

# **VOLKSWAGEN**

AKTIENGESELLSCHAFT

## **Articles of Association**

As at May 2017

## I. General Provisions

### § 1

#### **Name and Registered Office**

The name of the company is:

#### **VOLKSWAGEN AKTIENGESELLSCHAFT**

The company has its registered office at Wolfsburg.

### § 2

#### **Objects of the Enterprise**

- (1) The objects of the enterprise are the manufacture and sale of vehicles and engines of all kinds, accessories therefore as well as all other equipment, machinery, tools and other technical products.
- (2) The company is entitled to do all such things and take all such measures as are connected with the objects of the enterprise or as appear capable of furthering such objects directly or indirectly. It may, in pursuance thereof, also establish branches within Germany and abroad, found and acquire other enterprises or participate in such enterprises.

### § 3

#### **Notices and announcements**

- (1) The Company's notices are published in the "Bundesanzeiger" (Federal Gazette), insofar as the law does not require anything to the contrary.
- (2) Announcements to shareholders and to holders of investments equivalent to shares and certificates representing shares may also be transmitted electronically subject to the conditions prescribed by law.

## II. Capital Stock and Shares

### § 4

#### **Capital Stock**

- (1) The capital stock of the company totals EUR 1,283,315,873.28 and is divided into 295,089,818 ordinary shares and 206,205,445 non-voting preferred shares.

- (2) Upon distribution of profits, the non-voting preferred shares shall enjoy the preferential rights set out in § 27 of the Articles of Association. The right remains reserved, pursuant to § 141 subsection 2 clause 2 of the German Corporation Act, to issue additional preferred shares which, upon distribution of profits or the company's assets, shall rank equally with the then existing non-voting preferred shares.
- (3) The shares are no par value bearer shares.
- (4) The Board of Management is authorized to increase the share capital up to May 4, 2020, with the consent of the Supervisory Board, by issuing new non-voting preferred bearer shares which, upon distribution of profits or the company's assets, shall rank equally with the then existing non-voting preferred shares, against cash contributions on one or more occasions by up to a maximum of EUR 179,200,000. The shareholders shall be granted preemptive rights to the new shares issued.

The Board of Management shall decide, with the consent of the Supervisory Board, on the further details of the rights attaching to the shares and the conditions applicable to the issuance of the shares.

## § 5

**Share Certificates**

- (1) The form of the share certificates and of dividend coupons and renewal talons will be determined by the Board of Management with the consent of the Supervisory Board.
- (2) Shareholders are not entitled to claim individual certification of their interest, to the extent that certification is not required by the rules that apply on a stock exchange on which the shares are listed. Global certificates on shares may be issued.

## III. The Board of Management

## § 6

**Composition and By-Laws**

- (1) The number of the members of the Board of Management will be determined by the Supervisory Board. The Board of Management must consist of at least three persons.
- (2) The Supervisory Board may appoint a Chairman of the Board of Management. In the event of differences of opinion arising within the Board of Management, the Chairman of such Board shall not have any right to resolve the matter himself. In the case of an equality of votes he shall have the casting vote.
- (3) After hearing the views of the Board of Management, the Supervisory Board shall issue by-laws for the Board of Management regulating, inter alia, the allocation of responsibilities within the Board of Management.

## § 7

**Legal Representation**

The company will be represented by two members of the Board of Management or by one such member and one authorized signatory.

## § 8

**Alternate Members of the Board of Management**

The provisions concerning the members of the Board of Management shall also apply to alternate members of the Board of Management.

## § 9

**Matters Requiring Consent**

- (1) The Board of Management shall require the prior consent of the Supervisory Board before undertaking any of the following:
  1. Establishment and closure of branches
  2. Establishment and relocation of production facilities
  3. Formation and dissolution of other enterprises or acquisition and disposal of holdings in other enterprises
  4. Investments within the scope of investment programmes which are to be submitted on a regular basis and investments such as are outside the scope of such investment programmes insofar as the costs in any individual case exceed a limit to be laid down by the Supervisory Board
  5. Raising of loans or credits which exceed the scope of routine business
  6. Assumption of guarantees and similar commitments as well as granting of credits insofar as such measures exceed the scope of routine business
  7. Acquisition, disposal and encumbering of real property and equivalent rights
  8. Appointment of authorized signatories and fully authorized representatives
- (2) The Supervisory Board may make matters of other types dependent upon its consent. It may grant its general consent in advance with regard to matters of particular kinds.

