

GRI 207

TAX

GRI 207-1 Tax strategy

Climate change mitigation, the responsible use of resources, societal advancement and social justice are among the great challenges of our time. We at AUDI AG take economic, ecological and social responsibility and have made sustainable business operations an integral part of all of our decisions and products.

This commitment is also reflected in the **approach to tax**, which has a stated objective of making a sustainable value contribution to the future viability of AUDI AG.

The approach to tax is based on the following pillars:

Tax planning

We are aware of our social responsibility when dealing with taxes and therefore undertake to be responsible in our tax planning. It is of the utmost importance for the company to duly fulfill its tax obligations worldwide and minimize tax risks while safeguarding its shareholders' interests. Transactions between Group companies are carried out in accordance with the arm's-length principle so as to comply with the applicable OECD guidelines for multinational companies. Inappropriate legal arrangements are to be avoided; this applies in particular to aggressive tax planning. Transactions are to be structured in a transparent manner. In an international context, we strive to avoid double taxation.

Risk management and governance

In order to deal with risks in a responsible manner, we have introduced an internal monitoring system according to the three-lines-of-defense model. This model stipulates a clear definition of roles and responsibilities for all types of risk. Risks are recorded in a systematic manner, communicated to management and proactively steered and monitored. With regard to taxation, this concept is accounted for by means of our own IT-supported risk management system (Tax Compliance Management System).

Stakeholders

We consider it our responsibility to maintain professional, constructive and open relations with the tax authorities worldwide. In addition, we support the work of associations while safeguarding the principles of integrity and compliance.

Managing concerns

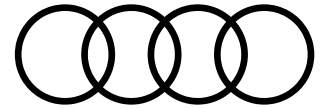
With the Audi Whistleblower System, we have created a process for the anonymous reporting of potential breaches of internal and external regulations. This also includes the ability to report evidence of a violation of tax regulations.

However, the approach to tax cannot be an end in itself. Instead, we adhere to an **ethical and values-based concept** that defines the fulfilment of tax obligations as not only a duty, but also a central value. The basis in this regard is the Audi Code of Conduct, which is mandatory for all Audi employees around the world.

GRI 207-2 Tax governance, control and risk management

In order to deal with tax risks in a responsible manner, we have introduced an internal **Tax Compliance Management System** (Tax CMS), which is improved and developed further on a continuous basis. The fundamental elements of the Tax CMS are based on the Auditing Practice Statement (AuPS) 1/2016 on the structure and auditing of a tax compliance management system and its update 9/2022 on the principles for proper performance of reasonable assurance engagements relating to Compliance Management Systems published by the Institute of German Certified Public Accountants (IDW; Auditing Practice Statement on AuS 980).

The objective of the Tax CMS is to define the guiding principles for action and a regulatory framework for dealing with tax risks, as well as to ensure compliance with tax regulations in the individual



jurisdictions. Tax compliance risks – that is, risks that result from a potential violation of regulations – are defined and assessed in consideration of their probability of occurrence and consequences, and measures for risk mitigation are implemented. If evidence of a violation of tax regulations is nevertheless identified, this can be reported anonymously via the Audi **Whistleblower System**.

At AUDI AG, the Tax CMS is part of the Finance, Legal Affairs and IT business division. The establishment and maintenance of the Tax CMS is the responsibility of the tax department of AUDI AG. In line reporting, the tax department reports to the responsible member of the Board of Management regularly and, if necessary, on an ad hoc basis with regard to tax matters in general as well as on the Tax CMS and the risks identified. The appropriateness of the Tax CMS of AUDI AG was certified by an independent auditing firm in 2020.

The Tax CMS was introduced at all **domestic and foreign Audi Group companies**. Uniform guidelines from the tax department at AUDI AG ensure consistent implementation within the Group. The tax department carries out plausibility checks at regular intervals to monitor the Tax CMS of the Audi Group companies.

In addition to the Tax CMS, the **Internal Control System (ICS)** and the **Quarterly Risk Process (QRP)** ensure that tax risks are systematically recorded throughout the company and that risk mitigation measures are taken.

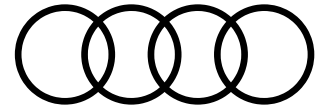
The Supervisory Board of AUDI AG engaged Ernst & Young GmbH as the independent auditing firm to **perform the Group audit** as of December 31, 2023. The audit did not result in any objections to the correctness of the consolidated financial statements. The topic of income taxes was included in the scope of the audit and was thoroughly reviewed.

GRI 207-3 Stakeholder engagement and managing concerns related to tax

We consider it our responsibility to maintain professional, constructive and open relations with the tax authorities worldwide. This intent to cooperate has been documented by a number of examples. For instance, AUDI AG has concluded an agreement with the responsible corporate tax office for an accelerated tax audit. In addition, it is the company's goal to exclude material tax risks by obtaining binding rulings from the respective relevant tax authorities. Furthermore, we accompany our largest international transactions between affiliated companies with the conclusion of advance pricing agreements. The aforementioned measures contribute to obtaining legal certainty from an early stage and, at the same time, account for the legitimate interest of the stakeholders in tax risk avoidance.

In addition, we support **association work** as relates to taxes. Among others, AUDI AG is involved in the work of the Federation of German Industries (BDI), German Association of the Automotive Industry (VDA) and the German Engineering Industry Association (VDMA). The association work stands out through the regular participation in working groups and the preparation of statements regarding position papers on tax policy. When representing interest as relates to tax issues, employees of AUDI AG conduct themselves in line with the principles of integrity, compliance, openness and traceability. All contacts with politicians are strictly based on law and order. The internal Code of Conduct and measures to prevent corruption, as well as competition and antitrust law.

In addition, with its **Whistleblower System**, Audi has created a point of contact independent of the tax department where not only employees, but also external persons can (anonymously) submit information on violations of internal and external regulations via different reporting channels.



This also includes the ability to report evidence of a violation of tax regulations. In strict compliance with all necessary procedural principles, such as confidentiality and protecting the whistleblowers, all reports are registered in the Audi Whistleblower System. The facts are then reviewed, investigated and ultimately legally assessed, if need be with the involvement of corresponding suitable offices and investigative units such as Internal Audit. As part of this, the Audi Whistleblower System steers the entire process as an independent office in the company. Should the investigation of the Audi Whistleblower System determine that a violation has occurred, the violation is sanctioned by the responsible offices in the company in compliance with the separation of functions and, if necessary, further measures to rectify the violation are initiated, such as a corresponding report to the tax authorities in the case of violations of tax law.

GRI 207-4
Country-by-country reporting

Volkswagen AG prepares country-by-country reporting that discloses, among other things, tax expenses/ tax income and income tax payments in the individual tax jurisdictions. Volkswagen AG submits the country-by-country reporting to the German Federal Central Tax Office and forwards the report to the tax authorities of the countries upon request. As a wholly owned subsidiary of Volkswagen AG, AUDI AG and its Group companies and permanent establishments are part of the country-by-country reporting of Volkswagen AG. It is therefore not necessary for the Audi Group to publish its own country-by-country reporting.