Audi

Corporate Responsibility Report 2014

Web version

Contents

Left to right: Prof. h. c. Thomas Sigi, Human Resources | Axel Strotbek, Finance and Organization | Prof. Dr.-Ing. Ulrich Hackenberg, Technical Development | Prof. Rupert Stadler, Chairman of the Board of Management | Luca de Meo, Marketing and Sales | Dr. Bernd Martens, Procurement | Prof. Dr.-Ing. Hubert Waltl, Production

Dear Readers,

This is a time in which we are experiencing and shaping major upheavals in our industry: For the urban centers of this world, in particular, new concepts of individual mobility are being created. City dwellers have to manage their lives with less and less space, hope for clean air and want to help to protect our planet's climate. For 130 years, the idea of automotive mobility has been based on the combustion engine, whose emissions are considered among the causes of global climate change, however. We have come to understand that we must drastically change something. And we are acting on that conviction.

Our goal is to reduce, to the best of our abilities, the emissions that we generate with our products and processes. More efficiency is the order of the day. Innovative drive trains, fuels of the future, energy-saving production processes and resource-conserving logistics are just the beginning. We also see the digital revolution as an opportunity: If big cities are connected, they could direct traffic flows in an efficient, resource-saving manner, making harmonious use of local public transportation and individual mobility possible. Fewer traffic accidents and greater efficiency – that is what we are hoping to achieve with a new key technology, piloted driving. With a driverless run at up to 240 km/h on the Hockenheimring racetrack and a drive covering 900 kilometers from California to Nevada, we have shown how safe and powerful such connected systems can be. This example demonstrates just how intelligent mobility can become by means of connected data. Even more important are some general parameters: Data protection, data security and other legal principles raise the question, for example, of who will cover liabilities related to piloted driving. Our dialogue with key stakeholders concerning this topic showed in late 2014 that there are still aspects that need to be clarified.

A company can develop sustainably only if economic, ecological and social interests are assigned equal importance. This is why the sustainability of products and processes is anchored as a corporate goal in our strategy. And we regularly confer with our stakeholders to determine if the issues we consider essential to this strategy are also important to them – and vice versa. At the end of 2014, the most recent analysis showed that fuel consumption and emissions, the future of mobility, economic stability and corporate culture are the main fields of action – both for us and our stakeholders.

We take the interactions between the Company, society and the environment very seriously. These include voluntary commitments in the areas of human resources policies and environmental concerns. One important signal is that we are clearly committed to human rights. Since 2012, AUDI AG has been a member in the Global Compact of the United Nations, and we uphold the ten principles of this organization, which range from protecting workers' rights to environmental protection, and from human rights to the fight against corruption.

We want to help preserve this world as a place where future generations will enjoy a good quality of life, and we are always aware of this, with every decision and every action. With this report we are documenting how we are moving closer to this goal every day, in addition to providing the concrete facts and figures that make our actions transparent.

We hope you will continue to join us in maintaining an open and trusting dialogue focused on long-term, sustainable operations and the mobility of tomorrow.

May 2015

The Board of Management of AUDI AG

Prof. Rupert Stadler
Chairman of the Board of Management

Luca de Meo
Marketing and Sales

Prof. Dr.-Ing. Ulrich Hackenberg
Technical Development

Dr. Bernd Martens
Procurement

Prof. h.c. Thomas Sigi
Human Resources

Axel Strotbek
Finance and Organization

Prof. Dr.-Ing. Hubert Waltl
Production

Strategy

In dialogue for the future

The past two years have seen us refine our corporate responsibility strategy and step up the dialogue with our stakeholders. We are also gradually integrating our international companies. This includes not only the Audi production locations in Brussels, Győr and San José Chiapa (from 2016), but also the other Audi Group brands.

Managing responsibility

The corporate goal of “Sustainability of products and processes” points the way for our CR work. It means reconciling social, ecological and economic benefits in all core processes, being mindful of the future in our actions, and thus securing the long-term competitiveness of the Company.

The individual divisions of AUDI AG derive their stance on sustainability, along with the goals for their specific areas, from the corporate goal and integrate these into their various processes. The focus on reducing CO_2 emissions from our products and in production results from this strategic objective. In the period under review, we also operationalized the sustainability goal in respect of employees and society, for example in the new Audi leadership principles or in the principles for corporate citizenship at the locations. The goals for the coming years and the measures through which the individual divisions will be pursuing them are summarized in our CR program.

CR program

The Audi CR program links our measures for responsible corporate management with our strategic goals. The corporate goal to ensure “Sustainability of products and processes” points the way for our CR work.

■ 2013 ■ 2014 ■ pending

Operations

Goal	Measures	Date	Degree of completion
Improve reporting depth and increase transparency	Updating the reporting system from GRI standard G3.1 to GRI standard G4	Continuous development	
Further develop the systematic stakeholder dialogue at national and international level	Developing dialogue formats for worldwide use	2016	
Prevent corruption	Consulting and training in all company areas	Continuous development	

Implement key compliance topics in participations	In consultation with the management of the participations, employees from the respective company are provided with information on the Code of Conduct and anti-corruption	Continuous development	
Sensitization for and greater awareness of compliance topics	Continuation of internal compliance communication	Continuous development	
Sensitize employees to the subject of anti-trust law	On-site training sessions are conducted in all relevant areas of the Company	Continuous development	
Ratio of investments in property, plant and equipment within the long-term strategic target corridor of 5.0 to 5.5 %	Investments in expanding and updating the product portfolio and the engine range, in pioneering technologies, especially for meeting more stringent CO_2 regulations, and in expanding worldwide production capacities	Continuous development	
Compliance with environmental and social standards in the value chain	Involvement in the Aluminium Stewardship Initiative with the goal of a uniform standard	2014	

	Collaboration on defining suitable implementation regulations	2015	
	Training for all procurement employees in order to maintain sustainability standards in supplier relationships	Continuous development	
Enhance sales performance at all levels and thus increase sales result at dealer and manufacturer	On-site consultation with specialist modules in all areas of the dealership for the German market: Sales, After Sales, Marketing, Finance and Management	2018	

Product

Goal	Measures	Date	Degree of completion
Reduce CO_2 emissions from the Audi new car fleet by 25 % (base year 2008)	Reducing fuel consumption through the use of the modular efficiency platform	2016	
	Developing and expanding the availability of vehicles with an emission figure lower than 120 grams CO_2 per kilometer	2016	
Reduce CO_2 emissions from the Audi EU new car fleet by 27 % compared with base year 2012	Reducing fuel consumption through the use of the modular efficiency platform	2020	
Significantly reduce fuel consumption for every new vehicle as compared with the predecessor model	Expanding the range of Audi ultra models as the consumption leaders in all vehicle segments	2016	

Expand the range of electric drive concepts offered under the e-tron umbrella brand	Production start of the Audi A3 e-tron as a plug-in hybrid	2014	
	Production start of the Audi Q7 e-tron as a plug-in hybrid	2015	
Expand the range to include CNG drive concepts under the g-tron umbrella brand	Developing further engines and vehicle concepts with CNG drive	2017	
Develop and manufacture carbon-neutral fuels from renewable sources of energy for reduction of greenhouse gas emissions	Implementing an e-gas system solution for customers in Germany through use of existing service station infrastructure	2014	
	Developing and advancing synthetic liquid fuels under the Audi e-fuels umbrella brand (e-diesel and e-ethanol)	Continuous development	

	Market introduction of further Audi e-fuels	2019	
	Extending strategic partnerships and cooperation agreements regarding the research and development of renewable energies	Continuous development	
	Integrating a CO_2 capturing plant (capturing CO_2 from the air) into a power-to-gas or power-to-liquid plant	2017	
Conserve resources through new recycling concepts for closing material cycles	Developing a concept for taking back and recycling vehicles with high-voltage batteries	2014	
	Developing a recycling concept for carbon-fiber reinforced polymers	2015	

	Developing second-life applications for high-voltage batteries	2018	
	Developing a recycling process for separating aluminum alloys	2016	
Reduce environmental impact across the entire life cycle as compared with the predecessor model	Preparing product-based life cycle assessments for new vehicle models; validation and certification of life cycle assessments; publication of the data	Continuous development	
Responsibility for the safety of customers and other road users	Availability of predictive safety systems across all classes	2019	

Environment

Goal	Measures	Date	Degree of completion
Reduce waste for disposal, freshwater consumption, CO_2 and VOC emissions as well as overall energy consumption at the production sites by 25 % per reference unit (base year 2010); within the scope of energy supply, a reduction target of 40 % per reference unit by 2020 (base year 2010) is in effect for the German sites for CO_2	Detailed planning and implementation of site-specific packages of measures for attainment of Group-wide reduction targets	2018	
Expand and develop measures for reducing freshwater consumption at national and international sites	Realization of water recycling through use of a membrane bioreactor at the Ingolstadt site; reduction target for freshwater requirements: 40 %	2016	
	Continuous investment in projects with the long-term goal of wastewater-free production in Mexico	2016	

Systematic energy conservation	Reducing total energy consumption in the event of inventory optimizations and replacement investments by 3 % as compared with the prior year through toolmaking measures	Continuous development

Employees

Goal	Measures	Date	Degree of completion
Promote employee qualification and training	Continuing dual study programs in cooperation with universities	Continuous development	
	Continuing the Audi employee scholarship	Continuous development	
Adapt training to future technologies	Introducing new apprenticeship vocations and programs	Continuous development	

Introducing new apprenticeship vocations and programs	ntroducing standards for HR development at the international Audi companies	2015	
Improve compatibility of working life and family	Developing measures to support employees in caring for family members	2013	
	Introducing and implementing measures to support employees in caring for family members	2015	
	Continuing the “Partner Support Program” for partners accompanying Audi employees on long-term foreign assignments	Continuous development	
Promote diversity and equality	Target quota of (around) 30 % women among newly hired academics	Continuous development	

Company-wide coverage with management systems for occupational safety and health protection	Further development of an ergonomic evaluation system, in particular in the indirect area	2015	
	Realizing a system for the deployment of employees with a reduced capacity to work in line with their specific health requirements	2014	
	Prevention program to strengthen mental health (including direct employees)	Continuous development	
	Continuation of voluntary check-ups for all AUDI AG employees	Continuous development	
	Establishment of health centers within the scope of site planning (e.g. Audi México)	2016	

Secure future workforce supply in commercial and technical areas	Permanent hiring of all AUDI AG apprentices, all graduates of the vocational training program with qualification for admission to a university of applied sciences and all graduates of the DHBW and StEP programs	Continuous development	
Improve the mobility of employees at the Ingolstadt and Neckarsulm sites	Increasing the number of employees using a job ticket	Continuous development	
	Setting up and introducing a car pooling platform for employees	2015	
Increasing number of participants in internal and external AUDI AG training programs	Expanding the range of internal advancement programs and intensifying the individual consulting service	Continuous development	
Internationalization of vocational training	Continuation of dual vocational training at the Audi sites in Belgium, China, Mexico, Hungary and Italy	Continuous development	

Society

Goal	Measures	Date	Degree of completion
Expand the corporate volunteering program and the Audi Volunteers initiative	Continuing corporate volunteering as part of the corporate strategy	Continuous development	
	Intensifying cooperation with volunteering agencies in the Ingolstadt region	Continuous development	
Develop and expand measures for shaping urban mobility of the future	Utilizing the results of research from the Audi Urban Future Awards 2014 for the Company and entering into development partnerships with cities (Urban Future Partnerships)	2015	

Expand the scope of academic cooperation at international level	Extending cooperation with universities in Mexico and China	Continuous development	
Early support for children and young people in the areas of mathematics, information technology, natural sciences and technology (MINT)	Holding of five events by the MINTmacher initiative in cooperation with schools and daycare centers in the Ingolstadt region	2016	

The corporateresponsibility strategy

For Audi, corporate responsibility means considering the economic, ecological and social consequences of every decision. CR is therefore anchored in the Audi strategy as one of four fields of action under the heading “We live responsibility.” In addition, the corporate goal of “Sustainability of products and processes” forms the basis of the Audi strategy. It is implemented in practice under five core themes: Operations, Product, Environment, Employees and Society. Goals, measures and levels of goal attainment are regularly defined for each of these core themes.

With the help of the “Context Analysis 2025” implemented in 2012, Audi systematically records trends that might be relevant for the future business development of the Company. These include megatrends such as climate change, urbanization, digitalization, changes in the work environment and demographic change. In order to assess which trend might have what consequences for Audi, we define key factors for each trend and develop scenarios according to how strongly they are manifested. Prominent key factors include, for example, drive technologies and alternative forms of mobility. The international locations of AUDI AG have also become involved in this process and have contributed their perspective on the topics.

Central risk management at Audi is another management tool. Since the 2013 fiscal year, the list of top risks to core business has included sustainability risks, which have also merited growing attention within the decision-making and regulatory bodies.

Our compass

In 2014, we submitted our second Declaration of Conformity with the German Sustainability Code. In addition, we are committed internationally to the principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the principles of the International Labour Organization (ILO), the principles of the Organisation for Economic Co-operation and Development (OECD), the Rio Declaration on Environment and Development, and the UN Convention against Corruption.

Alongside generally valid principles, we look to the internal guidelines of our Group parent Volkswagen, such as the “Declaration on Social Rights and Industrial Relations at Volkswagen” (Volkswagen Social Charter), the “Volkswagen Charter on Labor Relations,” the “Charter on Temporary Work of the Volkswagen Group” and the “Training Charter of the Volkswagen Group.”

At Audi, we refer internally to established guidelines such as the Code of Conduct, the compliance guideline of the Board of Management and numerous other guidelines and company agreements that serve as signposts for the employees and management.

What we promote

We view involvement in charitable causes as an integral part of corporate responsibility for AUDI AG. Against this backdrop, the full Board of Management approved the “Support Guidelines for Corporate Citizenship” at the end of 2013. Audi attaches particular importance in this respect to the topics of education, technology and disaster relief. Together with the relevant managers at the locations, we also drew up “Global principles for corporate citizenship” and approved these in August 2014. They serve as a guide for the Audi Group locations and are an aid to selecting targeted regional development measures.

Providing impetus

The Corporate Responsibility department advises the international companies on questions concerning sustainability issues. It assists the colleagues locally with the development of their own CR strategies which, in keeping with the Audi model, are based on the triad of economic, ecological and social responsibility.

As one of Hungary’s largest companies, Audi Hungaria devised such a strategy in 2013 and embraces its responsibilities. Resource conservation during production of automobiles is a key field of activity. Audi Hungaria also supports the social infrastructure locally and supports sporting and cultural projects.

At the start of 2014, Lamborghini also implemented a corporate responsibility strategy to place the supercar brand’s operations on a stable long-term footing. Lamborghini has expressly declared its commitment to the economical use of natural resources and to gradually reducing emissions by its own products and plants. As an active member of society, the Italian Audi subsidiary values not only the quality of life of its employees and their families, but also the wellbeing of the entire population in its home location and region.

Involvement pays off

Ratings are another indication that our efforts are having an effect. In 2014, Audi took first place in the Sustainability Image Score. This consumer survey was conducted by the Serviceplan agency in partnership with the market researchers Facit Research, the University of Vienna and the St. Gallen University of Applied Sciences as a means of gauging the sustainability image of companies in Germany. According to the researchers, “Vorsprung durch Technik” is increasingly equated with green or efficient technology. In the subject area of social matters, Audi achieved top marks as the most popular employer and as a company that creates and safeguards jobs. Consumers also appreciate our broad-based promotion of young talents and our corporate citizenship in all countries where we have production locations.

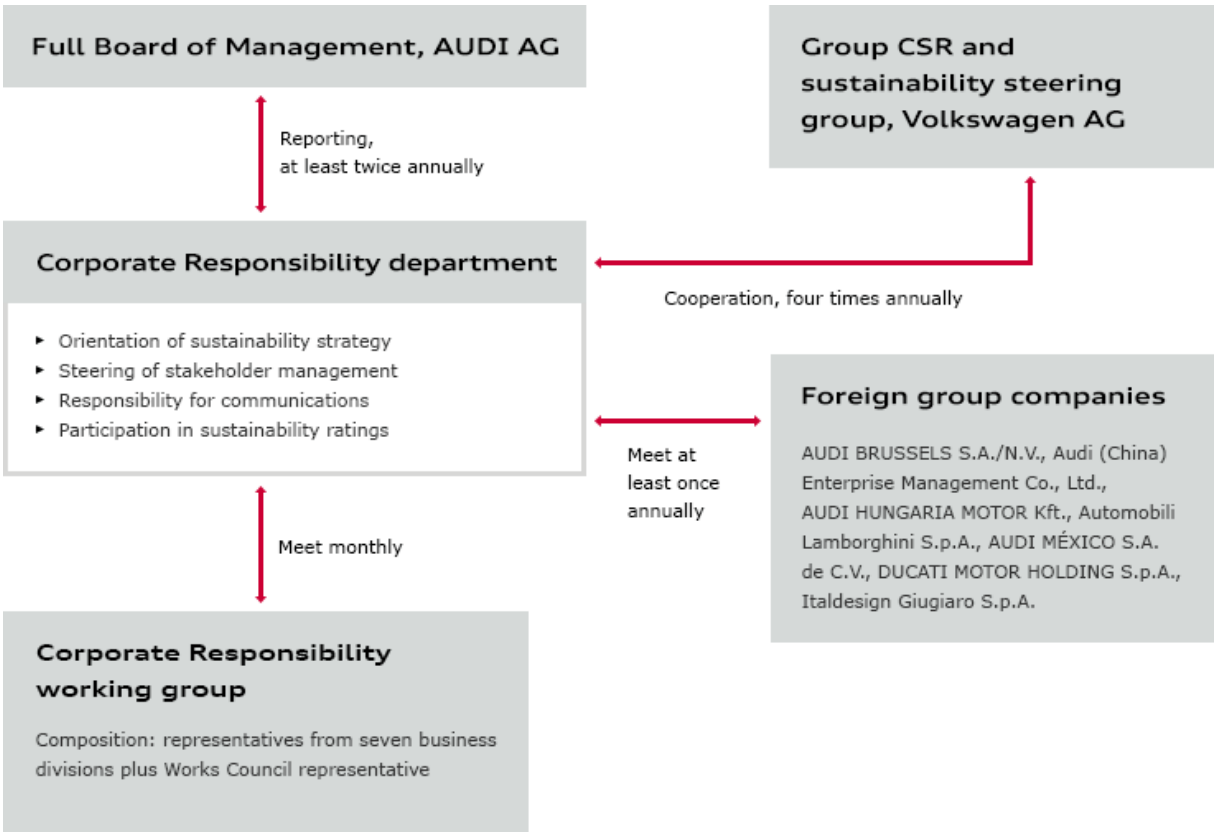
Established and well connected

The Corporate Responsibility department is directly subordinate to the Chairman of the Board of Management and reports to the full Board of Management. Over and above the direction of the CR strategy, its responsibilities include agreeing the topics and structures with the VW Group and also with the Audi locations and brands, stakeholder management, communication on sustainability matters and participation in sustainability ratings.

The Corporate Responsibility department also leads the Corporate Responsibility working group, which was set up in 2011. This group comprises representatives of all divisions and of the Works Council. The working group's mission is to drive forward strategic topics in the corporate responsibility area and to bring together CR activities in the Group.

In addition to the monthly meetings of the CR working group, representatives of AUDI AG (Germany), Audi (China) Enterprise Management, Audi Brussels (Belgium), Audi Hungaria (Hungary) and Audi México (Mexico) as well as the Italian subsidiaries Lamborghini, Ducati and Italdesign meet on an annual basis. At their meetings they focus mainly on the core topics of employees and society in their respective regions.

To realize synergy effects throughout the entire Volkswagen Group, AUDI AG has had a seat and a vote in the Group CSR and sustainability steering group of Volkswagen AG since the start of 2012. This body, which meets four times a year in Wolfsburg, coordinates sustainability activities for the whole of the Volkswagen Group. It addresses such aspects as the general direction of the Group's sustainability strategy, its implementation by the brands and regions, and also binding standards for sustainability reporting.



Responsibilites and Structures

Board resolutions

In March and September 2014, the full Board of Management of AUDI AG passed two resolutions on the further development of the sustainability strategy, based on papers submitted by the CR working group: The first seeks to raise employee awareness of the topic of sustainability and to promote the substantive change process through specific projects and measures. The aim of the resolution is to pay even greater consideration to legislative requirements, customer expectations, the impact of internationalization and the associated global competition, and also to the Group's own policies for the strategy process. In a second resolution, the Board of Management of AUDI AG defined the term "ultra" as a leitmotif for pioneering sustainability issues. "ultra" thus stands for the claim to link our brand essence of "Vorsprung durch Technik" closely to sustainability and groups together concrete sustainability activities.

Managing stakeholder dialogues

If we know the interests and needs of our stakeholders, we can align our business decisions more closely with their expectations. Audi stakeholder management therefore serves us as a guide for evolving the CR strategy. Past experience has shown that our stakeholders' input and expertise provide a vital impetus for our work.

The period under review saw us refine and internationalize the stakeholder management system introduced in 2012. It is based on the AccountAbility 1000 Stakeholder Engagement Standard (AA1000AS) and its principles of inclusiveness, materiality and responsiveness.

