



AUDI AG Slavery and Human Trafficking Statement (fiscal year 2022)

This statement has been prepared pursuant to Section 54 of the United Kingdom Modern Slavery Act 2015. It represents in particular the measures implemented by AUDI AG on preventing forms of modern slavery and human trafficking.

Preamble

We recognize our responsibility to protect human rights at our sites and along our complex value and supply chains. For us, this responsibility does not end at our factory gates, but goes beyond them.



Organization and supply chain

AUDI AG is a stock corporation under German law with its headquarters in Ingolstadt, Germany. In addition to AUDI AG, the Audi Group comprises all the key companies and units in which AUDI AG has a direct or indirect controlling interest. The Audi Group is organized in a decentralized manner, with individual subsidiaries bearing responsibility for their own business operations. Guidelines, reporting channels and committees are put in place to ensure appropriate Group steering and monitoring. Our business activities include the development, production and sale of vehicles and the corresponding services as well as management of the Audi Group.

The Audi Group is present in more than 100 markets worldwide. It manufactured at 22 sites in 13 countries in 2022. The Bentley, Ducati and Lamborghini brands are also part of the Audi Group. AUDI AG is a fully owned subsidiary of Volkswagen AG.

With its presence in key markets, the Audi global procurement organization ensures that materials and services in particular are procured and provided worldwide in the required quality and at the best possible terms. Procurement is active in more than 60 countries around the world and is a central interface between AUDI AG and more than 14,000 direct supplier companies. In order to maximize the benefit of synergy potential, we select suppliers in close consultation with Volkswagen Group Procurement.

For us, global compliance with sustainability standards in areas such as human rights, occupational health and safety, environmental protection and combating corruption is a basic prerequisite for successful business with our suppliers. Only together with our business partners is it possible to ensure compliance with sustainability standards and con-

tribute to the implementation of the United Nations Sustainable Development Goals (SDGs). To achieve these goals, we implemented the concept of “Responsible Supply Chain Management,” and we continue to build on and develop these measures to this day.

In addition to the independent activities undertaken in that area, all the actions taken and efforts made by the Volkswagen Group in promoting sustainability as well as in protecting and respecting human rights in the company and along the supply chain thus contribute to the attainment of these objectives in the Audi Group as well.

Internal measures

General

The integration of the topic of “Business and Human Rights” into the existing Compliance Management System as well as the central coordination of responsibilities in other divisions on the topic of “Business and Human Rights” falls under the remit of the Integrity, Compliance, Risk Management department at Audi.

Combating modern slavery along our value and supply chain is one of the focal points of our activities in the area of “Business and Human Rights.” For us, child labor and forced labor in particular are serious violations of human rights and are therefore prohibited. We base our actions on the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the requirements of the International Labour Organization (ILO).

We present our responsibility for “Business & Human Rights” on the Audi website.¹ The Volkswagen Group has expanded and affirmed this understanding along with our commitment to our entrepreneurial responsibility, which follows internationally recognized treaties and conventions including explicitly the UN Guiding Principles on Business and Human Rights, in the updated “Declaration by the

¹ <https://www.audi.com/en/company/integrity-compliance-and-risk-management/compliance/human-rights.html>



Volkswagen Group on social rights, industrial relations and business and human rights,” known as the [Social Charter](#). Audi has confirmed the Social Charter of the Volkswagen Group and adopted the values contained therein. On the subject of “No forced labor” it states:

“The Volkswagen Group rejects forced labor and all forms of modern slavery including human trafficking. This includes, in particular, work carried out involuntarily by people due to intimidation, penalty or threat of being disadvantaged (e.g. debt slavery or involuntary prison labor). Employment relationships are based on voluntary participation and can be terminated at any time by the employees of their own free will and within a reasonable period of notice.”²

In addition to coordination within our Group itself, we again prioritized one focal area in the collaboration with external stakeholders in 2022. We support the German Federal government’s National Action Plan (NAP) “Business and Human Rights.” Within this context, since 2020 we have actively participated in the automotive industry’s sector dialogue “Business & Human Rights” under the aegis of the German Federal Ministry of Labor and Social Affairs (BMAS). One of the goals was the joint drafting of [implementation-led, industry-specific procedural instructions](#), which were published on the BMAS website in September 2022.³ We will continue this dialogue with representatives of trade unions, NGOs, science, politics and business in 2023. Combating modern slavery and forced labor also plays an important role here.