## § 10

**Authorized Signatory Rights**

Authorized signatory rights may be granted only such that one authorized signatory may represent the company together with a member of the Board of Management or one other authorized signatory.

## IV. Supervisory Board

## § 11

**Composition, Election, Resignation**

- (1) The Supervisory Board has twenty members. The State of Lower Saxony is entitled to appoint two members of the Supervisory Board of the Company for as long as the State of Lower Saxony directly or indirectly holds at least 15 percent of the Company's ordinary shares.
- (2) They shall be elected for a period up to the end of the Annual General Meeting which resolves on their discharge from liability in respect of the fourth fiscal year following the commencement of their term of office; the fiscal year in which the term of office commences shall not be included. If a member of the Supervisory Board resigns during his term of office, the election of his successor shall be effective only in respect of the remainder of the term of office of the resigning member.
- (3) A member of the Supervisory Board may at any time resign from his office with one months notice by submitting a statement in writing to the Chairman of the Supervisory Board.

## § 12

**Chairman of the Supervisory Board and Casting of Votes**

- (1) In accordance with § 27 subsections 1 and 2 of the German Codetermination Act of May 4, 1976, the Supervisory Board shall elect for the duration of its term of office (§ 11 subsection 2 above) a Chairman of the Supervisory Board and a deputy from among its number.
- (2) Immediately following the election of the Chairman of the Supervisory Board and of his deputy, the Supervisory Board shall establish the committee provided for in § 27 subsection 3 of the German Codetermination Act of May 4, 1976. The Supervisory Board may establish additional committees from among its number in respect of particular matters.

- (3) Any Supervisory Board member who is unable to attend a meeting of the Supervisory Board or its committees shall be entitled to vote on the individual agenda items by means of written proxy submitted by another member. For the Chairman, this shall also apply with regard to his second vote.

### § 13

#### **Declarations of Intent by the Supervisory Board**

Declarations of intent by the Supervisory Board will be given in its name by the Chairman of the Supervisory Board.

### § 14

#### **Convening of Meetings**

The Supervisory Board will be convened by the Chairman. Meetings do not require to be convened in any particular manner. When meetings are convened, notification should also be given of the agenda. The Chairman shall determine the place and time of meetings of the Supervisory Board.

### § 15

#### **Resolutions**

- (1) The Supervisory Board shall be quorate only if at least ten members participate in voting on resolutions.
- (2) The presiding Chairman shall determine the form of meeting and mode of voting on the Supervisory Board and its committees. If so determined by the Chairman from case to case, meetings may also be conducted, or members participate in meetings, by means of telecommunication links. The Chairman may also determine that the resolutions passed by the members of the Supervisory Board or its committees be issued in writing, by telephone, or in some other comparable form.

- (3) Resolutions of the Supervisory Board shall require the majority of the votes cast unless these Articles of Association or the law provide otherwise. Abstentions shall not be regarded as votes cast. If voting within the Supervisory Board produces an equality of votes, the Chairman of the Supervisory Board shall, on a further vote on the same subject which likewise produces an equality of votes, have two votes. § 12 subsection 3 of the Articles of Association is also to be applied to the casting of the second vote. The Deputy Chairman shall not have a second vote.
- (4) Resolutions concerning the establishment and relocation of production facilities shall require a majority of two thirds of the members of the Supervisory Board.

## § 16

### **By-Laws**

The Supervisory Board shall issue by-laws regulating its own affairs.

## § 17

### **Remuneration**

- (1) The members of the Supervisory Board shall receive a fixed remuneration of EUR 100,000 per fiscal year in addition to the reimbursement of their expenses.
- (2) The Chairman of the Supervisory Board shall receive three times the amount, and the Deputy Chairman shall receive two times the amount of the fixed remuneration specified in subsection 1 above.
- (3) In addition, each member of the Supervisory Board shall receive an additional fixed remuneration of EUR 50,000 per committee per fiscal year for his work in a committee of the Supervisory Board, if the respective committee has met at least once a year in fulfilment of its duties. This shall not include membership of the Nomination Committee and the Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (MitbestG - German Co-determination Act).