(GRI G4-24, G4-25, G4-26, G4-27)

Selected dialogue formats

At Audi we have tailored a variety of dialogue formats to the stakeholder groups. The main instruments of dialogue are:

- Stakeholder conferences
- Stakeholder surveys (online, individual surveys and interviews)
- "Forum Responsibility" social media platform for employees
- Series of talks and discussions
- Neighborhood dialogues
- Initiatives and working groups within the industry and involving political representatives

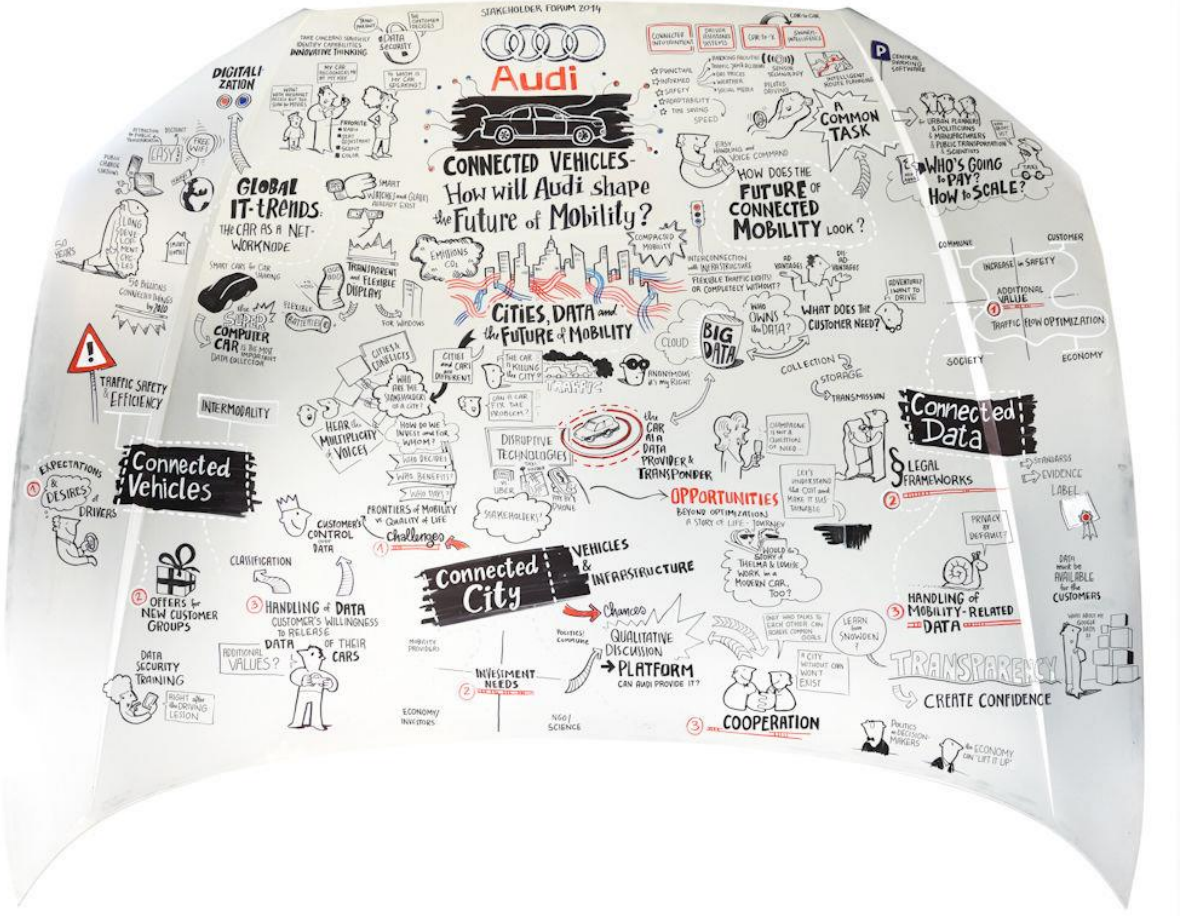
AUDI AG holds the Audi Stakeholder Forum every two years. For the forum's headline topic in 2014, we chose the digitalization and connectivity of vehicles as a key megatrend for Audi. Audi is regarded as a pioneer of piloted driving, which involves a whole array of aspects that are of relevance for sustainability: increasing road safety, optimizing traffic flows in conjunction with reducing CO_2 emissions and the more efficient use of urban infrastructure. But the topic of connectivity is also closely tied up with the public debate surrounding the issue of data security. In October 2014, we held a discussion in Berlin with around 120 representatives of industry, science, non-governmental organizations (NGOs) and politics about vehicle connectivity and its implications for the future shape of mobility.

Audi in dialogue with the Company's stakeholders

In his address, Axel Strotbek, Board Member for Finance and Organization at AUDI AG indicated the future opportunities for vehicle digitalization and connectivity, and stressed how they improve people's quality of life. He also pointed out the challenges that the use of data presents – specifically in terms of data protection. He called for a differentiated debate that takes society's questions and concerns seriously instead of simply fueling uncertainty.

Tech blogger and guest speaker Sascha Pallenberg predicted that, far from vanishing from our cities, cars will become pivotal network nodes of urban mobility. Another keynote speaker, José Castillo, architect and winner of the Audi Urban Future Award 2014, presented his vision of a city "that takes the data superhighway route out of gridlock." He and his Mexico City team aim to demonstrate that individual mobility based around the car can use data intelligently to solve the very problems it has caused.

The participants met representatives of Audi at the forum's three workshops to discuss the responsible use of data, connectivity between vehicles and urban infrastructure as well as customers' needs and expectations of connected vehicles.



Important subject matters and results of the Audi Stakeholder Forum 2014 were documented in a chart during the event.

The detailed findings of the Berlin Stakeholder Forum are available for downloading at www.audi.com/cr. Together with the conclusions of other dialogue formats, they are incorporated into our sustainability strategy and form an important basis for future corporate decisions.

The Audi Stakeholder Forums will be further developed in 2015. There are plans to adopt the dialogue formats at the international locations, and to discuss regional topics in greater depth there. The next large-scale Audi Stakeholder Forum along these lines, in 2016, will again pick up on a global megatrend and examine it from a variety of perspectives.

During the Audi Stakeholder Forum 2014, experts discussed mobility concepts for the future.

Engaging with bright minds

In 2013, we launched a new dialogue format for our workforce at the Ingolstadt and Neckarsulm locations. The “Responsibility Perspective” series of lectures offers employees the opportunity to share ideas with representatives from NGOs, academics and politicians on the subject of sustainability. The discussions hone a critical look at Audi. They sensitize our colleagues to the issues of the future, social developments and the opportunities and challenges that these present to our Company.

The leading figures who have so far entered into discussion with our employees include the following: Dr. Gerd Leipold, Executive Director of Greenpeace International from 2001 to 2009, Prof. Dr. Hubert Weiger, Chairman of Friends of the Earth Germany (BUND), Prof. Dr. Guido Palazzo, Université Lausanne, Prof. Dr. Hermann Knoflacher, Professor Emeritus at the Institute for Traffic Planning and Traffic Engineering at the Vienna University of Technology, Walter Hirche, President of the German UNESCO Commission from 2002 to 2014 and Member of the German Council for Sustainable Development, Prof. Dr. Nick Lin-Hi, University of Mannheim, and Reinhold Windorfer, oekom research AG.

The voice of the employees

We make the results of these discussion sessions along with other CR topics available to all employees on our online information platform “Forum Responsibility.” Our employees can also initiate their own discussion in the “What moves me” section. We counted over 66,000 page impressions in 2014.

In 2013, the Works Council used the World Café dialogue concept for the first time to discuss topics such as “professional and private” in a relaxed atmosphere and gather findings for Audi’s future work. The Works Council refers to the findings of these interactive events in discussions with employees and managers, in works meetings and at the “Works Council in Dialogue” event.

Capturing the essentials

The findings of our dialogues with the various stakeholder groups are fed into our materiality analysis. Building on the stakeholder survey conducted in summer 2012, we systematically gathered data on the relevance of various topics among our stakeholders over the course of 2013 and 2014. At the start of 2013, 1,500 employees at the Ingolstadt, Neckarsulm, Brussels and Győr locations were asked to rate the importance of sustainability topics at Audi and the Company’s performance in tackling them.

In August 2014, we also interviewed Audi management representatives in Belgium, Germany, Hungary, Italy and Mexico using standardized questionnaires in order to compare their views with the findings already fed into the materiality matrix. To enable us to zoom in further on the relevance of sustainability topics as perceived externally, we conducted the project “Materiality analysis of international sustainability aspects for AUDI AG” in cooperation with the Fresenius University of Applied Sciences (Munich) in 2014. The goal was to find out to what extent the sustainability aspects defined by the Global Reporting Initiative are considered relevant for Audi in various countries.

We mapped the results of the materiality process in a matrix. This vividly expresses the relevance for Audi (on the x-axis) and its stakeholders (on the y-axis) in relation to each other. The individual chapters of the report consider the key CR topics for Audi according to the core topics Operations, Product, Environment, Employees and Society, and map each of them in a separate matrix.

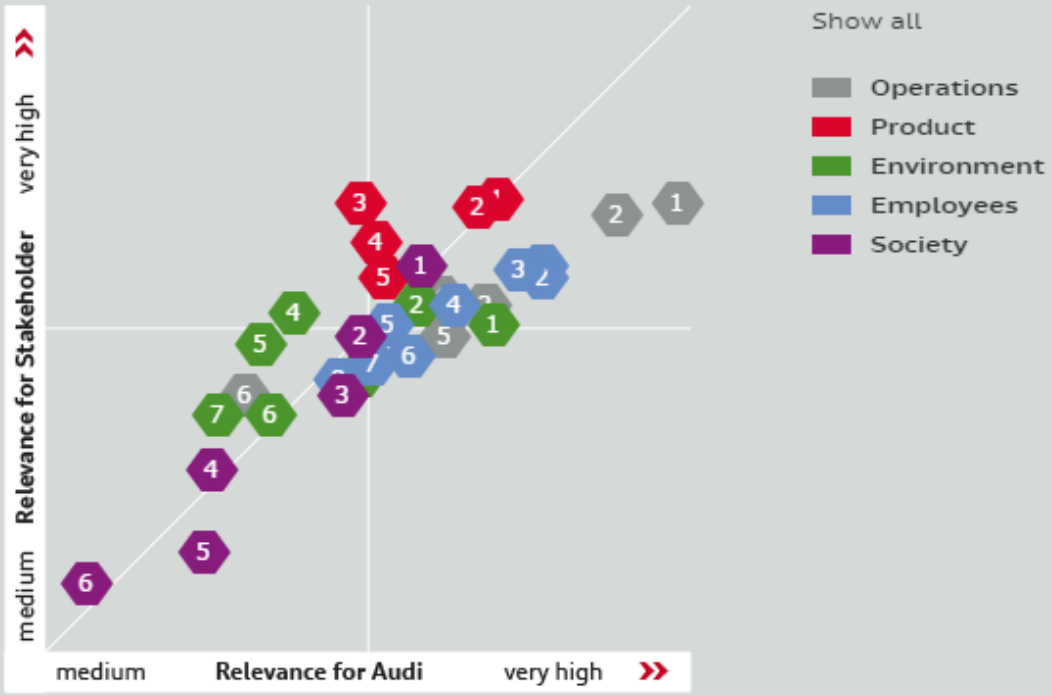
The materiality process and the materiality matrix derived from it constitute the Audi Group’s basis for long-term sustainability work. This means that we concentrate on management approaches and systems that are instrumental to adopting a forward-looking, responsible direction for the Audi Group. We attach particular importance to topics that are of high informative value for the future viability and sustainable strategic direction of the Company in view of their high relevance for core business. Meanwhile we also consider what relevance the outside stakeholders attach to the individual topics.

We must pay particular attention to the economic stability of the Company from both an external and an internal perspective, and therefore to requirements in the areas of corporate governance and compliance. Within the core topic Product, we concentrate mainly on the reductions in CO_2 emissions by our vehicles through the development of alternative drive forms, efficiency gains and innovations. In the Environment area, we equally focus on measures that minimize negative effects on the environment. Under Employees, we prioritize the topics of corporate culture, occupational health and safety, and training and advancement for our employees.

We aim to systematically apply our expertise in individual mobility and our high standards in training and advancement in generating a wider social benefit. We become involved especially in initiatives that contribute to the future of mobility, and in educational measures.

In the following chapters on the core topics of Operations, Product, Environment, Employees and Society, the overall materiality matrix is broken down further into the individual core topics, and the individual topics that are assessed as materially relevant are explained in detail.

(GRI G4-18, G4-19, G4-22)



"Responsibility means that companies address the consequences of their actions and products, while at the same time taking positive action for the benefit of society. In doing so, they bear responsibility for their products and employees, as well as for the regions around their locations."

Dr. Gerd Leipold, Executive Director of Greenpeace International 2001 – 2009

“We are investing in the future”

Prof. Rupert Stadler, Chairman of the Board of Management of AUDI AG, on the challenges facing the automotive industry

Audi has developed very successfully in recent years. What makes you confident that this will continue in the future?

We’ve made a good start this year. With 1.74 million deliveries in 2014, we already surpassed our strategic target for 2015 by almost 250,000 vehicles. Our growth in all regions worldwide outpaced that of the passenger car market overall, and in Europe, for example, we are the only premium brand above the pre-crisis level of 2007. The next milestone is two million deliveries per year by the end of this decade.

Success doesn’t come easily. If you want to operate successfully and sustainably, you need solid, responsible corporate planning. That is why we never lose sight of the diverse challenges on the global markets. We have to cope with major political and economic uncertainties, and to a degree with the resulting reluctance to spend on the part of the consumer as well as changing legal parameters.

But at the same time we enjoy the benefits of our brand’s powerful appeal and an attractive product portfolio. We are perceiving a worldwide upward trend for premium products and will also continue to invest heavily in the future – in the years 2015 to 2019 alone those investments will amount to EUR 24 billion, and 70 percent of that is earmarked for new models and technologies.

This year we will start producing in Brazil, and in 2016 we will start production at our new plant in Mexico. With these steps we are reinforcing our path to internationalization and covering all regions in which we are expecting disproportionate growth with local plants.

A decisive factor will be how well we anticipate the challenges that the mobility of tomorrow will pose. Take, for example, increasing urbanization and ambitious climate protection targets, which involve strict emissions regulations. Success will definitely elude anyone who fails to recognize these signs of the times.

You are addressing the challenges of the future. Where do you see them emerging in the years and decades ahead?

First of all is the need to determine what footprint our generation and the generations to come want to leave behind on this planet. We all have to learn how to economize as efficiently as possible with scarce resources, for example. This is why we, as automakers, are making a supreme effort to contribute what we can – with alternative drives and fuels, innovative material concepts, environmentally sound logistics and a new, comprehensive process concept. All that culminates in the vision of carbon-neutral mobility and a company with fully eco-efficient operations.

Challenge number two is internationalization: Any company looking to continue its growth has to be present on all sales markets. In addition to expansion of the dealer organization, I have already mentioned the growing production network. For this we need international suppliers and employees. We benefit tremendously from the diversity of our workforce, because employees from very different nations also give us insights into customer needs that can vary greatly from one country to another. And this is why a global brand like Audi operates a worldwide development network that employs people ranging from the designer in Beijing to electronics experts for assistance systems in Silicon Valley to trend scouts.

The third formidable challenge is resulting from digitalization and connectivity. The digital revolution is changing every dimension of how we live, including individual mobility. Despite all the possible risks associated with measures for data protection and data security, we see opportunities in this field above all. Connectivity is making driving safer, more comfortable and more efficient. Piloted driving and parking is our current decade's key technology.

And the fourth challenge is the increasing population density of our cities. How the car and the city converge upon each other is playing a crucial role, especially for urban mobility. New interfaces of urban infrastructure, including public charging stations for electric cars, are becoming important. This is the reason we are engaged in dialogue with many of the world's major cities, to jointly achieve greater efficiency, road safety and quality of life.

In addition, we recognize that the world of work is clearly undergoing a transformation. On the one hand, we need entirely new competences that no one imagined would have a place in the automotive industry just a few years ago, and then there is the younger generation, which expects us to offer more flexible ways of working. They want us to support creative approaches to work and make it easier for them to balance their careers with their family life. Just think about raising children, for example, or providing care for relatives at home. And finally, we are also closely following the issue of demographic change. People are living longer than ever before, and our social systems are requiring us to remain in the workforce longer. So some people will consider second or even third careers in their lifetime. In certain situations, older people are no longer as physically robust as they once were, but they have a wealth of experience to offer, which they enjoy passing on to others. In the context of Industry 4.0, we see the current discussion of production methods as a possible cornerstone allowing robots to work side-by-side with humans, and reduce an employee's work load. For us to wisely shape the transformation of the working environment, it is important that our own workforce generate momentum for change, like that provided by the successful Audi Ideas Program. After all, we focus first and foremost on people.

What counts in the end, I also believe, is how strongly a company gets involved in society. At the Ingolstadt site we are taking part in an innovative school project that supports talented young people and counterbalances the difficult conditions some children face starting out in life. The Audi Environmental Foundation recently launched a new species protection project. In December, our employee representatives collected – in Germany alone – the considerable sum of over EUR 900,000 in Christmas donations, including the amount topped up by Audi. What's more, by taking part in regularly scheduled Volunteer Days in their free time, our employees pool their efforts in support of about 100 projects and institutions. And until 2017, we are serving as the main sponsor of the "Deutsche AIDS-Stiftung" (German AIDS Foundation), to name just a few examples of our commitment to society.

How is Audi managing the challenge of alternative drive systems?

We want to change the world, not how our customers like to live. They should be able to fulfill their individual mobility requirements. That is why we at Audi clearly decided in favor of plug-in hybrids in the first market phase of electrification. As a result, our customers don't have to wait until the infrastructure is changed – everything is where they are used to having it, and operating a plug-in is no different than being at the wheel of a combustion engine model. Even in production, an e-tron model is built on the same line as the classic drive variants. With the current state of the art, our e-tron strategy gives us the opportunity to offer our efficiency technologies throughout the entire model range. Following the Audi A3 e-tron, we recently introduced the Q7 e-tron as a further plug-in hybrid. In parallel, with our R8 e-tron we are purposely using this attractive vehicle to demonstrate how a purely electric car feels, showing the next milestone on the road to electric mobility.

In November 2014, we introduced the Audi A7 Sportback h-tron quattro. With this automobile we are demonstrating that the fuel cell car is technologically viable. And that's not all. Alternative fuels such as Audi e-gas, e-gasoline, e-ethanol and e-diesel also contribute to climate protection.

What solutions is Audi offering for the traffic problems in cities?

By 2030, two thirds of the world's population will already be living in urban areas. So life in cities will become more and more affected by overcrowding, which will also be clearly evident on the roads. Be that as it may, people still feel individual mobility is a must in our society. Since 2010, we have felt obligated to respond to this situation, which is why we operate the Audi Urban Future Initiative. This enables us to moderate an international dialogue with several megacities concerning the future of mobility, with open unbiased discussions of findings and technologies. What we are contributing to these talks are technologies like piloted parking from Audi, which urban planners see as a solution for gaining more free space. That's because when a car parks itself, planners can allot less parking space per vehicle. And that means parking garages can accommodate two and a half times more cars in the same area. Space is a precious commodity in the city.

Yet another technology for the city is our traffic light info online service, which connects the car with the central traffic control computer. The car then knows the speed that will ensure that it reaches every traffic signal on green, thus significantly reducing fuel consumption – and thereby CO_2 emissions. This example is an indication of how much potential lies in connecting road users with the infrastructure.

I am firmly convinced that data is the key to many challenges of the future. Making mobility possible is a cooperative undertaking. Bearing this in mind, last year we introduced our "Urban Agenda." For our Urban Future Partnerships we will participate in innovative construction and transportation projects, demonstrating approaches to connectivity with new automotive technologies.

Audi has been championing the cause of "Sustainability of products and processes," and you just placed special emphasis on resource efficiency. What's behind this?

Efficient use of resources is the order of the day. We are talking about the fight for every gram saved in lightweight construction, the fight for every drop of fuel in our engine development, the fight for every liter of water in our production – and the fight for every second of time we save our customers by making their lives easier. We call all this the "ultra" principle, a state of mind for our entire company. Our strategic corporate goal "Sustainability of products and

processes” points the way to how we want to put our sense of responsibility into practice in our everyday work. In concrete terms, this means interlinking social, ecological and economic benefits in all core processes. We act in a future-oriented way to safeguard the competitiveness of this company in every respect for the long term. Absolute transparency concerning what we do and how we do it is something I consider indispensable. This report is one dimension of our transparency.

Operations

Aligning our actions with our values

In order to achieve long-term success in global competition, a company must generate profits. This is the only way it can invest in the future and offer secure jobs. The Audi Group regards one of its key tasks as conducting its business transactions in a responsible and value-oriented manner.

Success through responsibility

On the way to becoming the leading premium brand, it is essential to identify the challenges of the future early on and find solutions to them. These solutions must unite economic success with both social and ecological aspects – this combination is an integral component of the Audi self-perception.