We continue to proactively seek dialogue with external stakeholders on human rights⁴ and exchanges of views

within working groups or initiatives such as the DICO working group on CSR/human rights or the Forum Compliance & Integrity. Taking the dialogue with experts and stakeholders as our basis, we are able to build on our commitment with the aim of fulfilling our entrepreneurial responsibility for human rights even more effectively.

Audi Group Code of Conduct⁵

The Audi Group updated its Code of Conduct in 2017 in alignment with the corresponding principles of the Volkswagen Group and introduced it uniformly across all brands and companies of the Audi Group. The Code of Conduct, which is binding for employees at all hierarchical levels, embodies the ethical principles of the Volkswagen Group and is based on shared values. It focuses on the compliant and ethical conduct of employees and on the responsibility of the company as a business partner and member of society. The Code of Conduct incorporates worldwide regulations to respect the protection of human and children’s rights, a rejection of all forms of child, forced and compulsory labor as well as all forms of modern slavery and human trafficking.

The Code of Conduct is a mandatory set of guidelines on compliant behavior and lays down the key principles that apply to day-to-day work in the Audi Group. It is permanently available to all employees on the intranet, and also to third parties over the Internet. Its status is continuously communicated proactively.

For example, the Chairman of the Board of Management and other Board of Management members, representatives of Top Management (TMK) and the Audi Chief Compliance Officer regularly declare their responsibility for compliance

² https://www.audi.com/content/dam/gbp2/company/sustainability/downloads/documents-and-policies/corporate-guidelines/2021-07_VW_Social_Charter_Guidelines_Audi.pdf, page 6

³ <https://www.csr-in-deutschland.de/DE/Wirtschaft-Menschenrechte/Umsetzungshilfen/Branchendialoge/Automobilindustrie/Handlungsanleitungen/handlungsanleitungen-art.html> (currently only available in German)

⁴ Further information available at e.g.: <https://www.audi.com/en/company/sustainability/roadmap-sustainability/audi-dialogue.html>

⁵ https://www.audi.com/content/dam/gbp2/company/sustainability/downloads/documents-and-policies/2023/Code_of_Conduct_2023_Audi_230321_EN.pdf



and integrity at events and in publications internally and externally. Specialist area-specific, cross-division and company-wide dialogue events further reinforce the tone at the top and middle. Board of Management members and managers use these events to engage with employees on the significance of compliance and integrity in everyday working life and for Audi's entrepreneurial success.

All employees with a permanent employment contract, managers and Board of Management members of AUDI AG receive training on the Code of Conduct. The web-based training (WBT) must be repeated every two years to refresh the qualification. The corresponding WBT is updated as necessary. This is part of a standard process within the Compliance Management System. Board of Management members and managers at senior management level (OMK) or higher also receive Code of Conduct certification annually. This additionally confirms the responsibility and role model function of this group of individuals in the context of the Code of Conduct.

The Volkswagen Group has moreover issued a [Code of Conduct for Business Partners](#), which has the status of a binding component of business partner contracts. It specifies the expectations of the Group regarding the approach and conduct of business partners, and especially suppliers and sales partners. These requirements regarding the entrepreneurial activities of business partners are the basis for successful business relationships between Audi and its business partners. They include respecting human rights – for example by banning child labor, human trafficking and slavery – but also environmental protection and fair market practices.⁶ The requirements for business partners were revised in 2022 and published in the subsequent fiscal year 2023.

AUDI AG policy statement regarding the commitment to and observance of human rights⁷

In order to affirm AUDI AG's commitment to respecting and upholding human rights in general and condemning forced labor and human trafficking specifically, AUDI AG's Board of Management signed a "Policy Statement Regarding the Commitment to and Observance of Human Rights" in 2017. This statement was examined in 2022 in light of the latest statutory requirements and an updated version will be published in 2023 following completion of the risk analysis.