The chairmen of the committees shall receive two times the amount, and their deputy chairmen shall receive one-and-a-half times the amount of the aforementioned committee remuneration.

The work on a maximum of two committees shall be included in calculating the remuneration. In case this maximum is exceeded the two most highly remunerated functions shall be decisive for the respective remuneration.

- (4) Members of the Supervisory Board who have been member of the Supervisory Board or a committee of the Supervisory Board for only part of a fiscal year shall receive the remuneration on a pro rata temporis basis.
- (5) For attendance at a meeting of the Supervisory Board or of a committee of the Supervisory Board each attending member shall receive an attendance fee of EUR 1,000; if several meetings take place on the same day, the attendance fee shall only be paid once.
- (6) The remuneration and the attendance fees shall be payable after the end of each fiscal year.
- (7) The Company shall reimburse to each Supervisory Board member the VAT incurred on his remuneration. In addition, the Company undertakes to conclude a liability insurance in favor of the members of the Supervisory Board.

## V. General Meeting

### § 18

#### **Annual General Meeting**

The Annual General Meeting shall take place within the first eight months of each fiscal year.

### § 19

#### **Convening**

- (1) The General Meeting will be convened by the Board of Management or, in such cases as are provided for by the law, by the Supervisory Board. It shall take place at the location of the company's registered office, at the location of any German stock exchange or at another suitable location in Germany.
- (2) The Annual General Meeting must be convened at least 36 days before the Annual General Meeting. The date on which it is convened and the date of the Annual General Meeting shall not be included in the day count. Section 121 (7) of the Aktiengesetz (German Stock Corporation Act) shall apply in other respects.

## § 20

**Agenda**

The agenda must be announced when the General Meeting is convened; no resolutions may be adopted on items of the agenda that are announced at a later date. This does not apply to items that are only added to the agenda and announced after the General Meeting has been convened at the request of a minority in accordance with section 122(2) or (3) of the *Aktiengesetz* (German Stock Corporation Act). Irrespective of the majority that is required to adopt a resolution, resolutions may only be adopted on such items if the items (in each case including the reasons or proposed resolution) are received by the Company at least 30 days before the General Meeting; the date of receipt shall not be included in the day count.

## § 21

**Attendance**

- (1) Only shareholders who have registered in written form (section 126b of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code)) in German or in English are entitled to attend the General Meeting and exercise voting rights. The registration must be received by the Company at the address notified in the notice convening the General Meeting at least six days before the General Meeting, whereby the date of receipt shall not be included in the day count. Section 121(7) of the *Aktiengesetz* (German Stock Corporation Act) shall apply in other respects.
- (2) Shareholders must also provide evidence that they are entitled to attend the General Meeting and exercise voting rights. They must do so by submitting evidence of the shareholding issued by the custodian bank in written form (section 126b of the BGB), in German or in English. The evidence must refer to the beginning of the 21st day before the General Meeting and must be received by the Company at the address notified in the notice convening the General Meeting at least six days before the General Meeting, whereby the date of receipt shall not be included in the day count. Section 121(7) of the *Aktiengesetz* shall apply in other respects.

## § 22

**Chair at the General Meeting**

- (1) The chair at the General Meeting shall be taken by the Chairman of the Supervisory Board or, if he is unable to act, by another member appointed by the Supervisory Board.
- (2) The Chairman of the General Meeting shall regulate the conduct of the proceedings and determine the order in which items are to be discussed as well as the manner of voting.
- (3) The chair of the General Meeting may allow the recording and transmission of the General Meeting in audio and video format in part or in full, electronically or through other media. It may also be transmitted in a form to which the public has unrestricted access.
- (4) The chair of the General Meeting is authorized to impose reasonable restrictions on the time available to shareholders to address the meeting and ask questions from the beginning of the General Meeting. In so doing, the chair of the General Meeting shall be guided by the need to ensure that the General Meeting is concluded within a reasonable and appropriate time.

## § 23

**Voting Right**

Every ordinary shares shall carry one vote at the General Meeting. The preferred stockholders have no voting rights. If, however, the preferred stockholders are entitled to a voting right under any mandatory provisions of the law, every preferred shares shall carry one vote.