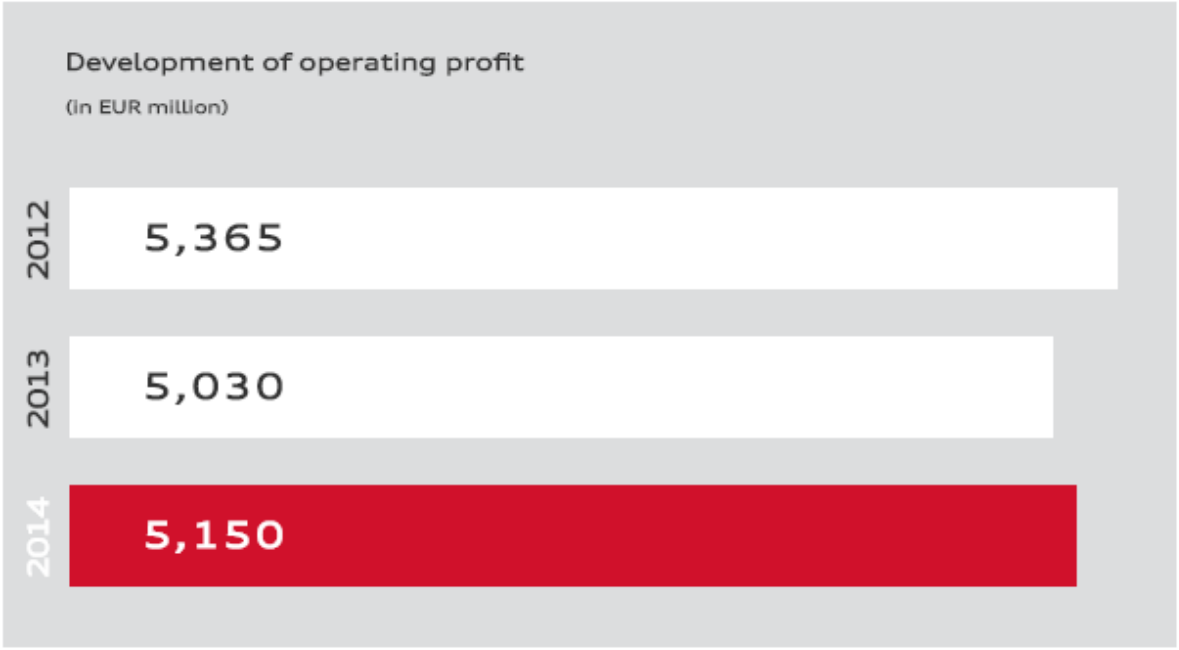
We take responsibility for our actions, not just by complying with rules but by seeking to anchor sustainability of products and processes along our entire value chain. In the area of operations, Audi has committed itself to upholding a variety of standards and norms, including the following:

- German Corporate Governance Code
- Standard for risk management and internal control systems from the Committee of Sponsoring Organizations of the Treadway Commission
- UN Convention against Corruption

Implementation of these and other standards is the responsibility of the Governance, Risk & Compliance area as well as the managers in the business divisions and companies.

Stable earnings performance

Long-term stable earnings performance is a reflection of a company's earnings power. However, growth must be accompanied by profitability in order to satisfy the Audi brand's premium standards. Qualitative growth is therefore a key focus of a responsible and value-oriented corporate management approach. This can only be achieved by means of efficient structures and processes, targeted investment management and continuous cost optimizations. Our high level of self-financing gives us extensive scope to invest and act. We regard it as especially important to always finance investments from self-generated cash flow. Our Company's high earnings power is also reflected in our key return ratios.



Of equal importance to the Company's economic success is constructive teamwork between employees and Group management. The cooperation between these two partners has been documented in a participation agreement that formulates the in-house participation rights. For the employees' elected representatives, location and job security are corporate goals of equal importance to profitability. They regard these as fundamental requirements for remaining at the top of the premium segment in the long term as a globally operating company.

Measuring and managing

In a challenging market environment, the Audi brand set another record in 2014 by delivering more than 1.74 million vehicles to customers. Revenue thus grew by 7.8 percent to EUR 53,787 million. Operating profit reached EUR 5,150 million, while the operating return on sales was 9.6 percent.

9.6% operating return on sales in 2014

In order to achieve its ambitious strategic goals, the Audi Group relies on a variety of different control parameters. Alongside important financial key figures, the Audi Group management system also contains non-financial performance indicators. The key performance indicators in the management system are derived from our strategic goals. Within the scope of our value-oriented corporate management approach, the following key performance indicators serve as the basis for management of the Audi Group:

- Deliveries to customers
- Revenue
- Operating profit
- Operating return on sales

- Return on investment
- Net cash flow
- Ratio of investments in property, plant and equipment

Additional information on the key performance indicators as well as on net worth, financial position and financial performance is available in the Combined Management Report of the Audi Group and AUDI AG in the 2014 Annual Report (www.audi.com/ar2014).

In addition, Audi is continually further refining it management tools for sustainable operations. Sustainability requirements have been included in supplier contracts since 2014. Before submitting a bid, suppliers must actively confirm their compliance with the "Volkswagen Group requirements regarding sustainability in its relationships with business partners."

Key topics

Building on the stakeholder survey conducted in 2012, we systematically surveyed the relevance of various topics related to operations in 2013 and 2014 as well. Especially great importance is still accorded to the aspects of "economic stability" and "customer orientation." All in all, the relevance of topics related to responsible operations is predominantly assessed as high to very high by external stakeholders and Company representatives alike.

"The most important activity a company can perform today in the area of sustainability is to carefully analyze its value chain in order to identify its own potential social and environmental risks."

Prof. Dr. Guido Palazzo, Université de Lausanne

Compliance and risk management

Legally compliant and ethically correct conduct as well as a constructive approach to operational and business risks are the cornerstone of Audi's corporate success. The Board of Management and all Company employees are committed to act in a responsible manner. Our preventative orientation in regard to risk management and compliance helps identify risks of relevance to Audi early on and take measures to counter them.

AUDI AG largely fulfills the recommendations of the German Corporate Governance Code in the version dated June 24, 2014. This code contains the statutory regulations for management and control of German listed companies as well as nationally and internationally recognized standards for responsible corporate management. The Board of Management and Supervisory Board of AUDI AG have studied the contents of the German Corporate Governance Code in detail and made appropriate resolutions. In November 2014, the committees published an updated version of the joint declaration of conformity on the website www.audi.com/cgk-declaration.

Acting lawfully

Ensuring that all corporate decisions are made in accordance with the relevant laws, internal rules and voluntary commitments is of fundamental importance to the long-term success of Audi. Audi has therefore developed a preventive approach to compliance, the aim of which is to exclude the possibility of potential breaches of the rules in advance. The Group-wide Code of Conduct provides the basis for this approach.

Supporting and advising

The Governance, Risk & Compliance area manages compliance activities throughout the Group. This area is led by the Chief Compliance Officer, who reports directly to the Chairman of the Board of Management. He is supported by 27 compliance officers working at the subsidiaries of AUDI AG. A further 16 risk compliance coordinators work in the individual divisions of AUDI AG, acting as multipliers.

The Compliance Management System (CMS) was expanded in 2013 and 2014. The program focuses in particular on preventive measures in relation to anti-corruption law, the awarding of external contracts, information security and antitrust law. The compliance program is an essential tool for the creation of a uniform basis for all compliance activities throughout the Audi Group.

Informing and communicating

Training forms a central component of Audi's preventive approach to compliance. New employees are informed about compliance and the Audi Code of Conduct at events. In order to implement the available training seminars on the compliance focus topics as appropriately as possible for the target groups, Audi has established the Compliance Academy to hold training seminars on the topics of anti-corruption, antitrust law, money laundering and outsourcing. The

new learning management solution, the Audi Learning Portal, will facilitate organization and execution of training seminars from 2015 onward. This should ensure that the latest information on statutory and internal rules is provided in compliance risk areas.

For the purposes of raising employee awareness of compliance issues further, Compliance is continuing a communication campaign launched in 2012. Using the intranet, brochures, films and articles in the employee newspaper, information is provided on the relevant issues. Since 2013, newsletters have kept the local compliance officers up to date on current developments and best practices at other Audi companies. In cooperation with the IT division, Compliance issues a newsletter that keeps Audi employees updated on information security issues.

Risk management

Ensuring that risks and opportunities are handled responsibly and constructively is a high priority in the Audi Group. The goal of risk management is to identify potential risks early on, minimize them and initiate measures to actively counter them. It also enables rapid response to changes in the environment of a premium automobile manufacturer.

Audi regularly uses standardized risk assessment tools to identify and prioritize risks of key relevance to its business activity. Causes and impacts on the Audi Group are examined in risk analyses and improvement potential in risk management is made transparent.

We approach complex risk management topics through risk modeling that takes into account the chain of cause and effect. A cross-divisional strategy project has been launched in order to further refine our strategic risk and opportunity management. External influences and developments of high relevance to our business model are identified early on and analyzed holistically. Using this early strategic planning system, we can identify the megatrends and key factors of relevance to our business model and recognize the associated strategic risks or opportunities.

Clear responsibilities

The tasks and organization of risk management as well as the annual control process for assessment of risks are anchored in a Board Directive. In addition, we hone the risk awareness of our risk officers and encourage the sustainable development of a positive risk culture in the Audi Group. The risk management system relies on a consistent role model with decentralized responsibility and management of risks by the business divisions and individual departments as well as centralized coordination and authority to issue directives by central risk management and the compliance functionality. Regular local and central reporting to the Board of Management and Supervisory Board of AUDI AG secures not only the legal organizational model, but also supports the aforementioned Company bodies in carrying out their corporate tasks and control functions.

Further central organizational tasks of Governance, Risk & Compliance include ongoing development of risk management tools, training courses and interactive training programs as well as advising the operating units. The effectiveness of the system is continuously monitored by Internal Audit and in some areas by external auditors as well. Risk management is based on the internationally recognized standard defined by the Committee of Sponsoring Organizations

of the Treadway Commission (COSO). In addition, a Group-wide ad-hoc process is in place to cope with unexpected events that pose a safety risk or a considerable asset risk for Audi.

Sharpening risk awareness: Audi sensitizes its employees.

Internationalization and changed value creation processes make it necessary to involve subsidiaries as well. Minimum organizational requirements have been defined for all companies for this purpose, regardless of size and risk profile. The main subsidiaries are involved in the full scope of the risk management system. An innovative integration concept is used to effectively and economically involve new companies in the Group system.

The Audit Committee of the Supervisory Board monitors the effectiveness of the risk management system and internal control system in accordance with statutory requirements. The central organizational managers in Governance, Risk & Compliance provide the Board of Management and the Audit Committee with information on a regular basis. In addition, the Board of Management and the Supervisory Board discuss risk management in the Company between meetings as well.

Audi publishes additional information on the Group-wide risk management system as well as on the internal control system for financial reporting in the Combined Management Report of the Annual Report.

Supplier relationships

AUDI AG's success is driven not only by its own power of innovation, but also by the performance capabilities of its suppliers. Sustainably manufactured products can only be ensured by a value chain that meets qualitative, environmental and social requirements. Audi therefore asks its suppliers to commit to these requirements as well – a major challenge in light of global and complex trade flows.

The aim of AUDI AG's procurement policy is to select suppliers who meet the Company's quality requirements in all areas and help us live up to our brand pledge of "Vorsprung durch Technik." In order to make optimum use of synergy potential, Audi chooses suitable business partners in cooperation with the Volkswagen Group. The entire VW Group's procurement management has been based on the concept of "sustainability in supplier relationships" since 2006.

It rests on four pillars.

- VW Group sustainability requirements: Before submitting a bid, suppliers must actively confirm that they satisfy the "Volkswagen Group requirements regarding sustainability in its relationships with business partners" (Code of Conduct for business partners).
- Integration of sustainability requirements in the supplier agreement
- Early warning system for identification and minimization of risks across the value chain
- Monitoring and development of suppliers

Among other things, the Group – and with it Audi – expects suppliers to implement an environmental management system, to avoid damage to human health and the environment during production, to guarantee their employees freedom of association, to refuse to tolerate discrimination, to ban child and forced labor as well as to meet national statutory guidelines and minimum standards in regard to working times and remuneration. Furthermore, Audi expects suppliers to ensure that their own suppliers act sustainably as well.

The Group-wide concept is being continuously further developed: In addition to the previously valid environmental and social standards, agreements concluded since 2014 also contain auditing rights as well as a right to extraordinary termination in the case of violations. Stronger emphasis has been placed on topics such as anti-corruption, money laundering, import and export controls, and competition law.

Thorough tests conducted by teams of experts

One of the tools the VW Group uses to ensure the quality of supplier relationships is a sustainability survey. Suppliers are requested to complete this survey in digital format on the Group business platform. If the Group determines that business partners do not satisfy the sustainability requirements, or only partially satisfy them, it first requests a statement of position from them. Ad-hoc teams from the Group brands and regions evaluate the responses and develop action plans along with the suppliers. The goal of this process is always to achieve a dialogue based on partnership and to help the suppliers continue to improve. The Group, for instance, provides its partners with an e-learning program in eight languages that they can use

to further qualify themselves in the field of sustainability. If necessary, Audi experts from areas such as Industrial Safety or Environmental Protection are also on hand to provide help.

During the reporting period, three business partners for which Audi is the main customer within the Volkswagen Group were suspected of breaching the sustainability requirements in supplier relationships. The ad-hoc team from Audi followed up on these tip-offs immediately and thoroughly.

Working together for sustainable aluminum

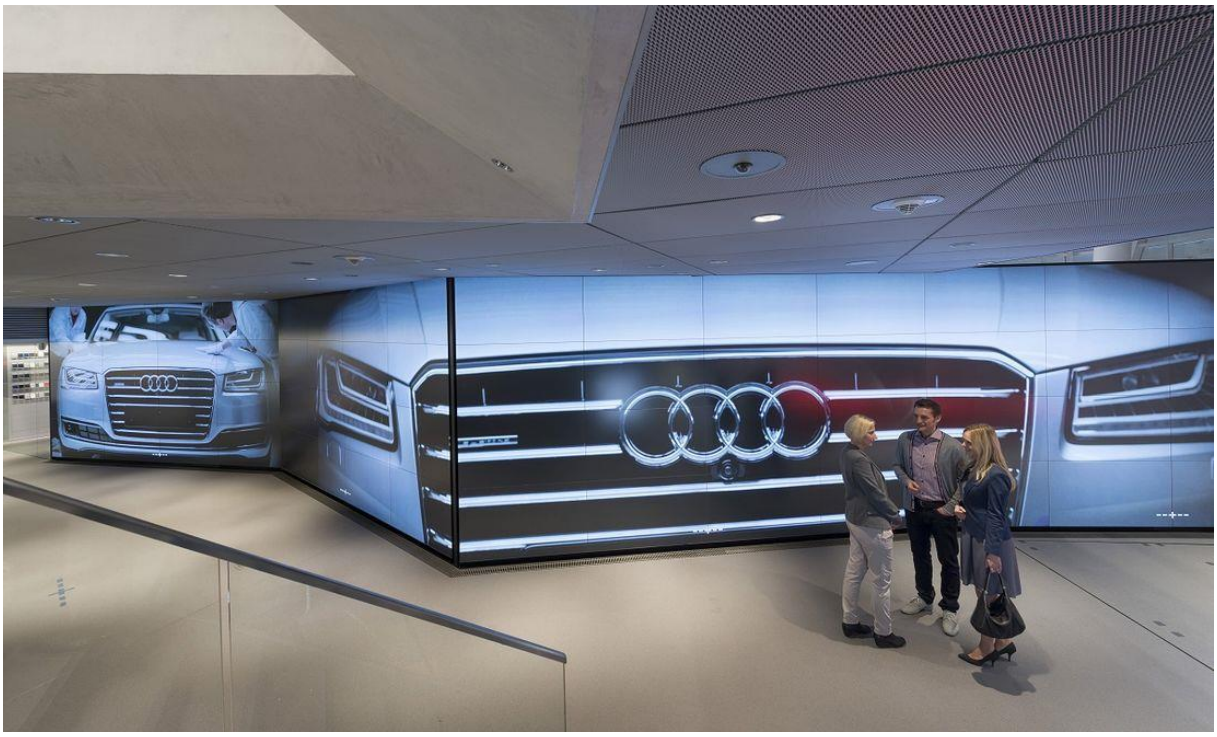
The best example of a successful collaboration with other companies in the industry as well as the environmental organization International Union for Conservation of Nature (IUCN) is the Aluminium Stewardship Initiative (ASI), which Audi joined in February 2013. The purpose of the initiative was to develop a global standard for sustainable aluminum by the end of 2014, defining environmental and social criteria along the entire value chain from raw material extraction to recycling. The coordination process was completed on schedule by all parties involved and the standard defined in September 2014. It can be viewed at www.aluminium-stewardship.org/asi-standard. As part of the next step, initiative participants are discussing how the standard can be institutionalized and monitored, which certification methods make good sense and how new members can be acquired worldwide.

Goal of the Aluminium Stewardship Initiative: the development of a global standard for sustainable aluminum.

Experiencing the brand

Our customers' satisfaction with our products and services plays a key role in our economic success. The mission "We delight customers worldwide" is therefore at the focus of the Audi Group's strategy.

We accord top priority to our customers' wishes. For this reason, we do everything within our power to make both our products and our services as convincing as possible. We ensure high quality across the entire production process, address our customers' concerns at Board level, make it possible to experience the Audi brand firsthand, offer mobility services for companies and train our dealers.



Visitors can experience the virtual Audi world in the Audi City Berlin.

Audi's quality standards are firmly anchored in its corporate culture. All employees across the entire production chain and in all business divisions do their part. Quality assurance employees bring all of their experience to bear as early as the concept development stage, providing support for the product creation process from development all the way through to the start of series production. During production, quality control is part of the quality control loop, thereby facilitating a constant quality standard in series production. In addition, the quality assurance team conducts regular discussions with Audi dealers and service partners. We use our customers' suggestions and experiences in order to continuously improve our products. This quality work is the foundation for numerous awards and top places in competitions.

Virtual showrooms

One worldwide trend is the increasing demand for individualized and personalized products and services. Audi is responding to this with its Audi City store concept. Following the successful

launch in London in July 2012, Audi opened additional Audi City stores in Beijing in January 2013 and in Berlin in February 2014. State-of-the-art media technology at Audi City stores enables visitors to virtually explore the variations and equipment packages on Audi models even before making a purchase. The virtual showrooms have also become meeting places where customers and fans of the brand gather to exchange thoughts and ideas or to take part in cultural events.

Audi City stores: All model versions can be experienced digitally.

Focus on customer satisfaction

At Audi, customer concerns are handled at Board level. The Audi “Kundentisch” (Customer Table) was established in April 2010. Customer expectations, opinions and suggestions are discussed here once a month in order to find rapid, satisfactory solutions. The Chairman of the Board of Management, the Board Member for Sales and top managers from the various specialist areas are present at this table. The Kundentisch takes place not only at the level of AUDI AG, but also at all importers and dealers worldwide. Its aim is to further increase customer satisfaction.

In addition, Audi accords great importance to competent and well-informed dealers and sales personnel. To promote the sale of newly launched vehicle models, the Company invites sales, service and used car personnel from Germany as well as importers from all over the world to its training center near Munich. Here they are provided with the knowledge they need to advise and delight customers. Such training events were held, for example, for the launch of the Audi A3 e-tron as Audi’s first model with plug-in hybrid technology.

Protecting customer data

The increasing connectivity of cars with their environment and with each other necessitates the gathering and processing of large quantities of data in real time. This data is used to make vehicles safer and more comfortable, to protect road users and enhance the efficiency of traffic flows. On the other hand, however, it also poses the danger of manipulation and inappropriate use. Audi therefore regards conscientious use of data as an integral part of its corporate responsibility. The focus is on transparency, self-determination and data security:

- **Transparency**: The customer's informational right of self-determination requires awareness of the saved data. We therefore inform customers of our usage of data – for instance, by means of appropriate notices in the owner's manuals for our models.
- **Self-determination**: Even in a connected car, each individual has the right of self-determination regarding his or her personal data. Customers can select which services they want to use.
- **Data security**: Audi accords high priority to data security in vehicles, taking it into account even during the development process. The Company protects sensitive data with recognized and tested embedded security mechanisms and standards. When developing new functions, we enhance security mechanisms to meet the respectively valid current state of the art in the field of data privacy. The latest technical and organizational measures ensure appropriate security in the vehicle.

Service for businesses

Audi shared fleet is a mobility service individually tailored to the car pool of businesses. Employees of these businesses have the option of driving vehicles from the Audi shared fleet at attractive rates in their private time, such as in the evening and on weekends. Businesses can thus optimize utilization of their fleet and keep vehicle downtime to a minimum.

Handing over of three Audi A3 Sportback g-tron models for the municipal vehicle fleet of the city of Ingolstadt (pictured: Bettina Bernhardt, Head of Audi mobility, and the Mayor of Ingolstadt, Dr. Christian Lösel).

Shared use is coordinated via an online booking portal. Each employee receives a personal membership card that gives them keyless access to all vehicles. Audi handles refueling, cleaning and servicing of the cars in the fleet to guarantee that ready-to-drive cars are available at all times. In addition to the classic leasing model, the pay-per-use service provides customers with a flexible billing model in which they pay only for actual usage time. Customers can tailor their fleet to consist of any desired combination of vehicles from the Audi model and technology range.