The Audi Group Whistleblower System⁸

The Whistleblower System is the point of contact for reporting suspected potential regulatory violations. These include, for example, violations of human rights – a matter that fundamentally constitutes a "serious regulatory violation." Wherever they are in the world, employees as well as business partners and customers are able to report misconduct by Audi Group employees along a variety of channels. As well as via the e-mail mailbox created and by traditional mail, regulatory violations can be reported via a secure online reporting channel (BKMS) and on a 24/7 phone hotline 365 days a year in several different languages. There is also the option of submitting a report to an external lawyer (ombudsperson) appointed by the Volkswagen Group. If desired, reports can be made anonymously, especially where the online reporting channel is used (with scope for consultation with the whistleblowers). Strict confidentiality and secrecy are maintained throughout the entire process. The Whistleblower System guarantees the highest possible protection for whistleblowers and all persons who participate in investigating and remedying misconduct and regulatory violations. Discrimination against whistleblowers and partici-

⁶ For further information on the Code of Conduct for Business Partners, please refer to page 6 under the section "Sustainability requirements of our suppliers: Code of Conduct for Business Partners."

⁷ The policy declaration is published on Audi's website: <https://www.audi.com/en/company/sustainability/downloads-and-contact/documents-and-policies.html>

⁸ <https://www.audi.com/en/company/integrity-compliance-and-risk-management/whistleblower-system.html>



pating persons is fundamentally a serious regulatory violation and will not be tolerated. At the same time the Whistleblower System protects the interests of persons of interest. They shall be presumed innocent until proof of a violation is obtained. The processes involved in the Whistleblower System were examined in 2022 in light of the requirements of the German Supply Chain Due Diligence Act (LkSG) and adjusted where necessary. In December 2022, a corresponding [rules of procedure](#) for the complaints procedure was published on the [Audi website](#).

Risk analysis

Within the framework of the established risk management processes, represented by elements including the Risk Quarterly Process (RQP) for acute operating risks, as well as the annual standard Internal Control System (ICS) at the brand controlling companies and Audi of America and Audi Hungaria and the annual Governance, Risk & Compliance (GRC) standard process at the remaining material participations, risk assessments on the subject of human rights can also be carried out by the main divisions and companies. The countermeasures and control activities used are in addition reported on.

The standard ICS process lays down control requirements on compliance with legal and internal requirements on human rights. Within the annual regular GRC process, the identification of potential risks is supported by a list of risk-related focal areas, which also includes potential risks from human rights violations. The Boards of Management of AUDI AG and Volkswagen AG as well as the Audit Committee of AUDI AG receive reports both quarterly and annually as well as whenever required.

AUDI AG has incorporated business and human rights into the existing Compliance Management System, based on the United Nations requirements on corporate human rights

due diligence. These requirements also include advising other corporate units on human rights matters or ad hoc, for example. In addition, a cross-departmental working group in Group Compliance at the Volkswagen Group developed and implemented a concept in 2019 for assessing risk exposure for controlled participations. This assessment of the risk exposure of brand group companies is the result of a correlation of country risks and business model risks in the area of “Business and Human Rights.” Based on this, measures were also defined for AUDI AG and for controlled participations of the Audi Group.⁹ In preparation for the German Supply Chain Due Diligence Act (LkSG) the process was examined and adjusted in 2022 in collaboration with Volkswagen. Going forward, the practice of assessing the risk environment of the Audi brand group companies will continue. Other specialist areas such as HR Compliance, Occupational Health and Safety, Corporate Security, Environmental Protection, Real Estate and Materials Conformity will moreover identify specific risks in terms of legal position at those companies that are considered as “Audi’s own business area” according to the LkSG.

Training of employees

Within the Compliance Management System (CMS), compliance and integrity training represents an effective prevention measure in raising the awareness of employees to existing and potential risks and preventing violations. All training measures are examined annually as part of standardized processes, updated as necessary and continuously improved.

