peter Mosch
Bertina Murkovic
Bernd Osterloh
Dr. Ferdinand Oliver Porsche

Wolfsburg, 16 February, 2021

Volkswagen Aktiengesellschaft

The Board of Management

○ Membership of statutory supervisory boards in Germany.
⊙ Comparable appointments in Germany and abroad.

1 Beginning or period of membership of the Supervisory Board.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen AG, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

Wolfsburg, 16 February, 2021

Volkswagen Aktiengesellschaft

The Board of Management

Herbert Diess

Murat Aksel

Oliver Blume

Markus Duesmann

Gunnar Kilian

Thomas Schmall-von Westerholt

Hiltrud Dorothea Werner

Frank Witter

Independent Auditor's Report

To VOLKSWAGEN AKTIENGESELLSCHAFT

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, which comprise the balance sheet as at 31 December 2020, and the income statement for the fiscal year from 1 January 2020 to 31 December 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of VOLKSWAGEN AKTIENGESELLSCHAFT, which is combined with the group management report, for the fiscal year from 1 January 2020 to 31 December 2020. In accordance with German legal requirements, we have not audited the content of the parts of the management report specified in the appendix to the auditor's report and the company information stated therein that is provided outside of the annual report and is referenced in the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the fiscal year from 1 January 2020 to 31 December 2020 in compliance with German legally required accounting principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the parts of the management report listed in the appendix to the auditor's report.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 January 2020 to 31 December 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

ACCOUNTING TREATMENT OF THE RISK PROVISIONS FOR THE DIESEL ISSUE

Reasons why the matter was determined to be a key audit matter

Due to indications of irregularities in connection with exhaust gas emissions from diesel engines in certain vehicles of the VW Group, regulatory authorities in numerous countries (particularly in Europe, the US and Canada) commenced investigations in the past few years, some of which are still ongoing.

On the basis of its own findings and those of the authorities, the VW Group implemented various measures, which differed according to the country in some cases and included hardware and software solutions, vehicle buybacks and early termination of leases as well as compensation payments to vehicle owners in some instances. The hardware and software solutions had largely been completed as of the reporting date. The risk provisions for the diesel issue mainly include provisions for criminal, administrative and civil proceedings. Furthermore, there are legal risks from other criminal and administrative proceedings as well as civil actions, particularly by customers and holders of securities.

The provisions recognized as of 31 December 2020 are subject to a significant estimation risk in view of the extensive ongoing criminal and administrative investigations and proceedings, the complexity of the different issues, developments in court rulings and market conditions for used diesel vehicles. Whether provisions need to be recognized for the legal risks from the diesel issue, and in what amount, depends to a large extent on the assessments and assumptions made by the executive directors. As described in the "Significant events in the fiscal year" section of the notes to the financial statements and in the "Report on Expected Developments, Risks and Opportunities" section of the management report, the executive directors considered in their assessments in particular the fact that, based on the various measures taken to resolve the diesel issue to date, there is still no confirmation that members of the Board of Management were aware of any deliberate manipulation of the engine control unit software prior to the summer of 2015.

In light of the significance of the risk provisions and the extent of the assumptions and scope for judgment by the executive directors, this matter was a key audit matter.

Auditor's response

To assess the recognition and measurement of the provisions for legal risks arising from the diesel issue, we considered, in particular, work and opinions by experts engaged by the executive directors of the VW Group in addition to available official notices and court judgments as part of a risk-based selection of significant transactions. Moreover, with the involvement of our own legal and forensic specialists, we held regular meetings with the internal Legal department and the external lawyers engaged by the executive directors of the VW Group to obtain oral explanations about the current developments and reasons leading to the assessments of the ongoing proceedings. We compared confirmations received from external lawyers with the risk assessment by the executive directors. We also regularly reviewed publicly available information, such as media reports, to assess the completeness of the provisions.

In addition, we reviewed on a sample basis the input factors (quantity and value) of the provisions for individual matters using statements of claims received, settlement agreements and court judgments. With regard to the valuation, we also compared the current assessments by the executive directors with past experience, where observable. For significant additions to provisions, we examined whether they were due to new matters or to changes in the estimation inputs and obtained corresponding evidence. To analyze significant utilizations of the provisions, we examined a sample to determine whether they were based on settlement agreements or court judgments and whether corresponding payments were made.

Furthermore, inquiries were made of the executive directors and the external law firms engaged to carry out the investigations, with the assistance of our own forensic specialists, in order to understand and assess the investigations undertaken in terms of when former and current members of the Board of Management became aware of the diesel issue.

Our audit procedures did not lead to any reservations relating to the accounting treatment of the risk provisions for the diesel issue.