High customer satisfaction

Our customers' satisfaction with our products and services is clearly evidenced by a variety of awards and prizes for customer satisfaction:

- Among German automakers, Audi ranks at the very top of the confidence index compiled by the German business magazine "WirtschaftsWoche" (September 2014). The jurors attribute this top-place finish to Audi's high product quality and the low number of recalls.
- At the Auto Mobil International (AMI) in Leipzig in May 2014, Audi received the Autohandel award from the German car magazine "Automobilwoche" – both for best consulting at dealerships as well as in the category of financial services. A mystery shopping study evaluated sales consultations at some 800 dealerships representing a total of 16 automotive brands.
- Audi is the Germans' favorite car brand. This was confirmed by the "YouGov BrandIndex Top Performer 2013" brand ranking. Audi came in eighth place in the overall evaluation of all sectors. The results are based on approximately 320,000 interviews conducted online by the market research and consulting agency YouGov between June and December 2013.

Satisfaction in the Middle Kingdom

In 2014, Audi set a new record on the Chinese market, delivering nearly 579,000 cars, up 17.7 percent on the prior year. This was the first time that the Company has delivered more than half a million units in a year in China. This makes the brand the market leader in the local premium segment.

Audi is the market leader in the local premium segment in China.

Audi received several awards, both for the environmental compatibility of its cars as well as for the satisfaction of its customers in China. In the J.D. Power 2014 Customer Service Index Study from the market research firm J.D. Power Asia Pacific, Audi customers once again gave the highest possible score to the brand's dealer and workshop service. In 2014, readers of "Best Cars," the Chinese edition of the German automotive magazine "auto motor und sport," chose Audi as the most environmentally friendly brand, among other things.

Co-determination at Audi

As a fair social partner, cooperation between Company management and the Works Council plays a key role for Audi. Constructive teamwork between all parties involved is a key prerequisite for the economic success of Audi, and consequently also for job security.

Worldwide, all Audi sites and subsidiaries have employees' elected representatives who safeguard the interests of the employees. All employees' elected representatives at the European sites of the Volkswagen Group are organized in the European Group Works Council

(EKBR). Together with the other international works councils, they form the Global Group Works Council (WKBR) of Volkswagen. In order to improve international cooperation among all European sites and subsidiaries, the employees' elected representatives and the Company management of AUDI AG founded the Audi Europe Committee in October 2013. The networking body discusses important future topics, such as demographic change.

The General Works Council of AUDI AG has 14 committees and commissions that address topics such as competence development, demographics and occupational safety/health protection. During the reporting period, new committees were added. These include the committee on international personnel assignment for ensuring fair framework conditions across national borders. Another new specialist body is the Industry 4.0 committee, dedicated to harnessing technological progress to improve working conditions for employees and to using increasing digitalization, for example to provide them with more flexible working time models and other benefits.

Company and Works Council get together to find the course for the future.

Works Council elections

Following the elections in early March 2014, 55 employees now represent their colleagues' interests at the Ingolstadt site, four more than before. In Neckarsulm, two more employees' elected representatives were added, bringing the total to 41. The IG Metall trade union provides 49 of these representatives in Ingolstadt and 33 in Neckarsulm. 26,691 employees in Ingolstadt voted in the election, more than ever before.

All sites have both representatives for disabled employees as well as for young people and apprentices. The election of representatives for disabled employees was held between October 15 and November 5, 2014. The colleagues elected as representatives work at Audi to promote the integration of people with disabilities into society and the Company.

On November 13 and 14, 2014, the young employees at the Ingolstadt plant elected their representatives for young people and apprentices for the next two years. All 15 members belong to IG Metall Jugend, the youth council of IG Metall, which has over the past several years

already successfully lobbied for more apprenticeships and qualification options during working time.

Responsibilities and rights

In the interest of the employees, the employees' elected representatives monitor compliance with valid laws and guidelines, collective bargaining agreements and Company agreements. The German Works Constitution Act gives the Works Council the right to co-determination and participation in social, HR and economic affairs. In addition to job security, the Works Council at Audi seeks to maintain the Company's profitability and ensure its readiness for the future. For instance, flexible time accounts can be used to secure jobs when economic conditions are difficult. To this end, the Works Council and Company management work together closely to coordinate optimum production procedures.

The Works Council also actively supports training and advancement of members of the workforce. In addition to the Committee for Vocational Training and Competence Development, there is an Ideas Commission at the level of the General Works Council. With voluntary support organizations, the Audi Works Council has for decades operated a solidarity-based system offering participants financial support in the case of emergency in exchange for a minimum contribution. In addition, the employees' elected representatives organize donation campaigns among the workforce at Audi to help people in need.

Product

Thinking mobility further

Our corporate responsibility is evident above all in our vehicles. Today and for the foreseeable future, the automobile is one of the central means of transportations for individual mobility throughout the world. This situation harbors opportunities, but also challenges and conflicting goals that Audi is striving to solve in the interest of its stakeholders.

Driven by responsibility

We are working on the mobility of the future in keeping with our brand claim “Vorsprung durch Technik.” We want to bring efficiency and performance as well as connectivity and individuality into harmony. Our products should delight our customers, protect the environment and offer a high level of safety. Our vision is to make carbon-neutral mobility possible.

We already published our product and efficiency goals in our first CR Report in 2012, and have specified them in greater detail in this report. First, we satisfy the stringent statutory requirements for the average fuel consumption of the Audi new vehicle fleet. Second, we offer our customers a diverse range of vehicles that combine ultimate product quality with low consumption and emission values. We assign the attribute “ultra” to the most efficient model in each model series.

One task that has been a constant at Audi for many decades now is the resolution of the conflict between increased comfort and safety requirements on the one hand, and reducing the weight of our vehicles to achieve lower fuel consumption on the other. To further reduce the weight of new models across the entire product portfolio, we use an intelligent multimaterial mix and integrate our functions and systems into innovative vehicle architectures.

Meeting CO_2 requirements

The EU has set ambitious goals for regulating CO_2. Three primary measures will enable Audi to reduce the average consumption of its new vehicle fleet by 2020:

- Roughly 50 percent of the desired CO_2 reduction can be achieved by optimizing the combustion engines. Audi would like to further increase the efficiency of its engines, further develop the technologies for reducing fuel consumption and make drivetrains more efficient by means of engine rightsizing.
- Alternative drive concepts, such as hybrid, plug-in hybrid and gas-powered vehicles, save an additional 30 percent.
- The remaining 20 percent needed to meet the goal can come from reductions in total vehicle weight – for instance, by means of Audi lightweight construction with an intelligent multimaterial mix.

Effect of efficiency measures on CO_2 reduction:

50% Optimization of combustion engines

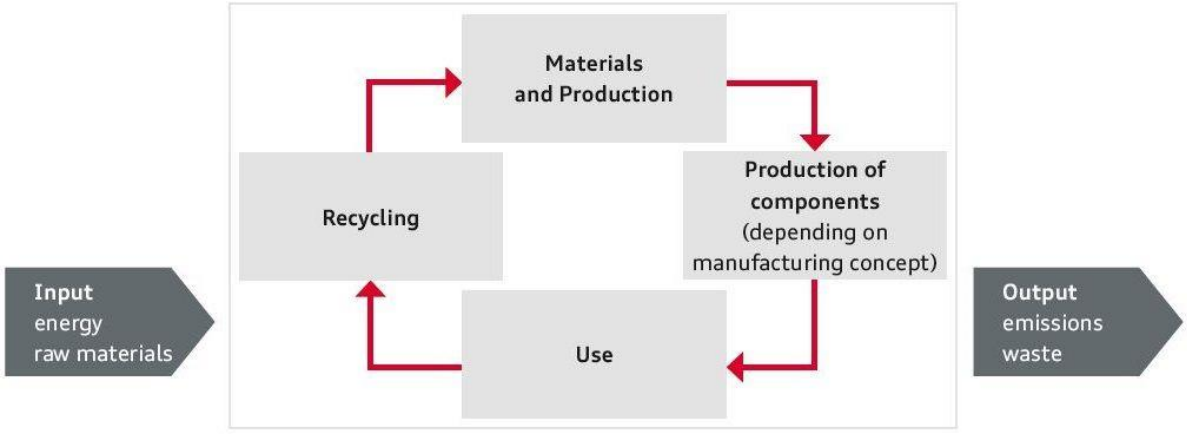
30% Alternative drive concepts

20% Weight savings on total vehicle

Holistic assessment

Audi wants to do more than just reduce a vehicle's emissions. That is why we look at the entire life cycle of our products, from production to use to the recycling of the components. Our corporate goal is to reduce the environmental impact of each model compared with its predecessor.

A very important element of our product policy is that our vehicles are designed to be as environmentally compatible as possible. We consider the negative impacts of our products on people and the environment, and endeavor to minimize these. A key tool here is the life cycle assessment certified by TÜV NORD according to ISO 14044, with which we analyze the environmental impact of a vehicle model. The life cycle assessments (LCA) are available to dealers and customers at market launch.



Audi casts a very wide net with the life cycle assessments. Emissions that occur during the extraction of the raw materials, the manufacture of the components and the production of an automobile are considered. Decisions made during the development phase of a vehicle affect its emissions during the usage phase, which Audi assumes to cover 200,000 kilometers. Here the Company not only considers the emissions of the vehicle itself, but also the emissions that occur during the production of the fuels used. Furthermore, energy is used to recycle the components at the end of a vehicle's life.

The most important levers

Since 80 percent of a conventional vehicle's total emissions occur during the usage phase, we at Audi are working hard to make all of our drive systems more efficient. We achieve this by rightsizing our TDI and TFSI engines, and by means of the modular efficiency platform. At the same time, we are equipping our models with alternative drive systems and are contributing to the development of alternative fuels that require no biomass.

Resolving paradoxes

The life cycle assessment of the Audi TT Coupé 2.0 TFSI quattro S tronic (2015 model year) proves that the automotive industry can resolve the paradox between greater output and less pollution. Compared with its predecessor, the new model with 169 kW yields nine percent more output while also saving around 5.5 metric tons of greenhouse gases over the entire life cycle, which corresponds to an 11 percent reduction. The Audi TT Coupé owes this positive life cycle assessment to lightweight construction technology, among other factors.

80% of a conventional vehicle's total emissions occur during the usage phase.

The greenhouse gases emitted are the primary focus of the life cycle assessment. However, Audi also considers other impacts on the environment, such as overfertilization of bodies of water and soils, summer smog formation, acidification of the ecosystem and depletion of the ozone layer. Audi has defined the following impact categories, which are illustrated here with reference to the new Audi TT:

Negative impacts on the environment (impact categories):

- Greenhouse gas potential: -11 %
- Eutrophication potential: -9 %
- Ozone depletion potential: +19 %
- Summer smog formation potential: -5 %
- Acidification potential: -11 %

Only the ozone depletion potential is higher for the new Audi TT than for the previous model. In absolute terms, the value is a few hundred-thousandths. A comparable quantity of ozone-depleting substances is produced during the manufacture of 86 one-liter PET bottles.

Key topics

As in 2012, we asked external stakeholder groups and corporate representatives in 2013 and 2014 to assess the relevance of key topics in the area of product responsibility. The results: All five of the aspects named continue to be considered very important. The greatest relevance was attributed to the topics “fuel consumption and emissions,” “innovation and increased efficiency” and “vehicle safety.”

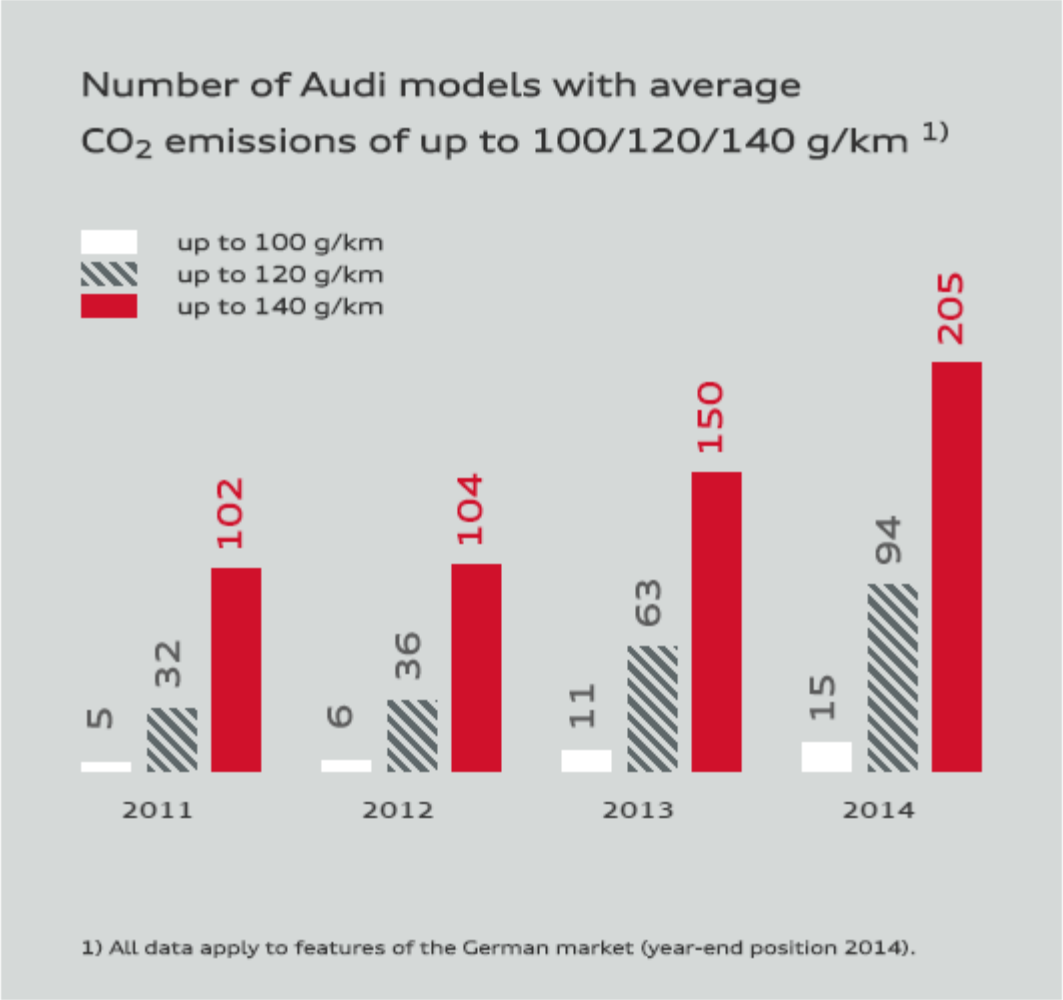
“Even leaving government regulations aside, expectations for low-emission or zero-emission cars will increase.”

Walter Hirche, President of the German UNESCO Commission 2002 – 2014

Increasing efficiency

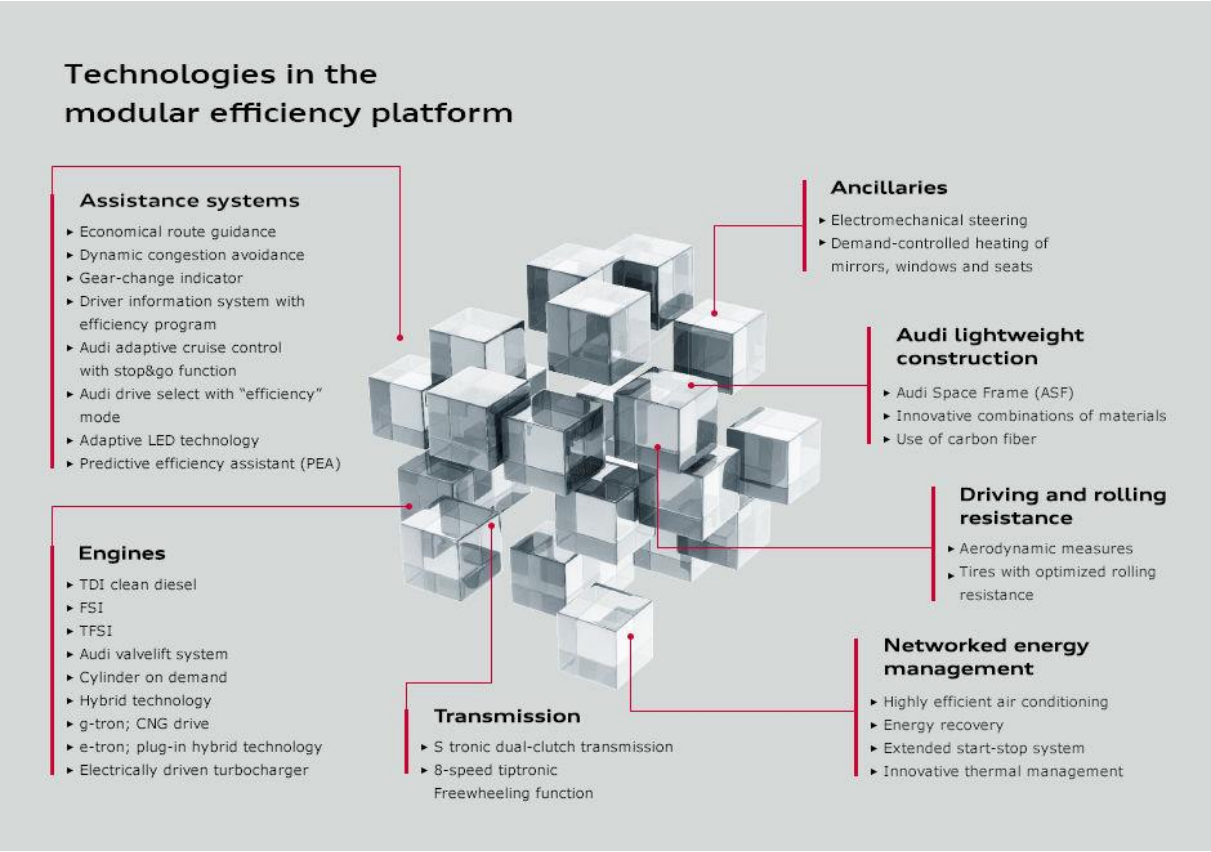
To satisfy the customer’s desire for powerful, dynamic and comfortable automobiles while at the same time reducing exhaust emissions, Audi uses innovative technologies for increasing efficiency in all models. Furthermore, we are developing and testing various alternative drive possibilities. We already offer production vehicles with hybrid, plug-in hybrid and natural gas drive systems.

Audi has managed to continuously reduce the CO_2 emissions of its fleet over the last few years. At the end of 2014, 205 models had CO_2 emissions of not more than 140 grams per kilometer, with 94 models below 120 grams per kilometer. 15 of these models posted top values of less than 100 grams per kilometer.



Intelligent platform principle

Audi groups together its diverse technologies for reducing fuel consumption in the modular efficiency platform. We take two different approaches here: First, we optimize the conventional individual components of our vehicles, such as the engine and transmission. Second, we improve the energy flows in the vehicle, such as by using thermal waste energy in the thermal management system so that the transmission reaches its operating temperature more quickly. Another example is the conversion of mechanical waste energy during braking into electrical energy by means of recuperation.



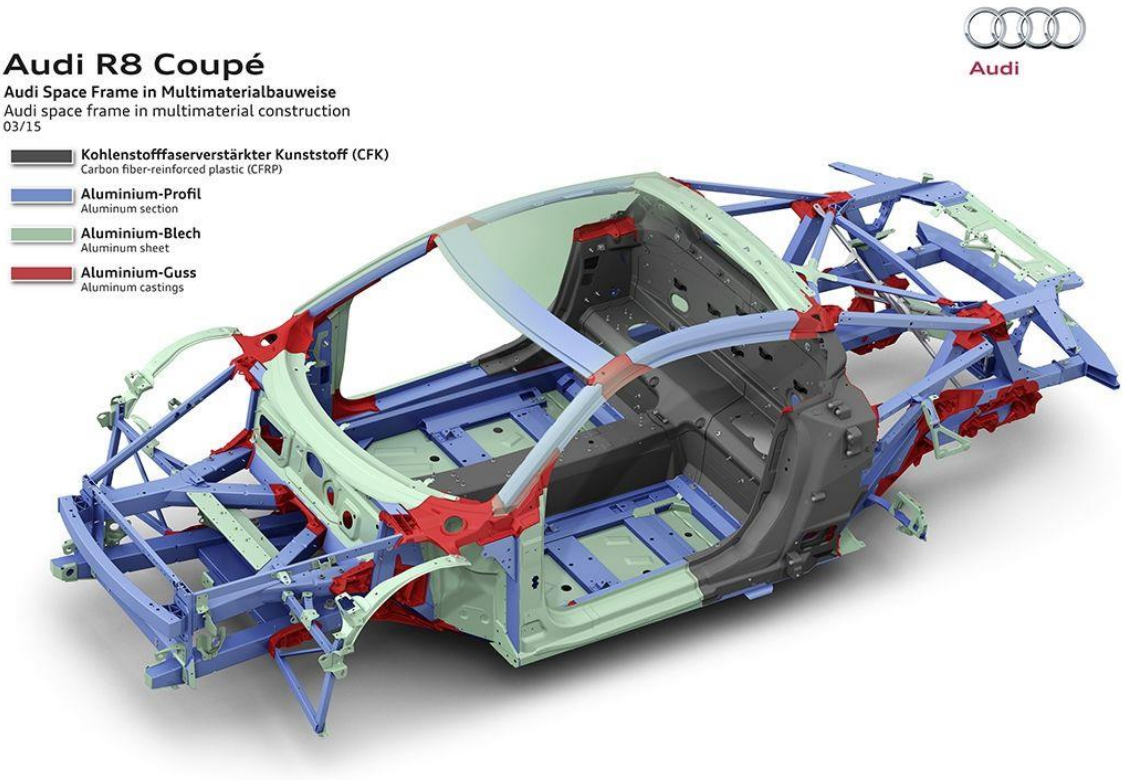
Improving economy

With the TDI and TFSI engines, Audi has achieved key milestones for increasing the efficiency of combustion engines. We are now taking this a step further with cylinder on demand (COD) technology. The innovative cylinder deactivation system reduces fuel consumption during moderate driving by as much as 20 percent. The technology was available in 19 Audi models in 2014. In January 2014, the U.S. online magazine "Digital Trends" named the V8 4.0 TFSI engine "Engine of the Year," citing the innovative cylinder deactivation system, among other things.