In fiscal year 2022, dedicated qualification measures on the subject of Business and Human Rights (BHR) again took place in a variety of formats and with a range of scopes, including as part of Audi Code of Conduct training. The live

⁹ For further information on the identification and management of risks as part of responsible supply chain management, please refer to page 6 onward.



online training format for all employees was used specifically for the subject of “Business and human rights in the corporate context.” Business and human rights aspects are also communicated through special awareness-raising training for future Foreign Service Employees (expatriates) and form part of the regular integrity training for Board of Management members.

There is also the intention to increase awareness and transparency of human rights issues as part of the compliance communication strategy.

In addition, the Volkswagen Group provides training for its business partners to Procurement and Sales on key matters of compliance and corruption prevention. For further information, please refer to “Training for employees and business partners” on page 10.

Measures along the supply chain

We the Audi Group, together with our more than 14,000 direct suppliers worldwide, have a major impact on the environment and society. At the same time, we assume responsibility along the value chain for fair and humane working conditions and integrate our partners into our activities so that we can meet this responsibility together. The development and implementation of responsible supply chain management are an integral component of our procurement processes. We have based our commitment in this area around three strategic subject areas: environment, people and innovation.

Human rights due diligence

One area of focus in the year under review was the further systematizing of the priority topic of human rights. To that end, the human rights due diligence management system underwent further development. The aim of this approach is to avoid or minimize human rights or environmental risks

along the Volkswagen Group supply chain, using a systematic risk analysis as the basis.

The purpose of the risk analysis is to identify risks in the Volkswagen Group’s supply chain. The analysis is carried out based on the business models of suppliers and takes external and internal data on human rights and environmental risks into consideration. Based on an assessment of the risks, suppliers are classified as a low, medium or high sustainability risk. Where suppliers achieve a low sustainability risk, a country risk score is also applied. If there is an elevated country risk for a supplier, it is moved to the medium risk category.

Measures are allocated based on the risk analysis. Depending on the risk profile, these measures include media screening, the Sustainability Rating and more in-depth human rights training in addition to the Volkswagen Code of Conduct for Business Partners or the Supply Chain Grievance Mechanism.

Sustainability requirements for our suppliers: Code of Conduct for Business Partners¹⁰

The “Volkswagen Group requirements regarding sustainability in its relationships with business partners” – the [Code of Conduct for Business Partners](#) – is the core element of our supplier management. The Code of Conduct for Business Partners is a contractual component and fundamentally applies to every partner company of the Volkswagen Group. Our expectations of our business partners’ conduct with respect to core social, integrity and environmental standards are set out there. These requirements are based, among other things, on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the relevant conventions of the International Labour Organization (ILO). The Code of Conduct for Business

¹⁰ https://www.audi.com/content/dam/gbp2/company/sustainability/downloads/documents-and-policies/2023/CoC_für_Geschäftspartner_3.0.pdf

Partners is, however, not just based on international standards, but also on objectives, rules and policies of the Volkswagen Group.

The requirements for suppliers specifically with regard to the topic of modern slavery were revised in 2022 and are worded as follows from fiscal year 2023:

“No modern slavery, no human trafficking, no unethical recruitment | Business partners must take appropriate and adequate measures to eliminate debt bondage, forced and compulsory labor, as well as all forms of modern slavery and human trafficking in their own area of responsibility and/or along the supply chain. Business partners ensure that employment relationships are voluntary and allow employees to give notice of their own volition in observance of a reasonable notice period. Employees of business partners are given a contract at the time of hiring that complies with applicable law and is in a sufficiently documented form (e.g. written or electronic), is written in a language they understand and in which their rights and obligations are truthfully and clearly set out.

Furthermore, business partners must not mislead or defraud potential employees about the nature of the work, ask employees to pay recruitment fees or inappropriate transportation fees, and/or confiscate, destroy, conceal, and/or deny access to employee passports and other identity documents issued by government and/or restrict the employees' freedom of movement or require employees to involuntarily use accommodation provided by the company for no operational reason.”¹¹

Our goal, on the basis of the defined requirements, is to lay the foundation for enhanced sustainability and responsibility according to a risk-based approach and in a spirit of partnership together with our suppliers.

We use a large number of channels for raising awareness among suppliers. These include the information on the [ONE.Group Business Platform](#)¹², the information on our [Audi website](#), the [S-Rating Information Hub](#)¹³ and supplier training opportunities.