Reference to related disclosures

The information presented and the statements made in connection with the diesel issue, including the comments on the underlying causes, on when the members of the Board of Management became aware of the issue and on the effects on the accompanying financial statements are contained in the "Significant events in the fiscal year" section, the "Accounting policies" section and note 14, "Other operating expenses" in the "Balance Sheet Disclosures" section of the notes to the financial statements and in the "Report on Risks and Opportunities" section of the management report, subsection "Legal risks."

COMPLETENESS AND MEASUREMENT OF PROVISIONS FOR WARRANTY OBLIGATIONS

Reasons why the matter was determined to be a key audit matter

Obligations for warranty claims are calculated on the basis of estimated warranty costs at the level of individual models and model years by reference to claims to date, including their nature, frequency and remediation cost, and by reference to historical and expected policy on ex gratia arrangements. Where unusual individual technical risks are anticipated, an individual assessment is made whether and, if so, to what extent measures are required to remediate them and provisions need to be recognized.

The amount of provisions for warranty claims is significant overall. Besides the general use of judgment in selecting the valuation methods and assessing the obligations, increasing estimation uncertainty stems from the rise in hybrid and battery electric vehicles entering the market and a lack of experience of their susceptibility to faults. In light of the amount of the provisions and the judgment exercised during valuation, the completeness and measurement of provisions for warranty obligations was a key audit matter.

Auditor's response

With regard to the accounting for the provisions for warranty obligations, we examined the underlying processes for recording previous claims, calculating and valuing the estimated future warranty costs and recognizing the provisions, and tested controls.

In light of the uncertainty in relation to the estimated future losses, we assessed the underlying valuation assumptions, especially the expected claim rate per vehicle and the cost thereof, using analyses of historical data. Where there was a lack of past experience, we obtained an understanding of the assumptions made by the executive directors and tested their plausibility using historical data for comparable items. Using the calculation bases derived from these historical data, we checked the estimated costs for expected claims per vehicle. To assess the completeness of the provisions, we also reconciled the number of sold vehicles used to recognize the provision with the sales volumes. We obtained an understanding of the method used for calculating the provisions, including the discounting, and reperformed the calculations.

For significant individual technical risks, we assessed the expected incidence of technical faults and the calculation of expected costs per claim/vehicle using documentation on previous claims, inspecting resolutions passed by technical committees and holding discussions with the departments responsible.

Our audit procedures did not lead to any reservations relating to the completeness and valuation of provisions for warranty obligations.

Reference to related disclosures

With regard to the recognition and measurement policies applied in accounting for provisions for warranty obligations, refer to the disclosures in the "Accounting policies" section and note 9, "Other provisions" in the "Balance Sheet Disclosures" section of the notes to the financial statements.

RECOVERABILITY OF SHARES IN AFFILIATED COMPANIES

Reasons why the matter was determined to be a key audit matter

To assess the recoverability of shares in affiliated companies, each year the Company tests on the basis of the affiliated companies’ budgets and forecasts whether there are any indications that a recognized share in an affiliated company could be permanently impaired. The result of the impairment testing of the shares in affiliated companies is highly dependent on the executive directors’ estimate of future cash flows and which discount rates they use. The fair value of the shares in affiliated companies is calculated using discounted cash flow models.

The COVID-19 pandemic has negatively affected the cash inflows of the VW Group and thus the affiliated companies of the Company as a result of the global drop in demand and the production stops, some of which are still ongoing. The executive directors of the VW Group expect cash inflows to continue to be affected in subsequent years.

In view of the foregoing, the materiality of the shares in affiliated companies in relation to total assets, the complexity of their valuation and the judgment exercised during valuation, the impairment test of the shares in affiliated companies was a key audit matter.

Auditor’s response

During our audit, we involved valuation specialists to test among other things the methods used to test impairment. In particular, we assessed the procedures for identifying indications of impairment likely to be permanent affecting recognized shares in affiliated companies. In this context, we assessed whether the procedures are suitable for providing objective evidence of a lower net realizable value following prolonged impairment and whether these procedures were consistent with those used in the prior year. We also checked the arithmetical accuracy of the valuation models used.

We analyzed the planning process established in the VW Group, which includes the affiliated companies, and tested the operating effectiveness of the controls implemented in the planning process. As a starting point, we compared the VW Group’s five-year operational plan prepared by the executive directors and acknowledged by the Supervisory Board with the forecast figures in the underlying impairment tests. We discussed the key planning assumptions for affiliated companies selected on the basis of risk and materiality aspects with the executive directors and compared them with past earnings and cash inflows to assess the planning accuracy. Our plausibility testing of the inputs for the impairment tests was based among other things on a comparison with general and industry-specific market expectations underlying the expected cash inflows. We discussed with the executive directors the effects of the COVID-19 pandemic on the development of cash inflows in the individual affiliated companies and compared them with current market expectations. With respect to the rollforward from the medium-term plan to the long-term forecast, we assessed the plausibility of the assumed growth rates by comparing them with observable data.