Cylinder deactivation shuts down half of the cylinders at low to intermediate loads and engine speeds in the upper gears until the driver once again accelerates strongly. Efficiency in the active cylinders increases because the operating points are displaced toward higher loads. The fuel's energy is optimally converted into drive energy.

Reducing weight

Lightweight construction is a fundamental element of the modular efficiency platform. In keeping with the principle "the right amount of the right material in the right place for optimal function," our engineers are continuously refining and advancing multimaterial lightweight technology. Examples include various fiber-reinforced polymers based on carbon, basalt or linen for such things as car roof structures. At the same time, metallic material and process technologies for steels, aluminum and magnesium for body concepts are being optimized. Audi has been using the Audi Space Frame (ASF) in its bodies since 1994, at first with only aluminum as the material and today with various materials in a multimaterial mix.



Audi space frame in multimaterial construction

An Audi Space Frame hybrid body of aluminum and steel was already used in the second-generation Audi TT (2006). This reduced the curb weight of the vehicle by 90 kilograms. The total vehicle weight of the Audi TT Coupé 2.0 TFSI is another 50 kilograms lighter. Lightweight design and weight reduction also have a positive effect on energy consumption in production and during use.

With the new Audi Q7 3.0 TDI, the engineers were able to reduce the curb weight by up to 325 kilograms compared with the previous model to 1,995 kilograms. Alone the body with bolt-on parts is 95 kilograms lighter thanks to its multimaterial construction.

Up to 325kg is the amount by which the new Audi Q7 is lighter than its predecessor.

Improving aerodynamics

The more streamlined a car is, the less fuel it consumes. Aerodynamics therefore play an important role in reducing CO_2 emissions. Audi aspires to being best-in-class in this field and to improve with each successive model. By linking aerodynamics, body development, vehicle design and vehicle concept, it is possible to save six to seven grams of CO_2 per kilometer during the design phase. The interaction of all these technologies provided for a significant improvement with the Audi A8, for example. In this case, CO_2 emissions in certain customer operating points could be reduced by 12 grams per kilometer compared with the previous model. That corresponds to roughly 0.5 liters of gasoline per 100 kilometers.

LED technology recognized

In 2013, the EU awarded "Eco Innovation" certification to an automobile manufacturer for the first time in recognition of Audi's low-emission Matrix LED high beam. The efficient headlights reduce energy consumption and save more than one gram of CO_2 per kilometer. The new Audi A8 with a total of 50 individually controlled LEDs launched on the market in late 2013. The LEDs are arranged in a matrix and adjust automatically to their surroundings.

Driving style as an environmental factor

30 percent of fuel consumption is due to the driving style of the person behind the wheel. Audi helps drivers to save fuel by indicating when to shift and with efficiency programs in the driver information system. Audi navigation systems show particularly economical routes. In the future, Audi will offer an assistance system that combines navigation data with the transmission controller and the driver information system while also integrating what is referred to as Car-to-X communication, i.e. the exchange of data between cars or between the car and the transport infrastructure.

The Audi predictive efficiency assistant supports proactive driving, for example, for a consumption-optimized driving style. In combination with adaptive cruise control, the assistant automatically adjusts the speed when entering towns, in response to speed limits and in curves.

Audi ultra models

The most efficient model in a model series is indicated by the term Audi ultra. This stands for sustainable mobility and full everyday practicality. At the end of 2014, Audi offered a total of 36 ultra models in the A1, A3, Q3, A4, A5, A6, A7 and TT model series. Of these models, 25 are equipped with TDI engines.

The “ultra” emblem identifies the most efficient model in a model series.

In the standardized New European Driving Cycle (NEDC), the ultra models have a combined fuel consumption of between 3.2 and 4.9 liters per 100 kilometers and emit 85 to 137 grams of CO_2 per kilometer – without compromising driving dynamics or comfort. The diesel vehicles are powered by a new 2.0 liter TDI with combined CO_2 emissions between 104 and 119 grams per kilometer. The new Audi A7 ultra is equipped with a 3.0 TDI engine with 160 kW (218 hp) and CO_2 emissions of 122 grams per kilometer on average.

Alternative drive systems

In addition to the further development of conventional drive systems, Audi is researching new possibilities for environmentally compatible drive systems on the road to carbon-neutral mobility. The focus here is on electricity and natural gas, as well as hydrogen fuel cells.

The hybrid models from Audi offer a combination of electric motor and combustion engine. The plug-in hybrid drive system, whose battery can also be charged via a power outlet, is a promising route to the future of electric mobility.

In fall 2014, Audi launched the A3 Sportback e-tron, a plug-in hybrid of the latest generation with a total range of 940 kilometers. A 1.4 TFSI engine with an output of 110 kW (150 hp) and a 75 kW electric motor drive the A3 Sportback e-tron. According to the NEDC standard for plug-in hybrid vehicles, it emits 35 grams of CO_2 per kilometer on average, which corresponds to a consumption rate of 1.5 liters per 100 kilometers. The electric motor is powered by lithium-ion batteries. Charging the battery at a charging column or from a wall box industrial outlet takes somewhat longer than two hours, and roughly 3 hours and 45 minutes from a conventional outlet.

Going electric: electric charging stations at the Audi Forums in Ingolstadt and Neckarsulm.

Audi is further expanding its e-tron portfolio. For example, the Company presented its Q7 e-tron in Geneva at the beginning of 2015. Additional e-tron models are to follow in the medium term, including the Audi R8 e-tron, the Q5 e-tron and the A6 L e-tron, which is being built in China in collaboration with FAW Volkswagen. With the R18 e-tron quattro, Audi is demonstrating that hybrid drive systems can also be successful in motorsports. The race car won the 24 Hours of Le Mans in 2012 and 2013.

More than transportation

Audi looks at the topic of electric mobility holistically: from the daily challenges associated with the use of electric-powered vehicles, such as battery range or charging infrastructure, to the upstream fuel chain. This is because the life cycle assessment of cars that draw their energy from the public power grid must also consider how this electricity was generated. We are pursuing various approaches for improving day-to-day dealings with electric vehicles:

- Standardization of charging technology in collaboration with other manufacturers
- Development of new, convenient charging technologies
- Improvement of battery technology
- Successive migration from a 12V to a 48V electrical system (from 2015)

Universal charging system

One of the central prerequisites for the success of electrically powered cars is the creation of a widespread infrastructure for charging the batteries. Together with multiple German and American automobile manufacturers, Audi has entered into a partnership to develop a

Combined Charging System and thus reduce the effort associated with the development and use of electric vehicles.

Wireless charging

To further improve the power supply of electric vehicles, Audi is working on the ability to charge vehicles wirelessly via induction. With Audi Wireless Charging, the energy comes from a floor plate embedded in the asphalt and connected to the electric grid. The plate contains a primary coil and an inverter. When active, the coil generates an alternating field – currently with an output of 3.6 kW like from a 16 ampere household outlet, but higher outputs in the future are plausible. The secondary coil in the vehicle converts the field forces into charging current. Efficiency is somewhat greater than 90 percent. Audi assumes that the extremely convenient charging technology will significantly increase the percentage of time that plug-in hybrid models are driven electrically.

Climate-neutral driving

Natural gas-powered drive systems are another step toward sustainable mobility. Cars can even drive with virtually zero CO_2 emissions by utilizing Audi e-gas, the synthetic methane gas produced from renewable energy sources. In late 2013, Audi introduced the A3 Sportback g-tron, which sets standards with respect to gas drive technology.

The two tanks below the luggage compartment floor each store seven kilograms of gas at a maximum pressure of 200 bar. The A3 Sportback g-tron also includes an electronic gas pressure regulator, which reduces the high pressure at which the gas flows from the tanks. If the pressure in the tank falls below ten bar, the engine management system automatically switches over to gasoline operation. Power output is identical in gas and gasoline modes. With 81 kW (110 hp), the A3 Sportback g-tron reaches 197 kilometers per hour and consumes 3.3 kg compressed natural gas or 5.2 liters of gasoline per 100 kilometers. CO_2 emissions in gas mode are 92 grams per kilometer; in gasoline mode 120 grams per kilometer.

At the end of 2013, Audi launched the A3 Sportback g-tron with natural gas drive on the market.

Audi considers fuel cell technology to be another alternative source of drive power. In October 2014, the Company presented the Audi A7 Sportback h-tron quattro at the Los Angeles Auto Show. The technology platform is powered by hydrogen, which is converted in a fuel cell into electricity for the electric motor, combined with a hybrid battery and an additional electric motor in the rear. Only water vapor is emitted by the tailpipe. The 170 kW (231 hp) A7 Sportback h-tron quattro reaches a top speed of 180 kilometers per hour and has a range of up to 500 kilometers. The two electric motors drive all four wheels, thus making the A7 Sportback h-tron a quattro.

The Audi A7 Sportback h-tron quattro technology demonstrator runs on hydrogen.

In fuel cell mode, the car requires around one kilogram of hydrogen per 100 kilometers, which corresponds to a fuel value of 3.7 liters of gasoline. If the hydrogen is obtained from renewable energy sources, the car even allows virtually climate-neutral operation.

As part of the National Innovation Program for Hydrogen and Fuel Cell Technology, the German federal government is planning further expansion of the hydrogen filling station network in Germany. Audi can launch the production process as soon as the market and infrastructure are ready.

Helping the energy transition

Audi is pursuing the goal of enabling carbon-neutral mobility even over great distances. Since 80 percent of a vehicle's greenhouse gas emissions occur during the usage phase, Audi is the first automobile manufacturer worldwide to enter into the development and production of synthetic fuels: Audi e-fuels.

Audi considers the environmental impact of mobility holistically within the life cycle assessment (LCA). Audi develops and produces fuels that require no biomass, do not compete with food production and offer substantially higher volume potential than conventional biofuels – so-called Audi e-fuels. The primary pillars of this strategy are the Audi e-gas project and the development of Audi e-diesel, e-gasoline and e-ethanol.

Audi e-gas

In June 2013, Audi commissioned a power-to-gas facility in the north German town of Werlte, thus becoming the first automobile manufacturer to develop a chain of sustainable energy sources. The plant has been in normal operation since late 2014. The e-gas plant works in two process steps: In the first step, it uses renewably generated electricity to split water into hydrogen and oxygen by means of electrolysis. The hydrogen could one day power fuel-cell vehicles. For the time being, however, in the absence of an area-wide infrastructure, a second process step is carried out: The hydrogen is reacted with carbon dioxide to produce synthetic methane, or Audi e-gas. It is chemically identical to fossil natural gas and thus can be fed into the German natural gas distribution network and pumped at CNG filling stations. The CO_2 used is produced in the adjacent waste-fed biogas plant and would otherwise enter the atmosphere. Instead it becomes the basic building block for the synthetic, renewable natural gas. The only byproducts are oxygen and water. The oxygen is vented to the atmosphere; the water returned back to the electrolysis process.

The Audi e-gas production plant in Werlte, Germany

The e-gas plant only operates when there is too much electricity from renewable sources in the grid. According to current estimates, the plant will be in operation roughly half the year and will produce around 1,000 metric tons of Audi e-gas. The gas binds 2,800 metric tons of CO_2, or roughly the amount absorbed each year by a forest of 220,000 beech trees. Around 1,500 Audi A3 Sportback g-tron cars can be driven 15,000 carbon-neutral kilometers each year on the e-gas from Werlte, since the CO_2 emitted from the exhaust system had been bound previously during the production of the e-gas.

The sales concept for Audi e-gas is not restricted to producing e-gas and feeding it into the gas supply network, however. Rather customers can order a supply of Audi e-gas when purchasing their car. To fill up with e-gas, customers only need to show their Audi e-gas refueling card when paying. The card is used to centrally record the amount of gas consumed. This exact amount of e-gas is then fed into the distribution network at Werlte.

Well received – including by the neighbors

The Audi e-gas project has also received recognition from other countries. In May 2014, the Dutch king and queen visited Werlte in Emsland and learned about the power-to-gas technology. As a traditional gas-producing country, the e-gas technology offers the Netherlands an attractive option for expanding non-fossil gas production and supplying the targeted number of natural gas-powered automobiles with renewable gas. A letter of intent underscored the plan by Germany's neighbor to erect an industrial-scale power-to-gas plant of their own.

The Swedish Wind Power Association honored the power-to-gas project in October 2013, citing the fact that it can have an impact far beyond the automobile industry. It demonstrates one way of storing large amounts of green electricity efficiently and site-independently. If additional market participants take up this same approach and the cogeneration of electricity and gas gains importance, it would not be necessary to shut down wind turbines during low-load periods.

Fuels of tomorrow

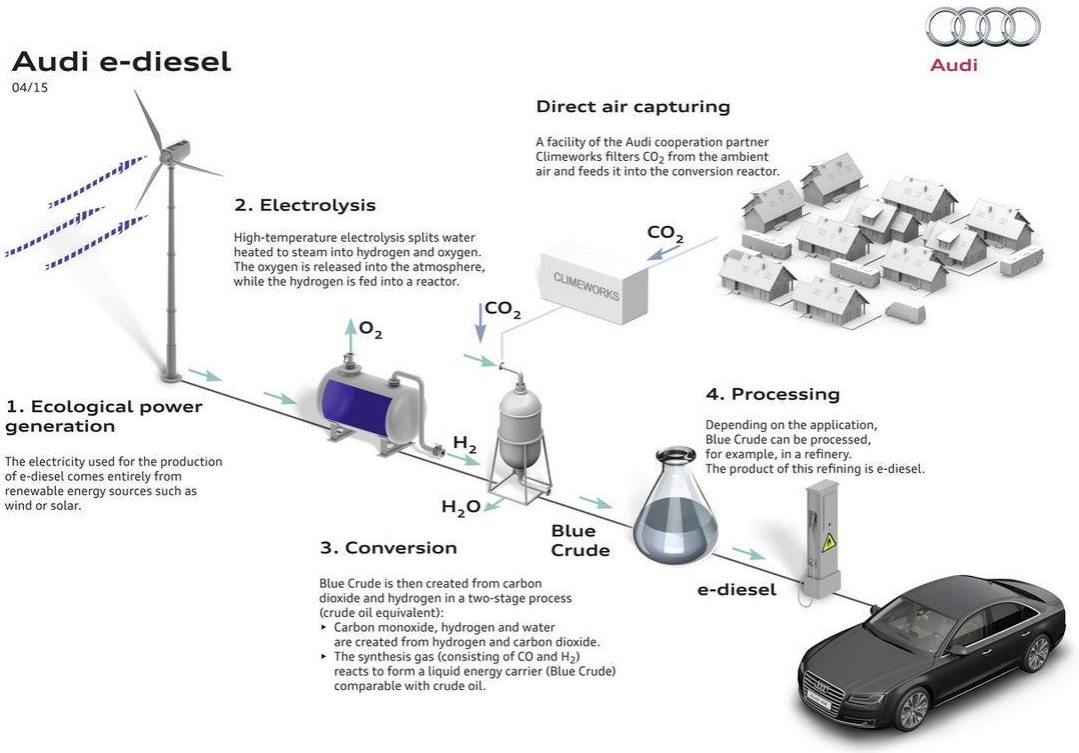
We are working together with our partners to develop additional renewable fuels. Since late 2012, we have operated a research facility in Hobbs, New Mexico, in collaboration with the American company Joule. Joule is specialized in the production of liquid fuels with the help of microorganisms. The cyanobacteria used are small single-celled organisms that carry out photosynthesis and require primarily CO_2, water and sunlight to live. Rather than producing new cells via photosynthesis, these specially optimized microorganisms produce either hydrocarbons (diesel replacement) or ethanol (gasoline replacement).

The fuels are released by the organisms into the surrounding liquid and can be continuously separated from the water and purified. One advantage of the process is that neither biomass nor farm land nor drinking water is required. Brackish or seawater is sufficient for the bacteria. The research facility is currently focused on ethanol, but testing of diesel production under realistic conditions is scheduled to begin in Hobbs in the near future.

In early 2014, Audi took the next step in the development of renewable fuels and entered into a strategic partnership with Global Bioenergies. Audi and the French biotechnology company are working together to develop Audi e-gasoline under the notably high standards of the Audi e-fuels strategy.

Pilot plant for Audi e-diesel

Audi is also moving forward with the production of synthetic diesel. In November 2014, sunfire joined Audi in Dresden to launch a power-to-liquid plant for producing diesel fuel from water, carbon dioxide and green electricity. The carbon dioxide is extracted directly from the ambient air using direct air capturing, a technology developed by Swiss partner Climeworks. In a separate process, an electrolysis unit powered with green electricity splits water into hydrogen and oxygen. The hydrogen is then reacted with the carbon dioxide in two chemical processes conducted at 220 degrees Celsius and a pressure of 25 bar to produce Blue Crude, which is made up of hydrocarbon compounds.



Produktion of Audi e-diesel

This process is up to 70 percent efficient. The pilot plant is initially configured to produce roughly 160 liters of Blue Crude per day. Nearly 80 percent of that can be converted into synthetic diesel. The result is Audi e-diesel, which thanks to its chemical properties enables blending with fossil diesel in any ratio. With this project, which is funded by the German Federal Ministry for Education and Research and was preceded by a more than two-year research and preparation phase, Audi is combining two innovative technologies: CO_2-capturing from the ambient air and the power-to-liquid process for the production of synthetic fuel. The pilot plant is providing proof that the Audi e-fuels can be industrialized. Audi is the exclusive partner in the automotive industry.

Audi e-fuels pass the test

We thoroughly tested mixture preparation and the combustion behavior of the liquid Audi e-fuels in our laboratory in Ingolstadt. We did this by simulating the conditions inside a combustion engine in a pressure chamber at up to 15 bar and temperatures of around 350 degrees Celsius. A special camera documented how the fuel behaved during the injection process. The results: Fewer pollutants are produced during the combustion of Audi e-fuels than during the combustion of fossil fuels. The pure, synthetic fuels contain no olefins or aromatics. As a result, they ensure more effective mixture preparation, cleaner combustion and lower emissions.

≈1,000 metric tons of e-gas are produced by Audi each year.

Safety and comfort

The safety and comfort of its cars is a fundamental element of the Audi product policy. Audi combines research into the causes of accidents, active and passive safety systems and the further development and refinement of driver assistance systems to achieve a high level of safety for drivers, passengers and other road users.

Driver assistance systems

Driver assistance systems include Audi pre sense (a warning system for greater safety in acute hazard situations), the automatic distance control system adaptive cruise control with stop & go function and the night vision assistant which detects people and animals on the road using a remote infrared camera. The assistance systems support drivers and reduce their workload, but always leave them in charge of the vehicle.

Audi pre sense provides for greater safety in acute hazard situations. It is available in a number of different versions in almost all Audi model series. If the system detects collision hazards with its sensors, it reacts with a series of actions ranging from optical and acoustic warning signals for the driver, tensioning of the seat belts or even brief applications of the brakes up to an automatic emergency stop.

The automatic distance control system adaptive cruise control (ACC) with stop & go function is available in numerous models and uses radar sensors at the front of the car to control the speed and the distance to the vehicle ahead. The system can also be networked with the optional MMI navigation plus. In this case, it knows the course of the chosen route and uses this information to adjust the speed accordingly.

A camera with far-infrared technology is the central element of the night vision assistant and aids the driver after dark. It reacts within system limits to heat at a distance of up to 300 meters. Persons can be detected at distances up to 90 meters and large wild animals at up to 130 meters. They appear on the display marked in yellow. If the system detects a hazard, the person or animal is marked red and a warning signal is sounded.

Connected vehicle

With Audi connect, our vehicles are already today a mobile device for our customers. Whether navigation with Google Earth, real-time traffic information or information about a free parking space, the connecting of the vehicle with its surroundings is advancing by leaps and bounds, and will continue to play an important role in the future. New services such as online updates of the navigation maps or the streaming of music from the cloud are integrated into the vehicle using LTE (long term evolution).

Audi connect: smartphone connection in the new Audi Q7.

