
Media information

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Volkswagen introduces new remuneration model for top management

- **Based on remuneration system for Group Board of Management**
- **Emphasis on Group idea and joint achievement**
- **Stronger focus on financial situation, return targets and share basis**

Wolfsburg, December 19, 2018. The Volkswagen Group has revised its top management remuneration system. The new model is based on the system used for the Board of Management, strengthens the Group idea and fosters cooperation between brands, regions and countries. In addition, the return targets of the Group are taken into account and a stronger link to share prices has been established. The main new features include greater emphasis on team performance and greater rewards for compliant, upright behavior; the system allows the possibility of taking individual wrongdoing into account in reducing remuneration. The new remuneration system applies from fiscal 2019.

Board Member for Human Resources Gunnar Kilian says: “The new remuneration system takes into account the change in our corporate culture. We are clearly placing the emphasis on joint performance. We are markedly strengthening team spirit and the Group idea by transferring the leitmotiv of our TOGETHER strategy 2025 to our management remuneration system and focusing on stable profitability and robust development of the Group. The Group, the brands and the regions will all be pulling in the same direction.”

For example, the personal performance bonus no longer forms part of the system. The objective of this change is to strengthen the team spirit and to reduce the emphasis on individual interests. At the same time, the Group idea is to be strengthened: Group targets will account for at least half of the variable target remuneration in the future. To date, only a third of the variable target remuneration has reflected the performance of the Group as a whole.

The new remuneration model is based on the structure of the remuneration system for the Group Board of Management. As regards the long-term bonus, members of the top management will be assigned virtual Volkswagen shares each year via a performance share plan (PSP). Only after three years will they receive a payment which will be determined on the basis of the increase in the share price and on earnings per share (EPS). This link between variable remuneration and the share price gives a positive signal to investors. In addition, the annual bonus will focus on return figures with operating return on sales (ROS) and return on investment (ROI) each being given equal weighting. The ambitious targets will be derived from strategic

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planning, regularly reviewed and, when necessary, revised by resolution of the Group Board of Management and the Supervisory Board.

In future the remuneration system will depend to a large extent on the success of the Group. This will provide prospects of attractive bonuses in years of business success and will entail an immediate reduction in bonuses in times of crisis.

The new system also provides for the possibility of reducing or even cancelling the variable remuneration element in the event of individual wrongdoing – with a view to fostering compliant, upright behavior. If serious wrongdoing is identified at a later date, it will also be possible for the employer to require the repayment of bonuses which have already been received.



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About the Volkswagen Group:

The Volkswagen Group, with its headquarters in Wolfsburg, is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The Group comprises twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The passenger car portfolio ranges from small cars all the way to luxury-class vehicles. Ducati offers motorcycles. In the light and heavy commercial vehicles sector, the products include ranges from pick-ups, buses and heavy trucks. Every weekday, 642,292 employees around the globe produce on average 44,170 vehicles, are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2017, the total number of vehicles supplied to customers by the Group globally was 10,741 million (2016: 10,297 million). The passenger car global market share was 12.1 per cent. In Western Europe 22.0 per cent of all new passenger cars come from the Volkswagen Group. Group sales revenue in 2017 totaled €231 billion (2016: €217 billion). Earnings after tax in 2017 amounted to €11.6 billion (2016: €5.4 billion).