## § 24

**Exercise of voting rights by proxy**

- (1) Nobody may exercise voting rights in their own name for shares that do not belong to them. Anybody who exercises voting rights for shares that do not belong to them requires a written proxy issued by the shareholder, unless they are that shareholder's legal representative. The proxy only applies to the next General Meeting.
- (2) Anybody who represents shareholders in a professional capacity may only exercise voting rights if the shareholder has issued them with a proxy. Instructions may be obtained.

- (3) The proxy must contain the name, the place of residence and the number of shares and votes of the shareholder represented. The representative must submit to the Company the proxies, sorted in alphabetical order, of the shareholders represented by them. At the General Meeting, the proxies must be displayed for inspection by all attendees prior to the first vote. Only the representative is to be included in the list of attendees (section 129 of the *Aktiengesetz*); they must disclose separately the number and class of shares not belonging to them, as well as the number of votes they represent, for inclusion in the list. The Company is required to store the proxies for three years after the General Meeting; if an action contesting one of the resolutions adopted at the General Meeting is pending, this period shall be extended until a non-appealable decision has been issued on the action or it has been finally settled by other means. Each shareholder has a right of inspection on request.

## § 25

### **Resolutions**

- (1) The General Meeting shall adopt its resolutions by simple majority of the votes cast.
- (2) Resolutions by the General Meeting that are required by law to be adopted by a majority consisting of at least three-quarters of the share capital represented when the resolution is adopted, require a majority of more than four-fifths of the share capital of the Company represented when the resolution is adopted. This applies in particular, but not exclusively, to all measures to increase and decrease the share capital, to other amendments to the Articles of Association and measures in accordance with the *Umwandlungsgesetz* (German Reorganization Act), and to resolutions in accordance with the *Wertpapiererwerbs- und Übernahmegesetz* (German Securities Acquisition and Takeover Act) for which the law prescribes a majority amounting to at least three-quarters of the share capital represented when the resolution is adopted.

## § 26

**Submission of Annual Financial Statements**

- (1) The fiscal year is the calendar year.
- (2) Within the first three months of a fiscal year, the Board of Management shall prepare and submit to the auditors the annual financial statements and the annual report in respect of the preceding fiscal year. Immediately following receipt of the auditors' report, the Board of Management shall submit the annual financial statements, the annual report and the auditors' report to the Supervisory Board together with a proposal on the appropriation of net earnings available for distribution.

## § 27

**Appropriation of Net Earnings Available for Distribution**

- (1) The net earnings available for distribution will be distributed to the stockholders unless the General Meeting resolves upon some other manner of appropriation.
- (2) The dividends due to the stockholders will always be distributed in proportion to the payments made on the stockholders' share of the capital stock and in proportion to the time elapsed since the point in time prescribed for such payment, subject to the proviso that
  1. a dividend of 11 Cents per preferred share eligible for dividend is paid. If the net earnings available for distribution are insufficient to pay the preferred dividend, the deficit is to be paid without interest out of the net earnings available for distribution in the subsequent fiscal years prior to the distribution of any dividend to the ordinary stockholders such that the earlier arrears are to be paid before the more recent ones and the preferred dividend of 11 Cents per preferred share to be paid out of the net earnings of a fiscal year in respect of said fiscal year is not to be distributed until all arrears have been paid;
  2. dividends of up to 11 Cents per ordinary share eligible for dividend attributable to all ordinary shares are paid to the ordinary stockholders;
  3. further dividends are paid to the preferred stockholders and ordinary stockholders in proportion to their share of the capital stock eligible for dividend in such a manner that the preferred shares shall be eligible for a dividend which is higher than that for the ordinary shares by 6 Cents per preferred share.

- (3) When new shares are issued, an arrangement may be made with regard to dividend entitlement which is different from the provisions contained in § 60 of the German Corporation Act.

## VI. Final Provisions

### § 28

#### **Amendment of the Articles of Association by the Supervisory Board**

The Supervisory Board is empowered to resolve upon such amendments or supplementations of the Articles of Association as relate only to the wording thereof.

### § 29

#### **Place of jurisdiction**

The sole place of jurisdiction for all disputes between shareholders and of the beneficiaries or obligors of financial instruments relating to the Company's shares on the one hand, and the Company on the other, shall be the Company's domicile unless mandatory statutory provisions require otherwise. This also applies to disputes relating to compensation claimed for damage caused by false or misleading public capital market information, or the failure to provide such information. Foreign courts shall not have jurisdiction over such disputes.