In recognition of its achievements in this area, Audi received the 2014 Connectivity Award as voted on by over 42,500 readers of “auto motor und sport” and “CHIP” magazines. Audi claimed class titles in the categories Navigation, Telephone Integration, Sound System, Entertainment/Multimedia and Connected Cars. The jury declared the new Audi TT the best of all connected cars. Audi also claimed wins in the categories Navigation, Internet and Entertainment for the 2014 Connected Car Award sponsored by *“*Auto Bild*”* and *“*Computer Bild.” The Audi TT was also the overall winner and was named “Connected Car 2014.”

Car-to-X communication is paving the way for new services and possibilities. Here the vehicle communicates with other vehicles, the infrastructure and the driver. An example of this is the traffic light info online service, which in the future will connect the vehicle to the central traffic control computer that controls the city’s traffic lights. The driver information system display shows the driver the speed to drive at in order to reach the next traffic light while green. If the light is red, the driver sees the time remaining until the light changes to green again in the display. This function benefits not only drivers, but also relieves urban traffic and reduces environmental pollution.

Piloted driving

Today’s driver assistance and safety systems are the foundation for piloted driving, which Audi hopes to bring to the streets before the end of the decade, depending on the legal parameters. In the future, electronic systems are to take over the steering of the car in certain situations and thus make driving more ecological, convenient and, above all, safer. Drivers, meanwhile, will always be able to decide for themselves whether they want to drive or use piloted driving mode.

One of the upcoming features is piloted parking, which was already presented in 2013 at the International Consumer Electronics Show in Las Vegas, USA. With the help of this system, an Audi can park autonomously. Another important step is piloted driving in traffic jams, which relieves the driver in slow-moving traffic.

The system takes over steering from the driver at speeds between zero and about 60 km/h. It also accelerates and brakes autonomously. Technically, Audi is working to achieve a central driver assistance domain architecture. It merges all of the available sensor information in a central and particularly compact driver assistance control unit. The functions, sensors and systems for assisted and piloted driving are coordinated here.

With the introduction of piloted driving, Audi is pursuing the following goals:

- **Enhanced safety**: Accident analyses show that approximately 86 percent of all accidents can be attributed to driver error. Driver assistance systems warn the driver so that such errors can be corrected in time. Piloted driving systems go beyond this, taking over individual driver functions and should thus be able to eliminate such driver errors altogether.
- **Greater comfort**: Worldwide traffic volume and the average amount of time spent sitting in traffic each day are rising continuously. Piloted driving relieves the driver in this situation, thus enhancing not only road safety but also comfort. The driver can then relax and, provided it is allowed by law, read email for instance.
- **Environmentally friendly driving**: Piloted driving also harbors further potential for optimizing traffic flow and fuel consumption. The system continuously measures route data and proactively adapts the driving behavior of the vehicle to the road ahead to reduce fuel consumption and CO_2 emissions.

900km is the length of the piloted trip completed by the Audi A7 piloted driving concept in January 2015.

Piloted driving is one of the most important megatrends in the automotive industry and has the potential to be a game-changer. Piloted driving has already demonstrated what it is capable of in a real-world test conducted on the racetrack. At the season finale of the German Touring Car Masters (DTM) series on October 19, 2014, the Audi RS 7 piloted driving concept circled the track at Hockenheim without a driver in slightly over two minutes. In January 2015, the Audi A7 piloted driving concept completed a 900 kilometer piloted trip in the USA – from Silicon Valley to Las Vegas.

The Audi A7 piloted driving concept on the way from Silicon Valley to Las Vegas.

Legal prerequisites

The introduction of piloted driving is currently still subject to legal restrictions. It is therefore necessary to ensure that the legal prerequisites are in place, especially in the area of road traffic legislation, before it can be introduced as standard. Before this can happen, the legal parameters in the various markets need to be clarified.

Vehicle safety

Audi is investing continuously in measures that improve passive safety. Besides improvements to pedestrian protection, the Company is developing such things as particularly strong, yet light body components and continuously improving restraint systems.

Audi also wants to help improve road safety in general. The Audi Accident Research Unit (AARU) therefore investigates accidents involving Audi models. The results of this research flow directly into the development of new vehicles. For more than 16 years now the AARU, a research partnership between AUDI AG and Regensburg University Hospital, has been investigating accidents and their causes. The scientists reconstruct the accident and record the external parameters that led to the accident as well as any injuries that the vehicle occupants may have suffered. The objective is to improve road safety on the basis of these analyses. Since Ducati

joined the Audi Group in 2012, the AARU is also investigating a greater number of motorcycle accidents.

A variety of consumer protection organizations throughout the world also test the vehicle safety of Audi models. The “New Car Assessment Programs” (NCAP), for example, test the active and passive safety systems of automobiles. Audi regularly scores top marks here, as the 2014 results in the USA (5 stars in the US NCAP for A3 and A6), in Europe (5 stars in the Euro NCAP for the A3 Sportback e-tron) and in Korea (top score of “Excellent” for the A6 in the Korean NCAP) exemplarily demonstrate.

Top rankings for reliable systems

The 2014 ADAC breakdown statistics confirm the high level of safety of our automobiles. They cite the Audi A6 as the most reliable vehicle in its class. The models A3, A4, A5 and Q5 were also assessed to be particularly reliable. Furthermore, an international jury chose the Audi A3 over 23 other automobiles as “World Car of the Year 2014.” One of the criteria for the total of 69 trade journalists from 22 countries was the active and passive driver assistance systems installed.

Airbag jacket at Ducati

Compared with automobile drivers, motorcycle riders have a much greater risk of injury in accidents. Ducati is therefore working on intelligent protection systems. Audi tested the Ducati Multistrada D-Air, which includes airbags in the jackets for the rider and passenger, for the first time in April 2014. The first system of its kind in the world, it uses sensors to detect accident scenarios and reacts within 45 milliseconds. The Ducati Multistrada D-Air reduces the forces acting on the body in the event of an accident by 72 percent compared with a conventional back protector, significantly reducing the risk of injury. The TÜV SÜD-certified system has been on the market since May 2014.

Environment

Conserving resources

How can a carmaker make its economic goals compatible with its ecological ones? Is it possible to make automotive mobility compatible with the environment? What exactly does sustainable behavior mean? As a premium brand, Audi faces competing demands.

Expanding environmental protection

Audi's goal is to ensure individual mobility. At the same time, as an international group of companies we confront the challenges of protecting the environment and climate around the world. We are working systematically to reduce greenhouse gases, prevent noise, conserve water, use energy more efficiently and to expand the proportion of renewable energies.

Based on clear principles and management systems, Audi is instituting numerous measures to make products and production facilities environmentally compatible and to conserve natural resources. In doing so, Audi is maintaining an overview of all process steps from the development and production of vehicles to their use and, ultimately, their disposal.

Key topics

The materiality analysis for the core topic of the environment shows: Stakeholders and company respresentatives consider all aspects to be important. "Energy management" and "disposal and recycling concepts for materials," among others, have a very high importance.

1 Energy management
2 Disposal and recycling concepts for materials
3 Water management
4 Procurement and efficient use of materials
5 More eco-friendly logistics concepts
6 Noise immissions
7 Conservation and promotion of biodiversity

“With regard to freight transport, something has to be done about the ever-increasing volume of transit traffic by actively promoting regional business and transportation cycles as well as sustainable logistics.”

Prof. Dr. Hubert Weiger, Chairman of the Bund für Umwelt und Naturschutz Deutschland e.V. (BUND)

Clear guidelines

AUDI AG acts on the basis of the following central environmental policy guidelines:

- We offer premium automobiles that need to meet customers’ varying requirements. These include efficiency, safety, quality and comfort as well as the improved environmental compatibility of the products.
- We rely on research and development to pave the way to ecologically efficient processes and concepts and thus to boost our competitiveness.
- We want to proactively reduce harmful effects on the environment in all of our activities. Our primary focus is on careful and efficient use of resources and energy as well as on plant safety. Audi of course complies with environmental regulations.
- We have established an environmental management system in order to continuously improve our cars and our production sites.
- We attach importance to clear responsibilities: The Board of Management of AUDI AG is responsible for adhering to environmental policy and for the viability of our environmental management system.
- We conduct open dialogue about our environmental responsibility – with customers, dealers and the public. Moreover, we inform, motivate and qualify our employees regarding ecological issues in order to foster their sense of responsibility.
- We take action across the Group: Our guidelines are binding for all AUDI AG sites. In addition, we have defined in writing primary fields of action related to specific sites.

Central fields of action

In accordance with the principles of its environmental policy, Audi concentrates on three important fields of action: protecting the climate, conserving resources and protecting health. The primary goal is to reduce energy consumption and thus the associated greenhouse gas emissions as well as to efficiently use valuable resources such as water. Audi closes material loops where possible in order to reduce waste. By using innovative methods, Audi can almost completely avoid the use of harmful substances in production.

Ambitious goals

By using an effective environmental management system, which Audi has established at all sites, the Group analyzes the impact of its activities on the environment and maintains an overview of all relevant key figures. The goal is to further optimize the flows of energy and materials.

Environmental management makes an important contribution to the implementation of Audi's environmental and energy policy, and to the responsible use of the resources employed. Together with suppliers, service providers, dealers and recycling companies, Audi is working to continuously improve the environmental compatibility of its cars and production sites. In the process, Audi considers the entire life cycle of its products: the CO_2 emissions generated by a vehicle's operation, as well as raw materials extraction, the production and assembly of component parts, the flow of energy in production facilities and recycling. Audi has set ambitious goals for itself. For instance, the Group is striving for a 25 percent improvement per vehicle produced in the key environment metrics for CO_2 emissions, energy, fresh water, waste disposal and organic solvents (VOC) over the period of 2010 through 2018.

Well organized

The responsibilities for environmental protection are clearly defined: Overall responsibility lies with the Board of Management of AUDI AG. The Member of the Board for Production is responsible for implementing the environmental policy. The Environmental Protection department, which specifies the environmental activities within the Audi Group, reports to this Board member. The environmental protection coordinating committee develops recommendations for strategic environmental issues. The following members belong to this committee: the environmental management representatives from AUDI AG as well as its subsidiaries AUDI HUNGARIA MOTOR Kft., AUDI BRUSSELS S.A./N.V, Automobili Lamborghini Holding S.p.A. and Ducati Motor Holding S.p.A. The duties of the cross-divisional ecology steering committee include implementing assignments from the coordinating committee.

Responsibility for company environmental protection at the sites lies with the respective local environmental protection representatives. The goal is to ensure and continuously improve the environmental compatibility of the activities at each Audi site. Accordingly, the plant Environmental Protection department is active in all environmentally relevant decisions and activities at the sites.

EMAS – a high standard worldwide

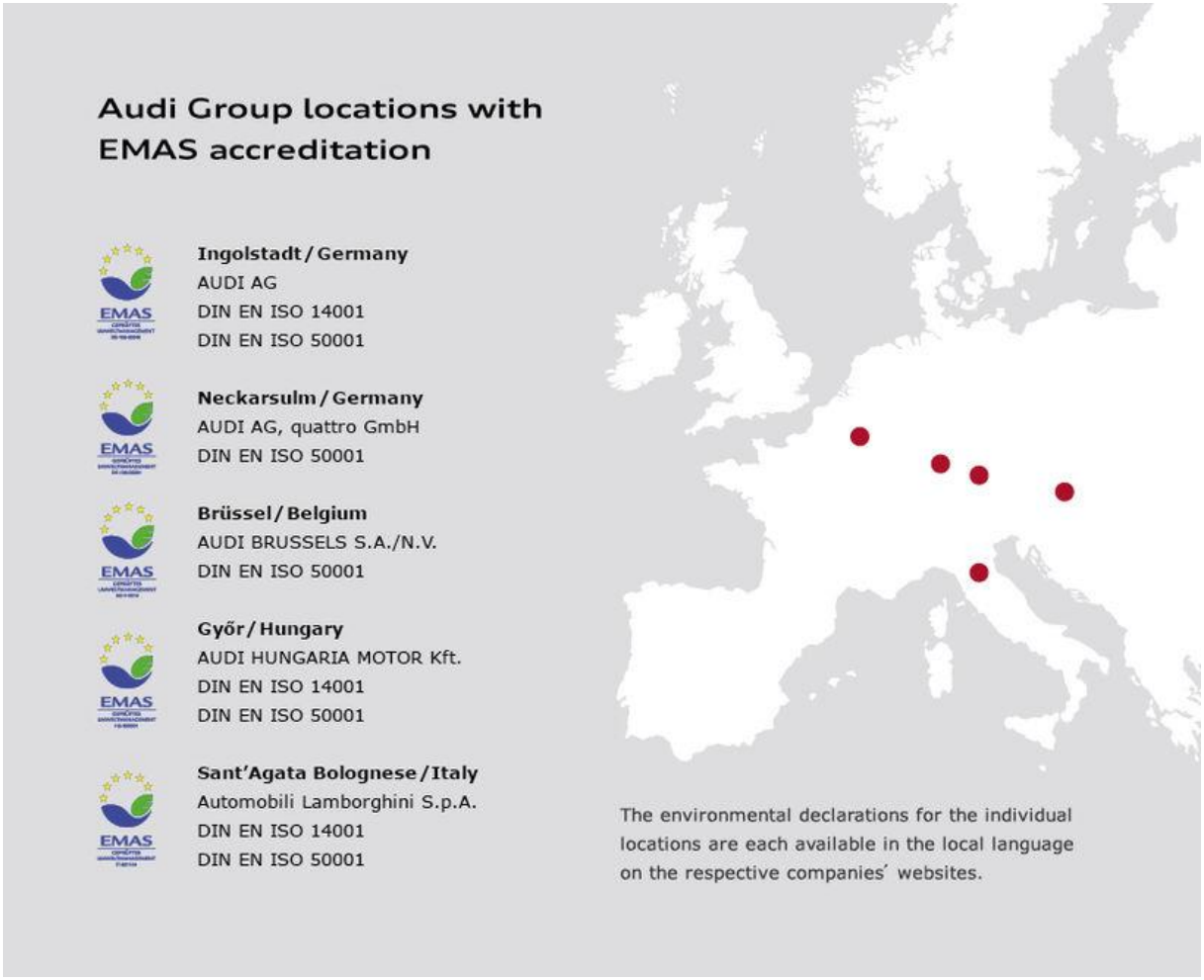
All of Audi's European automotive plants are certified in accordance with the European Union's Eco-Management and Audit Scheme (EMAS), which far exceeds standard requirements. All EMAS sites publish an annual environmental statement that includes specific goals for improving local environmental protection. The plants in Ingolstadt, Győr in Hungary and Sant'Agata Bolognese in Italy are additionally certified according to DIN EN ISO 14001, the international standard for environmental management. They also comply with DIN EN ISO 50001, as do the environmental management systems of the sites in Neckarsulm in Germany and Brussels in Belgium. This

standard contains especially strict specifications for continually and systematically reducing energy consumption.

As a company with international operations, it is important to Audi to establish uniform standards worldwide for environmental protection. The vehicle environmental standard, the directive on environmental protection passed by the Board of Management and the environmental and human compatibility performance specification apply to all sites worldwide. These standards and regulations are integrated into environmental management. Audi checks compliance with the standards using random audits.

In environmental statements published each year, Audi documents the implementation status of measures and projects at the respective sites. For example, there are around 40 individual measures in the 2014 environmental statement for the Ingolstadt plant alone: from avoiding waste and preventing water pollution to reducing CO_2 emissions.

Audi Hungaria also published its environmental statement via an interactive app, which has been further improved: It can be accessed by both iOS and Android users, by smartphone or tablet.



Creating awareness

Successful environmental management also includes dialogue and sharing knowledge. Audi therefore places a high priority on involving and informing employees comprehensively. Specially trained employees regularly pass their knowledge on to colleagues, motivate them to

practice environmentally conscious conduct and explain the latest developments. Protecting the environment and using resources efficiently also are a fixed component of training and advancement. Audi sensitizes its employees to avoiding waste and explains how heat recovery functions, for example. Once a year, the Audi Group organizes a training day for all apprentices on a specific environmental topic.

Audi also strengthens the awareness of stakeholders outside of the Company regarding environmental issues. AUDI AG is therefore committed to cooperating with universities and research institutes. In communication with journalists and representatives of local authorities, government agencies and environmental organizations, the Company explains its approach and conducts a constructive dialogue with experts.

Reducing environmental impact

Acting in the interest of economical and ecological efficiency is the philosophy at Audi production sites. We place particular emphasis on conserving resources and using less energy: Our ultimate goal is to make our sites carbon-neutral.

In working toward carbon-neutral mobility, Audi is focusing on efficiency at all of its sites, from production to the finished product. After all, a car's life cycle assessment begins long before its first mile is driven.

Our actions are concentrated on

- acquiring energy from renewable sources, such as by means of photovoltaic systems on the roofs of Audi plants,
- using energy efficiently, for example on the basis of the trigeneration plant,
- reducing energy use through measures such as efficient logistics and production facilities.

Our goal is to reduce our specific location-based and company-related CO_2 emissions by 25 percent by 2018 compared with the figure for 2010. And we will be taking things even further at the sites in Ingolstadt and Neckarsulm, where the emission of carbon dioxide related to energy supply should decline by as much as 40 percent by 2020 in comparison with 2010. The plant in Ingolstadt is already 70 percent carbon-neutral and is thus setting new benchmarks in terms of conserving energy and resources in the production process.

40% less CO_2 is the goal that Audi has set for its Ingolstadt and Neckarsulm sites by 2020 compared with 2010.

Reducing the footprint

Audi is pursuing the long-term vision of an entirely carbon-neutral automotive manufacturing process. Starting in Ingolstadt, we want to transfer this concept successively to other sites. Aside from ongoing process optimizations, we are therefore concentrating above all on energy-

saving measures. The goal is to design energy-efficient plants and buildings as well as sustainable logistics operations.

During the reporting period, Audi put other conditions in place for long-term climate-neutral mobility. For example, the Company was the first premium manufacturer to have its corporate carbon footprint certified to the globally recognized ISO 14064 standard. In this way, Audi has made transparent the main causes of emissions along the entire value chain and thereby identified the potential for further reducing greenhouse gases over the entire life cycle of an automobile.

Efficient worldwide

Overall, Audi is increasingly incorporating its international production sites in efforts to achieve the ambitious goals for energy use and emissions. For example, Győr in Hungary: In the state-of-the-art paint shop here, dry separation with air recirculation helps cut energy usage by up to 50 percent. Solvent emissions have actually been reduced by over 70 percent.

In the paint shop in Győr, solvent emissions have been reduced by more than 70 percent.

The Lamborghini brand is also working to reduce energy consumption. In September 2013, for instance, a new logistics center was opened that fulfills the stringent requirements of Italy's energy class "A." In general, Lamborghini has set itself the goal of operating a completely carbon-neutral plant in 2015. This will be achieved on the one hand by using district heating, which is produced by a biogas plant and supplies hot water, while a trigeneration plant will be employed to generate electricity, to heat and to cool.

Many paths, one goal

Between September 2013 and September 2014, Ducati Motor Holding S.p.A. in Bologna, Italy, reduced its CO_2 emissions by around ten percent. Among other things, the LED lighting that Ducati introduced in its production buildings contributed to this. The Audi subsidiary also launched the “E-Ducati” campaign at the end of 2014. The goal is to show employees simple ways to save energy and water, for example with the help of a training program in which around 65 percent of Ducati employees have already participated as well as using informational posters and email.