Sustainability requirements as a criterion for awarding contracts

Our goal is to be aware of and effectively address the key sustainability risks in our supply chain. Audi introduced a sustainability rating (S-Rating) in 2017 to identify and avert specific risks before contracts are even awarded and to identify scope for continuous improvement. This S-Rating was made mandatory throughout the Volkswagen Group on July 1, 2019, and is therefore a mandatory criterion for awarding contracts to suppliers of production materials as well as for relevant suppliers in General Procurement. Within the contract awarding process, the S-Rating is on a par with other important criteria such as cost, quality, technological expertise and logistics. It is based on a self-assessment questionnaire and is supplemented on the basis of risk by on-site checks and, if necessary, by a compliance check.

A standardized questionnaire or “self-assessment questionnaire” (SAQ) of the Drive Sustainability Initiative is used to assess and analyze the site's sustainability performance. It provides Audi with information about possible risks with regard to corporate ethics and social and environmental aspects at the respective suppliers. The information and documents in the SAQ are checked and validated by a service provider: If a supplier states that they have processes and policies in place, they must prove this with documents. Specifically, a question is asked regarding a human rights policy which includes the topics of “Forced or compulsory labor and human trafficking.” It is also identified whether there is a documented grievance mechanism in place. By the end of

¹¹ Ibid, page 22.

¹² https://www.vwgroupsupply.com/one-kbp-pub/en/kbp_public/homepage/homepage.html

¹³ www.s-rating.audi



the reporting period on December 31, 2022, a total of around 16,000 suppliers had completed an SAQ for the S-Rating. Corresponding measures enabled around 6,700 suppliers to improve their sustainability performance.

If the self-assessment questionnaire proves unsatisfactory, including in consideration of a country-specific risk, an independent sustainability assessor performs an on-site check of the company – not only in respect of modern slavery, but also in terms of other aspects such as eco-friendly production and occupational health and safety.

252 on-site checks were conducted for the Volkswagen Group in 2022. Deviations are recorded in a Corrective Action Plan and measures initiated to correct them. Monitoring is subsequently conducted to ascertain whether the deficiencies identified by the sustainability assessor are actually being rectified. At the end of an S-Rating process, a partner is either capable of being awarded a contract or not. Within the context of a partnership of cooperation, another objective of the S-Rating is to provide suppliers who have not yet been able to demonstrate satisfactory performance with the information and tools they need to do this. This is the only way in which to achieve a positive impact on people and the environment. Every supplier has the option in principle of undergoing a repeat evaluation after they have completed the necessary improvement measures.

Another important element of sustainable supply chain management is our Supply Chain Grievance Mechanism, which we use in following up reports of possible violations of our sustainability requirements. The case management process was again refined in 2022. The channel can be accessed on our website via the [Whistleblower System](#) of AUDI AG and is available to all potential persons of interest and stakeholders, such as employees of direct and indirect suppliers, members of civil society or representatives of communities in the immediate vicinity of our production sites. The process for examining and processing reports is described uniformly in a binding policy, managed by the Group

and implemented jointly with the brands and regions of the Volkswagen Group. In the event of serious violations suppliers are temporarily barred from being awarded new contracts and the business relationship may be terminated.

Employees and external staff alike can bring potential regulatory violations by our suppliers to the attention of the Volkswagen Group's employee representative bodies and the trade union federations. The process for addressing grievances concerning the supply chain is also linked to and governed by the process for the Audi Whistleblower System. 145 reports of violations were processed by the Volkswagen Group during the period under review. They concerned suppliers where behavior contravening the rules or contracts was identified as a result of information provided. In total, four suppliers were temporarily barred from receiving new contracts due to serious violations.

Media screening: digital innovation in the supply chain

Monitoring supply chains is an extremely complex undertaking. That makes it all the more important to understand the potential risks and make connections early on. Audi therefore adopts a comprehensive risk monitoring approach that combines various methods and systems.