To assess the discount rates and growth rates applied, we analyzed the inputs used to determine them on the basis of publicly available information and obtained an understanding of the methods used.

We also assessed the sensitivity analyses performed by the executive directors in order to estimate any potential impairment risk associated with a reasonably possible change in one of the significant assumptions used in the valuation.

Our procedures did not lead to any reservations relating to the recoverability of shares in affiliated companies.

Reference to related disclosures
With regard to the recognition and measurement policies applied for shares in affiliated companies, refer to the disclosures on financial assets in the "Accounting policies" section and note 1, "Fixed assets" in the "Balance Sheet Disclosures" section of the notes to the financial statements.

Other information

The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the German Corporate Governance Code, which is part of the corporate governance declaration. In all other respects, the executive directors are responsible for the other information. The other information comprises the parts of the annual report listed in the appendix.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

REPORT ON THE AUDIT OF COMPLIANCE WITH THE ACCOUNTING DUTIES PURSUANT TO SEC. 6B (3) ENWG

Opinion

We audited whether the Company complied with its duties pursuant to Sec. 6b (3) Sentences 1 to 5 EnWG to keep separate accounts for the fiscal year from 1 January 2020 to 31 December 2020. In our opinion, the duties pursuant to Sec. 6b (3) Sentences 1 to 5 EnWG to keep separate accounts were met in all material respects.

Basis for the opinion

We conducted our audit of compliance with the duties to keep separate accounts pursuant to Sec. 6b (5) EnWG in accordance with IDW Auditing Standard "Audits Pursuant to Sec. 6b (5) of the German Energy Industry Act" (IDW AuS 610 (Revised). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of compliance with the accounting duties pursuant to Sec. 6b (3) EnWG" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. As an audit firm, we apply the standards set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 1). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Company's compliance with the accounting duties pursuant to Sec. 6b (3) EnWG.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS FOR COMPLIANCE WITH THE ACCOUNTING DUTIES PURSUANT TO SEC. 6B (3) ENWG

The executive directors are responsible for compliance with the duties pursuant to Sec. 6b (3) Sentences 1 to 5 EnWG to keep separate accounts.

In addition, the executive directors are responsible for such internal control as they have determined necessary to comply with the duties to keep separate accounts.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE WITH THE ACCOUNTING DUTIES PURSUANT TO SEC. 6B (3) ENWG

Our objectives are to obtain reasonable assurance about whether the executive directors have met their duties pursuant to Sec. 6b (3) Sentences 1 to 5 EnWG to keep separate accounts in all material respects.

In addition, our objectives are to include a section in the auditor's report containing our opinion on compliance with the accounting duties pursuant to Sec. 6b (3) EnWG.

The audit of compliance with the duties pursuant to Sec. 6b (3) Sentences 1 to 5 EnWG to keep separate accounts includes assessing whether the accounts were allocated to the activities correctly and transparently in accordance with Sec. 6b (3) Sentences 1 to 4 EnWG and whether the consistency principle was observed.

Report on the assurance in accordance with Sec. 317 (3b) HGB on the electronic reproduction of the annual financial statements and the management report prepared for publication purposes

Opinion

We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the attached electronic file VWAG_JA_HGB_2020-12-31 and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the fiscal year from 1 January 2020 to 31 December 2020 contained in the "Report on the audit of the annual financial statements and of the management report" above.

Basis for the opinion

We conducted our assurance work on the reproduction of the annual financial statements and the management report contained in the abovementioned attached electronic file in accordance with Sec. 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Our responsibilities under that standard are further described in the "Auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the requirements for quality control systems set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 1).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and the audited management report as well as other documents to be published to the operator of the Bundesanzeiger [German Federal Gazette].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the Annual General Meeting on 30 September 2020. We were engaged by the Supervisory Board on 23 November 2020. We have been the auditor of VOLKSWAGEN AKTIENGESELLSCHAFT since fiscal year 2020.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Christian Hantke.

Appendix to the auditor's report:

1. PARTS OF THE MANAGEMENT REPORT WHOSE CONTENT IS UNAUDITED

We have not audited the content of the following parts of the management report:

- The corporate governance declaration which is published on the website stated in the management report and is part of the management report.

2. FURTHER OTHER INFORMATION

The other information comprises the following parts of the annual report, of which we obtained a copy prior to issuing this auditor's report:

- Responsibility statement
- Non-financial report

3. COMPANY INFORMATION OUTSIDE OF THE ANNUAL REPORT REFERENCED IN THE MANAGEMENT REPORT

The management report contains other cross-references to webpages of the Group. We have not audited the content of the information to which these cross-references refer.

Hanover, 26 February 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Matischiok
Wirtschaftsprüfer
[German Public Auditor]

Hantke
Wirtschaftsprüfer
[German Public Auditor]