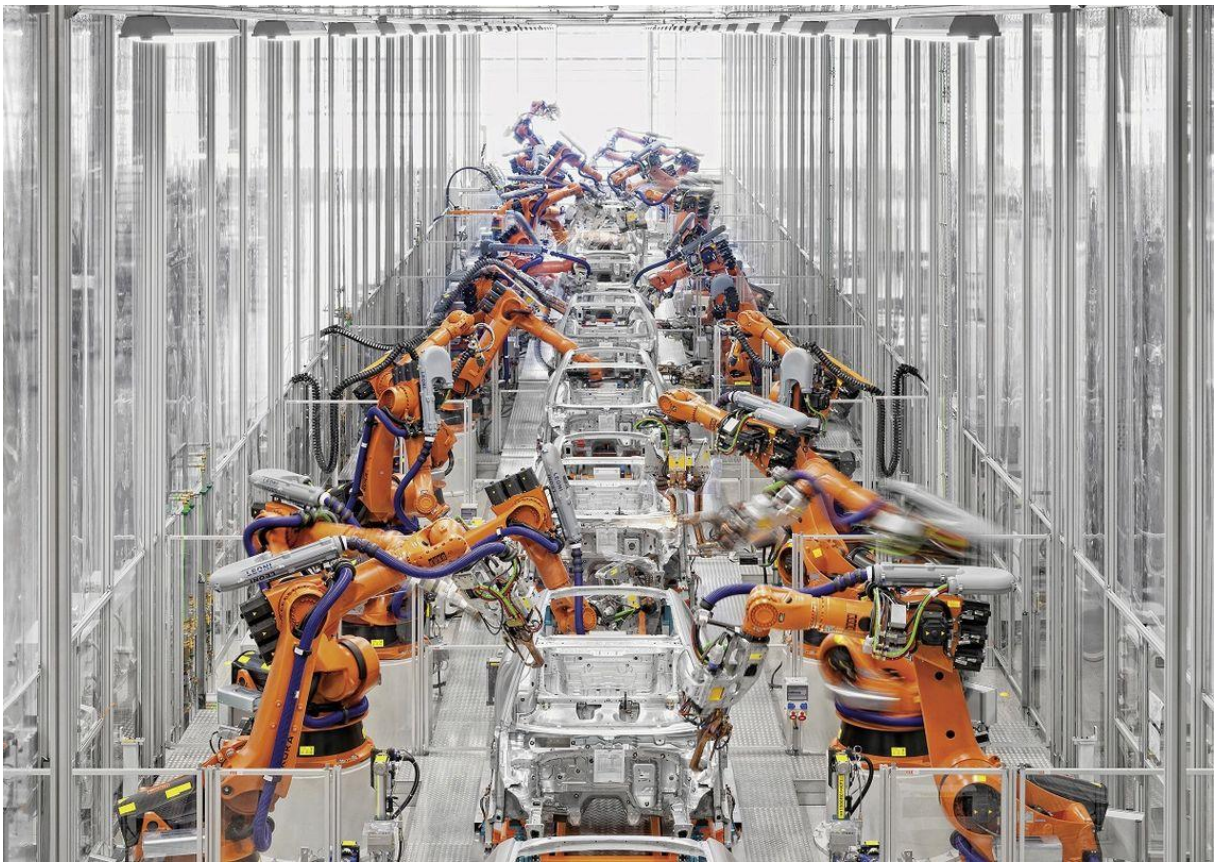
Another example is the Brussels site in Belgium. In the first phase starting in 2012, renewable hydroelectric energy was used exclusively to fulfill energy requirements. Another source was added in 2013: The region’s largest photovoltaic system is spread across the rooftops of the Audi Brussels plant, covering an area of 37,000 square meters. The system produces more than 3,000 megawatt hours of electricity annually, which is equivalent to the consumption of 660 four-person households. In-house electricity production and the additional purchase of green electricity saves 15,000 metric tons of CO_2 emissions annually. In addition, an in-house combined heat and power plant for sustainable energy supply was put into operation at the end of 2014.

37,000m² Area of the photovoltaic system at the Audi Brussels plant

Intelligent shutdown

The Audi Group’s largest production plant is also committed to trendsetting concepts. The Ingolstadt plant began fulfilling 100 percent of its electricity requirements with green electricity as early as 2012. This electricity primarily comes from German and Austrian hydroelectric plants.

Between 2013 and 2014, an even more energy-efficient setup was introduced for the Ingolstadt body shop. The basic idea: Even the most efficient production plant needs some recovery time now and then. In these cases, the machines should not only go into stand-by mode, but shut down completely. An intelligent shutdown concept at Audi significantly reduces energy consumption during short or long downtimes. In addition, the Company began using new robots in 2015 that are even more energy efficient. These are equipped with control technology that allows the machines to shut off even during short breaks. The same measure is being employed at the Neckarsulm site: “PROFIenergy” will reduce energy use in the body shop for the new Audi A4 by up to nine percent. In Ingolstadt, a project to harmonize robot movements is leading to additional energy savings.



At the Ingolstadt site, the harmonization of robot movements has led to additional energy savings.

In addition, Audi plans a zero-energy parking garage at the Ingolstadt site that is scheduled for completion by the end of 2015. Plans call for LED lights, renewably generated electricity and storage of electricity in high-voltage batteries that have reached the end of their life cycle in the vehicle. The latter are put to use as part of Audi's "Second-Life Energy Storage" project. The goal is to discover subsequent uses for batteries from electric cars aside from recycling. By the end of 2015, Audi also wants to realize a zero-energy bike port.

Step by step toward the goal

Sustainable projects are also consistently being implemented at the Neckarsulm location, including at the Böllinger Höfe site. Starting with the selection of building materials, attention is given to choosing those that have long useful life spans and that are suitable for recycling. The site is illuminated with LED technology that cuts energy use by up to 75 percent in comparison with conventional lighting. LED technology is also used in the new body shop halls in the north of the plant. Aside from this, Audi also wants to optimize the energy use of resistance spot welding tongs in the body shop at Neckarsulm. The primary goal is to reduce the weight of robot-controlled tools such as the welding tongs. If the weight of the tongs is lower, less mass must be moved. This enables the use of smaller robots with lower energy consumption. In the production of the Audi R8 at Böllinger Höfe, Audi uses a driverless transport system that is energy efficient, environmentally friendly and low maintenance.

The Böllinger Höfe site is equipped with particularly energy-saving LED technology.

Actively managing valuable resources

Using water sparingly is another important objective at Audi.

- Wherever possible, the Company uses process water or rainwater to conserve drinking water. Audi generally uses drinking water only where it is necessary, such as in employee shower facilities.
- Safe and effective purification processes as well as daily analyses ensure that pollution levels in the production wastewater at Audi are far lower than required.
- Audi is building a plant at the Ingolstadt site for the reuse of wastewater. Start of operation of the system is planned for 2016. Benefits of the plant: Sewage wastewater is reduced by 40 percent and the use of fresh water can be reduced by around 33 percent.
- The Ingolstadt plant puts supplied water that is not of drinking water quality to use multiple times: It is first used to cool machines and is then used by Audi as process water. This method has various advantages, including reducing the power requirements of the cooling towers, which leads to significant savings of energy and CO_2 emissions.
- Rainwater collected at Böllinger Höfe can be used for sprinkler systems and, after treatment, as process water. Outside the building, the diversion of rainwater into retention basins designed for this purpose enables controlled water percolation and relieves the sewage system.

Closed loops

Audi considers the environmental impacts of its vehicles throughout their entire life cycle. The overarching goal is to close material cycles in all product life phases. This requires that we use natural resources efficiently, avoid waste and use secondary raw and other materials.

In all phases of the life of a car, from production to use and recycling, we consider potential for closing substance and material cycles (cradle-to-cradle). Metal scrap created during production in the press shop, for instance, is fed into an automatic sorting process in order to separate steel and aluminum scrap from each other. These can then be used again with the goal of conserving resources.

CO_2 as a raw material

In the utilization phase we consider not only operation of the car, but also the production of the fuels. Audi is therefore working on filtering CO_2 emissions produced by vehicles from the ambient air and using this gas for the production of synthetic fuels. The company Climeworks has developed such a method. 80 percent of the CO_2 molecules that flow through the system at the Zurich-based company can be filtered out of the air with a cellulose granule substrate. All remaining air particles can pass through the material unhindered. Once the filter material is completely loaded, the CO_2 is dissolved and purified by briefly heating it. Audi is participating in this project, which could be another step on the way to carbon-neutral mobility, and in doing so is pursuing a special interest: The carbon dioxide removed from the atmosphere by the process is suitable as a raw material for many industrial applications, such as the manufacture of plastics or the generation of Audi e-gas and other e-fuels.

The sunfire plant in Dresden produces Audi e-diesel from carbon dioxide, water and green electricity.

Taking recycling further

Audi uses natural resources responsibly and therefore wants to close material cycles with the help of recycling. Lightweight materials such as aluminum or composites are used selectively in the cars. While these reduce vehicle emissions due to their low weight, producing them is relatively energy intensive. However, if the materials are sorted homogeneously, they can be recovered and reused more easily – thus reducing energy requirements.

Sorting aluminum homogeneously is hampered by the use of various wrought and cast alloys. To manufacture new, high-quality materials for body manufacturing from aluminum scrap fractions, Audi has initiated the Aluminum End-of-Life (Aleol) project. The goal is to develop a recycling process chain that can be used for, among other things, testing the effectiveness of the latest sorting technologies. Insights gained in the process are being used for future efficient recycling methods in the development of new alloys and thus in the manufacture of components for production.

The use of carbon-fiber-reinforced polymers (CFRP) represents the latest development in lightweight automotive construction, as in addition to their low weight, they offer high form stability. However, their production involves high energy consumption. Since there is currently no established recycling concept for carbon fibers, Audi is working together with research institutes and industrial partners in the “MAI Recycling” research project, which is developing more resource-efficient methods of recycling CFRP.

Environmentally friendly logistics

For the transport of components and automobiles, Audi relies on sustainable logistics and is continuously improving processes in order to efficiently use energy and resources. Wherever possible, Audi relies on means of transport with low CO_2 emissions.

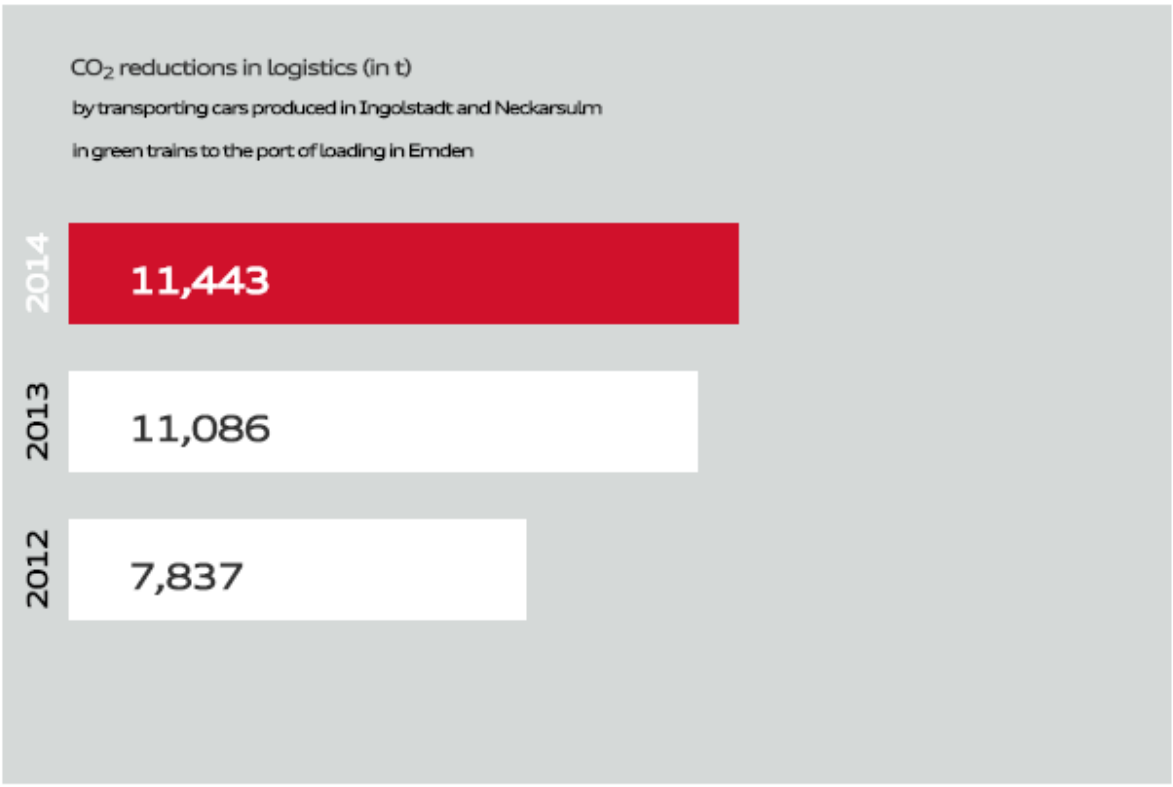
Group-wide, more than 60 percent of all delivered cars are transported by freight train. For models from Ingolstadt and Neckarsulm, this figure is already more than 70 percent; roughly half of these are transported in trains that are powered by renewably generated electricity. For material transport on the roads, Audi uses “Truck Quick Check-in,” which enables intelligent management of deliveries and thus increases efficiency.

Carbon-neutral transport

In 2010, Audi became the first company to employ the carbon-neutral rail transport service Eco Plus from the provider DB Schenker – so-called “green trains.” For the service, which is offered for transports within Germany, Deutsche Bahn additionally purchases electricity from renewable sources. The required amount of electricity is determined in advance by the logistics provider, depending on the route and the goods to be transported. TÜV has audited the carbon-neutrality of Eco Plus and confirms that 100 percent of the “green” energy supplied is used to transport automobiles for Audi.

Audi is also committed to sustainability in logistics with the CO_2-free train.

Since 2010, the green trains have been traveling between Ingolstadt and the loading port in Emden. As a result, the Company reduced CO_2 emissions by a total of 7,517 metric tons in 2014 alone. Since 2012, the green trains have also been traveling the route between Neckarsulm and Emden. Audi was able to save a total of 3,926 metric tons in CO_2 emissions here in 2014.



Managing complexity in logistics

Transport logistics at Audi is becoming increasingly complex – in part due to the growing diversity of models, heterogeneous transport routes and limited space for loading activities and storage. In truck logistics, Audi has been working since 2013 with an intelligent control system called "Truck Quick Check-in." Using so-called geofencing, transports are tracked on their way to an Audi plant via GPS and are automatically directed by the Audi control center. The system can independently document deviations from the timetable, flexibly adapt schedules and automatically register the delivered material. This significantly reduces the administrative effort and processing time in the Company for each truck, and the vehicles can be more efficiently deployed. This in turn reduces traffic volume and environmental impact.

Making way for plug-in hybrid technology

Starting in November 2015, Audi plans to begin using two modern plug-in hybrid locomotives at the Ingolstadt plant and thus begin transferring plug-in technology from the product area to the Company's own transport process. The technology makes it possible to charge the electric motors of the locomotives from the electric socket and to supply them in this way with electricity from renewable resources. As a result, the plug-in hybrid locomotives help conserve resources, reduce emissions and, step by step, make production carbon-neutral.

Three diesel-powered switching locomotives currently operate at the Ingolstadt production site. They supply material to 17 loading sites, to seven loading sites at the Logistics Center and to the container terminal. By swapping out the locomotives, the manufacturer states that it is possible to reduce CO_2 emissions by up to 35 percent, thanks to lower diesel consumption and partial electric operation. Noxious nitrogen oxide can be reduced by up to 50 percent and particulate matter by about 80 percent.

The environmental goal to "convert the plant railway to sustainable operation" is an integral part of the European Union's EMAS environmental management system established at Audi. The Ingolstadt environmental statement regularly provides information about the implementation status of the project.

Environmental commitment

Audi accepts responsibility for the environment beyond the boundaries of its business activities. The Company consolidates many projects within the Audi Environmental Foundation. The goal is to support projects for protecting nature and the environment as well as to support science and research.

The non-profit organization Audi Environmental Foundation is an important part of Audi's commitment to environmental issues. The foundation, launched in 2009, finances projects through donations as well as from interest earned on the investment of equity capital. AUDI AG has endowed the foundation with five million euros.

Oak forest as a CO_2 reservoir

Since 2009, the Audi Environmental Foundation has been financing the scientific study of the international Oak Forest research project. This large-scale and long-term study is designed to last 100 years. The project is directed by the Chair for Forest Yield Science at the Technical University of Munich. The researchers are exploring the optimum conditions for the growth of trees and for the development of biodiversity.

Forests decontaminate the atmosphere by absorbing CO_2 from the air and storing the carbon in their biomass. Oak trees, with their high storage capacity, contribute significantly to this. A one-hectare forest of 110-year-old oaks stores the equivalent of almost 490 metric tons of carbon dioxide. They are also especially robust when it comes to the changing demands of the future climate.

Around 100,000 English oaks have been planted since 2008 as part of the international Oak Forest research project.

In 2008, the participants in the project set up the first trial site near the corporate headquarters in Ingolstadt and planted around 36,000 English oaks. Thousands of trees have been added in the meantime, including at Neckarsulm and the international sites Győr in Hungary and Sant'Agata Bolognese in Italy. Researchers planted 10,000 oak seedlings in a new trial site near the Belgian site in Brussels in early 2012. Further trees were added at a new trial site in the highlands of Mexico in September 2014. Numerous partners are participating in the Oak Forest project. Around 100,000 trees have now been planted.

Award for young scientific talent

In January 2015, the Audi Environmental Foundation honored young scientists for the fourth time with the Sustainable Resource Management (SRM) Award. The prize is conferred within the master's degree program of the same name at the Technical University of Munich. The foundation supports talented young researchers who contribute with their graduation thesis to sustainable interaction between people, nature and technology.

This time the jury recognized two theses: One deals with the supply of drinking water in naturally or structurally underserved households, based on the example of Kenya. It created a valuable database for ensuring access to clean, affordable drinking water in underserved regions. Water kiosks, for instance, offer a realistic alternative for supplying Kenya with drinking water. The second thesis looks for more stringent and meaningful methods to measure the effectiveness of food aid projects. The results of the research extensively map the current status, problem areas and possible solutions. This creates a basis for better evaluating and more effectively designing aid projects in developing countries.

Preserving and promoting biodiversity

The "Outdoor Classroom" environmental center in Breitengüßbach, which is funded by the Audi Environmental Foundation, has received international acclaim. In March 2013, it was recognized as an official project of the UN Decade on Biodiversity. Its aim is to prevent the worldwide decline of biological diversity. For this purpose, the UN honors projects – such as the "Outdoor Classroom" – that work to maintain this diversity. The center makes it possible to experience the indigenous diversity of nature and species within a 125-hectare area and implements specific protective measures. For example, a safe haven for bats was established in a former bunker and biotope trees in 2013. In 2014, the Audi Foundation officially handed over the environmental center to the project partners. The wildlife conservation initiative in Franconia, the Breitengüßbach community and the Breitengüßbach development company plan to strengthen their commitment in the coming years.

The Outdoor Classroom opens to visitors.

Environmental pact in Bavaria

In the interest of sustainable development, Audi relies on cooperation between state government and industry. In 1995, the first Environmental Pact of Bavaria was concluded by the Free State of Bavaria and representatives from Bavarian industry. The voluntary agreement applies for five years at a time. Audi was one of the first companies to enter into the agreement, in which it agrees to conserve resources, use environmentally compatible technologies, and achieve environmentally viable economic growth. In addition, members of the Environmental Pact have established working forums in which important topics relating to environmental protection are discussed with the goal of advising policymakers. Audi is represented in various roundtable discussions on topics including “Integrated product policy and resource efficiency” and “Management systems.”

Employees

The foundation of our success

“More flexibility and modern work concepts, yes – but fair and structured!”

Peter Mosch, Chairman of the General Works Council of AUDI AG, on corporate responsibility and a modern working environment

Corporate responsibility teaches us that social and ecological responsibility and business success don’t have to be mutually exclusive. Audi’s commitment to its employees is also helping to make the Group financially stronger. So why is there really a need for a Works Council?

Without a Works Council there is no co-determination in the Company. And no co-determination, no success. It’s as simple as that. The fact is that if the employees are satisfied, and their interests are represented, the result is high-quality products. That’s the simple little equation of the corporate strategy. In addition, our Works Council activities enable us to know where the colleagues would like to see change. And we discuss those points openly with the Company.

And what needs to be improved today?

Right at the top of the agenda is appreciation of the colleagues. This is why we are striving for an improved corporate culture and new leadership principles. In the meantime there are working groups made up of Company representatives and Works Council members that are continuing to fine-tune these topics.

Following the Works Council elections in March 2014, the employee representatives at Audi moved forward with renewed vigor and set up specialist committees and commissions. What new topics were added?

Aside from the existing committees and commissions – like those for remuneration structures and personnel and competence development – focusing more closely on the topic of “teamwork” in a newly established commission. We also are responding to the ongoing digitalization of production. In the future, the “Industry 4.0” committee is going to stand behind the use of new technological possibilities for making working life easier and designing more flexible conditions of employment. As Works Council members, we pay particular attention to making sure that people will still control the systems and machines in the future, and not vice versa.

What can the employee representatives contribute to ensuring that the modernization of work will be a success story?

A lot. Back in 2013 we were already tackling the important issues of tomorrow, and bringing the workforce on board by means of open platforms, our “World Cafés.” This made it clear to everyone that the modern working environment at Audi rests on several pillars. On compatibility of work and private life, on exemplary leadership, and on trust and appreciation.

To continuously build upon these pillars, we are working together with Human Resources and discussing, for example, new approaches to structuring work hours. Here we are studying how we can better take into account the needs of people in different life phases, while also trying to bring the term “mobile working” to life.

Audi is investing extensively in sites in Germany and around the world. What does that mean for the employees?

For one thing, it means the German sites are going to continue growing in the future. That secures jobs. But it also means a growing number of our colleagues will work at locations outside of Germany. That’s why the Audi Works Council is committed to fair underlying conditions, so that assignments abroad will continue to be attractive. Because regardless of where in the world Audi people work, the working conditions simply have to be just right. This is the very reason why we set up the “International personnel assignment” commission. Ultimately, we want every Audi employee assigned to sites abroad to be able to continue his or her personal and professional success story without any obstacles.

The foundation of our success

In order to achieve the strategic corporate goal of “Audi – the premium brand,” Audi needs highly motivated young people. With the aim of being an attractive employer worldwide, the Company together with the Works Council supports its employees in their professional and personal development.

Employees as a success factor

The strategy of the Human Resources division is based on the corporate strategy and consistently places its emphasis on the employees. Their skills, their commitment and their ideas are key success factors in a tough competitive environment like the automotive industry. In our international company, working in interdisciplinary and intercultural teams is commonplace, which is why we systematically strengthen the competences of our employees and managers.