In addition to more traditional and reactive channels such as the grievance mechanism, Audi also uses digital tools for automated, proactive monitoring. In the course of media screening we aggregate publicly accessible news from such sources as social media channels and local news media in more than 50 languages from around 150 countries. Artificial intelligence (AI) then semantically analyzes the information and consolidates the various sources. The AI analyzes the content of the reports and classifies them based on any suspicion of potential sustainability violations. If the tool identifies indications of possible breaches of our Code of Conduct for Business Partners they are reviewed and, where necessary, processed in the Supply Chain Grievance Mechanism.

Raw Material Due Diligence Management System

Raw material suppliers merit particular attention. The Volkswagen Group approach to this matter is to follow the five steps of the “Due Diligence Guidance for Responsible Business Conduct” of the OECD and the requirements of the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.” In 2020, we implemented an OECD-oriented raw material due diligence management system. It serves to identify, assess and avoid actual and potential human rights risks in our upstream raw material supply chains and currently encompasses 16 particularly risky raw materials. These include the battery raw materials cobalt, lithium, nickel and graphite, the conflict minerals tin, tungsten, tantalum and gold (3TG), and aluminum, copper, leather, mica, steel, natural rubber, platinum group metals and rare earths. Since 2021, the Volkswagen Group has also provided information on its human rights due diligence actions in the raw material supply chain, which includes reporting on the status, progress and goals of the Raw Material Due Diligence Management System, in an annual “Responsible Raw Materials Report.”¹⁴ The report also lists the specific activities and measures on the 16 especially high-risk raw materials.

Commitment to international initiatives

Working in the upstream supply chain and beyond contractual relationships requires more extensive measures. Cross-industry initiatives and cooperation with suppliers in a spirit of partnership play a pivotal role in the concerted drive to improve sustainability performance in the supply chain.

As part of our commitment, we seek close cooperation with international organizations. For example, Audi has been an active member of the [Global Battery Alliance](#) since 2017.

This body addresses compliance with human rights and up-

holding of social standards in the extraction of the raw materials for batteries, and develops solutions for the reuse of lithium-ion batteries. Audi has also been involved in the Aluminium Stewardship Initiative (ASI) since 2013. The ASI has developed a global sustainability standard for the handling of aluminum, which lays down and examines environment-related and social criteria along the value chain.

Its involvement in the industry initiative DRIVE Sustainability, under the aegis of CSR Europe, is another central element of the Volkswagen Group’s activities. In this connection the development of the joint questionnaire standard (SAQ) to examine sustainability aspects at suppliers represented a milestone, as did the approach pursued in partnership with other OEMs of providing further training for suppliers through training events in selected countries.

The Volkswagen Group joined further important initiatives in the year under review. For example, since February 2022 Volkswagen AG has been a member of the “Initiative for Responsible Mining Assurance” (IRMA). IRMA is a multi-stakeholder alliance that advocates high standards in mining. The IRMA standards encompass compliance with human rights and the rights of local communities, the prevention of corruption, health protection measures, occupational safety and environmental protection. The Volkswagen Group also joined the “Leather Working Group” in the same reporting year. In the “[Cobalt for Development](#)”¹⁵ project in the Democratic Republic of the Congo, the Volkswagen Group and its partners are working together for improved working and living conditions for small-scale cobalt miners and their communities. The pilot project aims to strengthen compliance with the law and to improve health and safety conditions as well as the social wellbeing of the local people. For lithium, the Volkswagen Group together with other partners has established the “Responsible Lithium Partnership” initiative to promote the responsible treatment of natural resources and

¹⁴ Available at: <https://www.volkswagen-group.com/en/reporting-15808>

¹⁵ Additional information is available on the project website: <https://cobalt4development.com/>

sustainable lithium extraction in the Salar de Atacama in Chile.

Training for employees and business partners

The systematic training of our employees and suppliers is a key building block of our strategy. The tools we use to improve social and environmental standards in our supply chain include in particular the S-Rating, on which we train our employees and business partners at events and workshops. The [Audi Act4Impact](#)¹⁶ program provides a detailed overview of training measures.

To enable ongoing development of our suppliers, together with the Volkswagen Group we offer our suppliers subject-specific sustainability training and workshops at selected sites or online and run web-based training. About 3,000 suppliers received such training during the period under review. The figure includes 245 suppliers who used online training and the e-learning opportunities provided through the Drive Sustainability Initiative. As well as training, the Volkswagen Group provides an e-learning module on sustainability in nine languages for current suppliers. Since 2019 there has also been web-based training on the contents of the Code of Conduct for Business Partners, available on the [ONE.Group Business Platform](#) in nine languages. Its purpose is to sensitize business partners additionally to the need to uphold human rights and not tolerate slavery or human trafficking.

Progress report

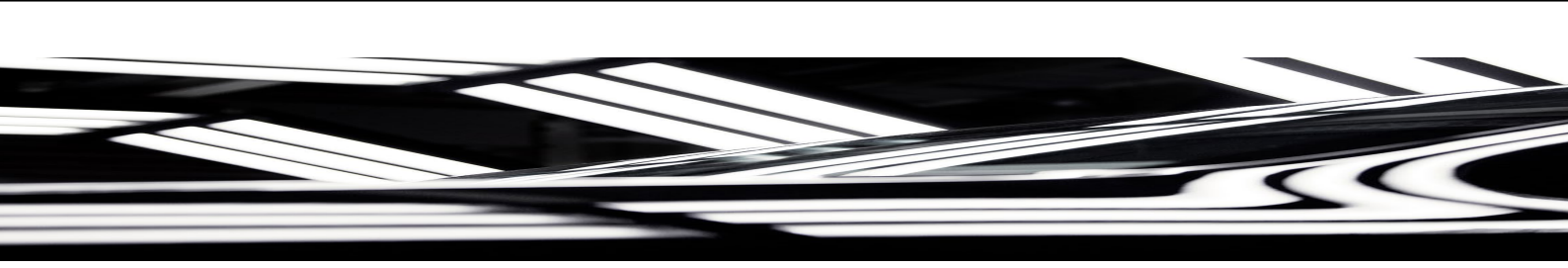
As presented in the statement of AUDI AG for fiscal year 2022, various measures for the prevention of forms of modern slavery and human trafficking were implemented in fiscal year 2022. Alongside existing activities and processes, for example in the areas of procurement and sustainability, implementation of the topic in the Compliance Management System at Audi participations (including Bentley,

Ducati and Lamborghini) continued in the year under review, taking the latest statutory requirements into account, and measures were implemented in line with risk exposure.

As part of the Responsible Supply Chain Management, the initiative started in 2021 to implement human rights due diligence was further systematized in the year under review. Its starting point is the risk analysis that is performed based on the business models of suppliers and it takes external and internal data on human rights and environmental risks into consideration. Measures are allocated based on the risk assessment. By way of an in-depth measure, the Human Rights Focus System (HRFS) was also devised in 2022. The aim of this system is to identify especially high risks of human rights violations and environmental harm in our supply chain and to tackle them suitably. To that end, we evaluated aggregated data from our Supply Chain Grievance Mechanism, the on-site checks and information from studies, NGO reports and conversations with stakeholders in the year under review. For 2023, we will define priority activities on this basis and identify measures.

In the 2022 reporting year, we also worked with the Volkswagen Group to avoid duplications in the auditing of the supply chain. Together with other Original Equipment Manufacturers (OEM) and suppliers we have developed a standard for on-site checks through a working group of the German Association of the Automotive Industry (VDA). To that end, in 2021 we and eleven other partners established the Responsible Supply Chain Initiative e.V., which grew further in the year under review. The first pilot projects on the on-site check standard were then run in 2022. The SAQ, as a central instrument of the S-Rating, was updated to version 5.0 in the course of the Volkswagen Group's work within the DRIVE Sustainability Initiative. Around 6,700 suppliers managed to improve their sustainability performance.

¹⁶ <https://www.audi.com/en/company/sustainability/core-topics/value-creation-and-production/supply-chain-responsibility/act4impact.html>



AUDI AG

Ingolstadt, July 2023

Markus Duesmann

Chairman of the Board of Management of AUDI AG

Dr. Renate Vachenauer

Member of the Board of Management of AUDI AG,
Procurement