The human resources strategy focuses on the following points:

- **Strengthening competences:** We endeavor to attract the best talents worldwide. At the same time, we suggest goal-oriented development paths to our employees and support them in developing the competences they will need in the future. We help our managers to establish a timely succession plan.
- **Making work attractive and flexible:** We promote and maintain our employees’ personal performance. With future-oriented work models we meet the needs of our workforce at different stages of life. We recognize performance and commitment and reward it appropriately. At the same time, we aim to provide job security.
- **Promoting responsibility:** We practice responsible leadership and our working relationships are based on trust. Fair partnerships are extremely important to us. We take our social responsibility seriously and act accordingly.
- **Ensuring future viability:** We prepare in good time for changing social and economic conditions and set trends as an employer. Our training and advancement opportunities equip us for new technological developments and strengthen our innovative power. We promote the physical and mental well-being of our employees with innovative occupational health management programs. We are open to change and shape it together.

Becoming a global player

As a company that is successful in the face of global competition and one that intends to remain so in the future, Audi is continuing to expand its business on a worldwide scale. In order to understand people and markets, we provide training to improve employees’ intercultural skills for example, offer language courses and support a constant exchange between employees in the domestic market and abroad. With regard to apprenticeships, we are also pushing forward with internationalization. Apprentices at locations in Hungary, Mexico and Belgium are now on courses based on the successful German “dual education system,” i.e. training at a company and a state-run vocational college.

Key topics

Since 2012, Audi has continuously developed the materiality analysis and has evaluated employee issues too. The aspect “occupational health and safety” increased compared with 2012. The subjects of “corporate culture” and “training and advancement” continue to be especially relevant.

“Employees in particular often know exactly where potential risks lurk when conducting day-to-day business. Companies are well advised to make this internal knowledge accessible and to put it to use.”

Prof. Dr. Nick Lin-Hi, University of Mannheim

Trust and appreciation

In order to recruit and retain competent and dedicated employees, we offer attractive and fair working conditions. In addition to a good salary, we also offer individual development opportunities for example, flexible working models and child care solutions for families. The Audi brand's commitment to quality applies worldwide. To deliver on this pledge, we need the best employees worldwide.

Top ratings

As part of the Audi strategy, our goal is to be an attractive employer worldwide. A number of awards and top places in various rankings prove that we have been successful. Audi took first place among the target group of engineers in the Young Professional Barometer 2014 conducted by consulting firm Universum. The survey asked young professionals with a maximum of eight years' professional experience to state their preferred employers and career plans. Young economists also voted Audi into first place. In the target group that is becoming more and more important in this digital world, namely computer scientists, Audi took second place. Among natural scientists, Audi moved up an impressive 14 places and for the first time finished in the top 20.

In the 2014 employer rankings conducted by consulting firm Universum, Audi took first place among students. For prospective economists and engineers, Audi is once again the most attractive employer in Germany. Among future computer scientists too, car manufacturers are increasingly gaining in popularity; they voted Audi into fourth place.

In the attractiveness survey "Best employer 2014" conducted by news magazine FOCUS and career network XING, Audi was named overall winner and also clinched top place in the "Automobile/major corporations" category. The poll was carried out among 19,000 employees from 2,000 businesses in 22 different industries.

Audi is a more popular employer than ever as an employer in Europe.

Outside Germany too, companies in the Audi Group rank among the top employers:

- In 2014, AUDI HUNGARIA MOTOR Kft. was Hungary's most attractive company for the sixth time in a row. That was the finding of a survey conducted by the management consulting firm AON Hewitt and the international student organization AIESEC.
- In 2013, around 9,000 young professionals and a panel of experts including company directors, university professors and representatives from authorities, associations, consulting firms and the media chose AUDI BRUSSELS S.A./N.V. as "Employer of the Year" in Belgium for the first time. The survey was conducted jointly by internet platform Vacature Références, personnel consulting agency Acerta and Vlerick Business School in Brussels. With the title "HR Ambassador of the Year" in 2014, Audi Brussels also received an award for its personnel work and its good progress in the field of human resources. The award is presented every year by the Belgian network "D.E.N.K.-HR"; its panel of experts is made up of representatives from associations, universities and trade magazines.
- First place in the employer ranking by the Emblema Foundation went to Automobili Lamborghini. University graduates selected the Audi subsidiary as the "Best Employer of Choice" in 2014. What's more, the Top Employers Institute named Lamborghini the "Top Employer Italia 2014."

Audi subsidiary Lamborghini is 2014 “Employer of Choice.”

This is what we offer our employees

- Job security
- Interesting tasks
- Individual personal development
- Targeted further training courses
- Performance-based pay
- Attractive social benefits
- An innovative working environment

Incorporating feedback from employees

The results of our regular employees’ attitude surveys support our strategic approach. In 2014, almost 45,000 employees at AUDI AG, i.e. 88 percent of the workforce, made use of the Audi Pulse and gave anonymous feedback, for example on their department’s contribution to the corporate strategy, cooperation with colleagues and superiors or how well informed they felt about current developments at Audi. The results reflect a high level of satisfaction among employees. This time too, for instance, 95 percent of those surveyed completely or largely agreed with the statement “I like working at Audi.”

At the same time, the Audi Pulse provides the impetus to initiate processes of change. Superiors present the results in the individual departments and discuss action that might be taken as a result with their employees.

Promoting and developing

The increasing level of digitalization and the technical complexity of vehicles place particular demands on staff training and advancement. This is a high priority for Audi. The company takes a holistic approach and invests in both specialist and non-specialist training and advancement of its employees at every level.

Non-specialist development focuses on enhancing social and independent learning competences. As part of its corporate responsibility strategy, Audi also provides training for its employees on sustainability issues.

Combining theory and practice

Audi is currently training people in 22 professions based on the dual system. At the same time, the Company believes it is vital to develop vocational training on an ongoing basis and adapt it to new challenges. Prospective automotive mechatronics technicians, for instance, learn how to work with high-voltage technology. In addition, Audi has developed the job description for body and vehicle construction technicians to focus more strongly on lightweight design and has also extensively modernized the training plan for office management staff.

While they are qualifying as an (automotive) mechatronics technician, electronics technician or tool mechanic, Audi offers apprentices the opportunity to obtain the entrance qualification for a university of applied sciences. As part of the internationalization process, Audi gives its apprentices and those at other Group companies the chance to work for three months at a location in another European country. In 2014, 33 young people made use of this opportunity.

At the end of 2014, the Audi Group employed 2,647 apprentices worldwide (average of 2,421 for the year), 178 of whom took part in a “dual vocational training course with university of applied sciences entrance qualification.” At the German locations in Ingolstadt and Neckarsulm, a total of 766 young people began their apprenticeship at AUDI AG in 2014. The proportion of female apprentices in 2014 was 26.9 percent, two percentage points more than in the previous year. With programs specially designed for young women, Audi encourages female school students to choose a technical or scientific career. Many young women, for example, attend the “Girls’ Day,” the “Female Researchers Camp” and the “Girls for Technology Camp.”

2,421 apprentices worldwide in the Audi Group in 2014

At the German locations in Ingolstadt and Neckarsulm, a total of 766 young people began their apprenticeship at AUDI AG in 2014.

Focus on future engineers

In order to attract suitable young engineers, Audi offers the Study and Experience in Practice program, StEP for short, in Ingolstadt and a degree program at the Baden-Württemberg Cooperative State University (DHBW) at the Neckarsulm site. The three to five-year program combines practical training at Audi with a degree course. At the DHBW, students obtain a bachelor's degree in engineering for example, while in Ingolstadt, in addition to an engineering degree, they also acquire a vocational training qualification. At the end of 2014, 140 young technology enthusiasts were taking part in the StEP program and 62 were at the DHBW. Every year, 24 StEP students and 17 DHBW graduates are taken on as permanent employees.

Dual education worldwide

The success of the dual education system in Germany has prompted Audi to introduce this model at a number of international sites, taking into account the prevailing conditions in the country concerned.

A recipe for success: the dual education system

Hungary

At Audi Hungaria, more than 1,400 young people over the last 13 years have completed a vocational training course with a high practical component. Since 2011, this model has been officially recognized as “dual education.” This makes the plant in Győr one of the largest training providers in Hungary and a model for many other Hungarian enterprises. Audi Hungaria now offers dual education in 11 technical vocations. The program includes state-of-the-art production technologies. For its commitment to practice-oriented training, HUNGARIA MOTOR Kft. received the vocational training award from the German-Hungarian Chamber of Industry and Commerce in 2014. And Audi Hungaria is doing even more for the talents of tomorrow, with a variety of programs including “Audi Adventure” for interns and the “Campus for Excellence” for trainees.

Belgium

In 2012, the pilot project for dual vocational education based on the German system was launched at the Audi location in Brussels. After two years and 600 hours of instruction at the Brussels plant, 11 apprentices successfully passed their qualifying examination. Four of the 11 will start work at Audi Brussels as production plant technicians, while six others will continue their training for a third year to become maintenance technicians. In this phase of training, the practical component accounts for 95 percent. Another successful apprentice will start a degree course in information technology. He will remain in contact with Audi Brussels through the “Dual Connect” training program.

Mexico

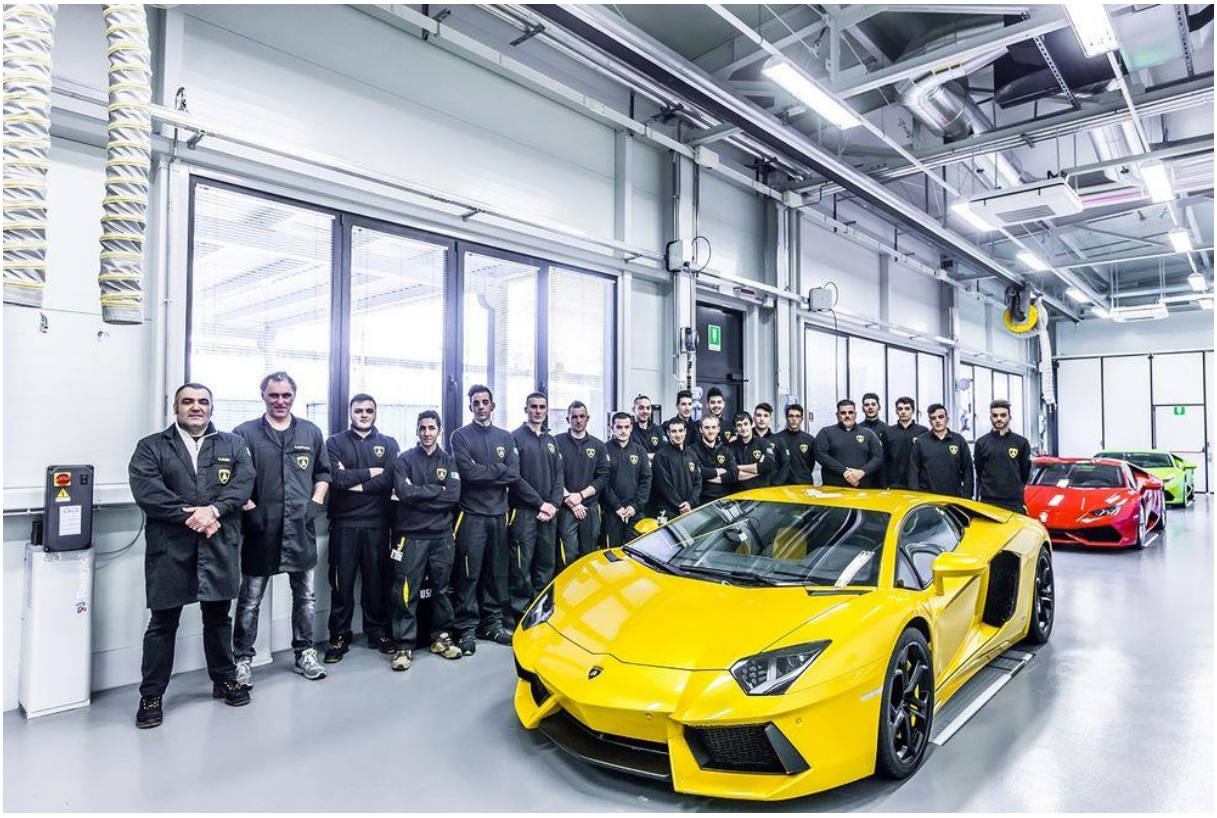
In October 2014, the new training center in San José Chiapa was opened. Each year, 80 apprentices at Audi México will complete a dual education course based on the German

model. There are five vocations to choose from: mechatronics technician, automotive mechatronics technician, tool mechanic, bodyshop technician and production technician. In the future, the 20,000 square-meter building will be the site of over 1,500 training courses a year for employees and apprentices. The aim is to provide them with expert training based on the Audi Production System and prepare them for the start of production of the new Audi Q5.

1,500 courses a year at the Training Center in Mexico

Italy

In October 2014, the first year of dual education started at Ducati and Lamborghini in Italy – 41 young Italians are learning the vocations of CNC machinist, motorcycle mechatronics technician or automotive mechatronics technician. Based on the German model, they study and work for two years under the dual system. In addition to job-related content, other specialist teaching is planned such as classes in technical English. At the end of the program, the apprentices can obtain a university entrance qualification.



Ducati and Lamborghini are establishing a new training process in Italy based on the German model.

Promoting responsibility

In order to further promote our apprentices' independence and sense of responsibility, the issue of sustainability has been expanded in the vocational training courses. In group sessions, the apprentices tackle the key topics of ecology, economy and society. In doing so, they learn how to integrate environmentally and socially acceptable aspects into their daily working life and develop their own ideas in discussions with others.

Lest we forget

In 2014, Audi initiated the “Never again” project to help future generations deal with a National Socialist past and to increase their political awareness. The program includes non-specialist events such as readings for interested apprentices. For example, Audi invited contemporary witness Sally Perel, whose experience of National Socialism provided the material for the film “Hitler Youth Salomon.” Audi also commissioned a study on the subject of “Wartime Economy and Labor Deployment at Auto Union AG Chemnitz in the Second World War” in order to address the past of its predecessor company.

Opportunity for school students with development potential

Audi also gives backing to school leavers who would like to prepare for working life. With the entry qualification (EQ) and the sponsorship year, Audi helps young people who want to work but have not secured an apprenticeship due to their lack of certain skills. The aim is to increase the chances of these school leavers finding a place on a vocational training course. Audi works closely with the employment agency in this program. Besides basic technical skills such as turning or milling, participants above all learn how to find their way in the working world during the nine months. In addition, they develop personally and enhance their social skills – an important prerequisite for embarking on a career. In 2013 and in 2014, nine of the 12 participants successfully completed the sponsorship year and were able to qualify for an apprenticeship at Audi.

International search for talent

In December 2013, we expanded our international trainee program “StartUp Europe.” Following the successful launch of “StartUp Europe Spain” in 2012, the program is now also available to engineers in Italy. The two-year program, which we offer jointly with the Volkswagen Group, is designed for job-seeking engineers who have only recently graduated. The aim is to qualify and develop sought-after young engineers in preparation for long-term employment at Audi.

Further developing knowledge

Alongside training, the development of specialist and non-specialist competences is very important at Audi. In 2014, in more than 35 fields of study, the Company provided off-the-job competence training for the future in around 10,000 courses and 135,000 participant days, and enhanced the acquired skills on the job. The emphasis was on the key technologies of lightweight construction, connectivity and electrification as well as on internationalization, a strategic area of action. In Production, the priority was to train employees for the new Audi A4 and the Audi Q7 in accordance with the product development process. As part of the expansion of the international production network, Audi focused on the sites in Győr (Hungary) and San José Chiapa (Mexico). In Győr, the Company successfully completed staff training for the Audi A3 Sedan.

Welding, bonding and problem-solving in a practice-related environment.

Sought-after soft skills

When it comes to training and advancement, non-specialist competences such as communication skills, team spirit and the ability to accept criticism are equally as important as specialist knowledge. These so-called soft skills help employees to cope in a constructive way with the demands resulting from increasingly complex and faster processes. Audi therefore allows more time for the development of these competences in training and advancement. Apprentices from Neckarsulm, for example, were involved in the 2014 “project weeks” and repaired playground equipment at a school in Neckarsulm.

Healthy and efficient

As a responsible employer, Audi seeks to ensure the well-being of its employees and attaches great importance to fitness and health. In light of demographic change, the Company wants to further consolidate its leading position in occupational health and safety and offer its employees optimum jobs even when their personal performance capability changes.

Audi designs workplaces according to modern, ergonomic and occupational health and safety standards – at the locations in Ingolstadt and Neckarsulm as well as at the plants in Belgium, Italy, Mexico and Hungary.

Active into the future

Healthy and age-appropriate workplaces not only guarantee the performance capacity of our employees, they also make a significant contribution towards their safety. Audi has therefore

established ergonomics as a binding standard and defined this as a strategic goal in Technical Development, along with quality, costs and investment.

The Audi ergonomics strategy “We for us. Active into the future” focuses on the employees and their individual physical and psychological needs. Audi has defined five fields of action:

Holistic ergonomic methods
In order to promote the psychological well-being as well as the physical well-being of our employees in the best possible way, we are currently defining the general parameters that are important for maintaining emotional health in the workplace. We are also planning a system to measure the cognitive load on employees.

Intelligent work organization
Group work is organized in an intelligent way to reduce strain: For example, production employees regularly change tasks within a production group every two hours. This rotation ensures that the loads are optimally distributed among different areas of the body. Our managers are incorporated in the search for an optimum balance between imposing and relieving strain.

Ergonomics in the product process
At Audi, ergonomic requirements are taken into consideration even in the concept and component development phase and are thoroughly examined by our engineers. The aim is to identify and analyze problems as early as possible. The ergonomics process is documented according to a binding Audi standard.

Internationalization
In addition, we intend to implement these standards worldwide. This calls for the German specifications to be adapted to the situation in the respective countries. For example, the different heights of people in China and Mexico have to be taken into account. We are planning a global ergonomics network and are training experts to set this up at the various international locations.

Communication and dialogue
In order to draw employees’ attention to the subject of workplace ergonomics, Audi holds special advisory meetings and encourages its employees to come up with their own suggestions and proposals.

New robots improve ergonomics in assembly.

The principle of safety

The aim of our integrated occupational safety measures is not only to protect our employees from work-related risks but also to enhance their health and performance capabilities. Occupational safety is therefore included at an early stage of the planning process; a procedural instruction to this effect has been in place since 1996. For all day-to-day operations, the Company and Works Council have developed measures to prevent accidents and damage to health as well as to ensure that processes, equipment and vehicle components are designed to be safe. In order to guarantee the high level of occupational safety at Audi at all times, we regularly train our specialists and managers.

In addition, we draw our employees' attention to hazards and health risks. In 2013 for example, employees at the Pre-Series Center attended the newly devised "People and Product" workshop. Using specific examples, the participants learned to identify hazards at an early stage and make a realistic assessment of the risks.

In 2014, there were 3.1 work-related accidents in the Company that resulted in at least one day's work lost per one million hours worked. The accident rate is therefore at a low level and only slightly above the figure for 2013. Employees in the Occupational Safety department analyze all work-related accidents and devise measures for improvement. All the key figures are reported every month on the intranet. If the number of accidents increases or there are other irregularities, the relevant department examines the cases concerned. Together with Industrial Safety, it uses the results of these investigations to develop better practices.

The aim of our integrated occupational safety measures is not only to protect our employees from work-related risks, but also to enhance their health and performance capabilities.

With the prevention award introduced throughout the Group in 2013, Audi recognizes employees' exceptional commitment to safety at work, good workplace design and health protection. The award replaces the industrial safety award, established 30 years ago, and is additionally presented in the categories processes/work organization, ergonomics, knowledge transfer/training, health promotion and integration.

Risk avoidance

The Health Care, Human Resources and Industrial Safety departments as well as managers in all business divisions and the Works Council work together to preserve and promote the health, quality of life and performance capability of the employees.

One component of health management is the Audi Check-up. Since 2006, all employees have been able to use the individualized prevention program during working hours. Modern medical equipment and medical consultations help to detect and reduce health risks at an early stage. Around 90 percent of our employees already take part in the program.

By the end of 2014, almost 70,000 check-ups had been carried out at the Audi health centers. The attendance rate in the Company, at 96.3 percent in 2014, was once again at a very high level.

70,000 Audi Check-ups have been carried out since 2006

In 2014, after the success of the running training sessions, Audi also introduced strength training for people with diabetes. Here under medical supervision, participants can improve their blood sugar levels in the long term. Since 2010, AUDI AG has also provided an opportunity for free stem cell typing in partnership with the Aktion Knochenmarkspende Bayern (Bavarian Bone Marrow Donation Foundation) and the DMKS Deutsche Knochenmarkspenderdatei (DMKS German Bone Marrow Donor Center).

Other measures that have been developed by the health management team include

- campaigns to promote a healthy lifestyle and work-life balance,
- information events and training courses on healthy eating and exercise,
- preventive examinations,
- screening program for bowel cancer,
- vaccinations,
- help in giving up smoking and addiction counseling,
- individual medical counseling,
- medical consultations on mental health and
- coaching for employees with psychosocial issues.

Mental health

At Audi, the proportion of diagnosed cases of incapacity to work attributable to mental health problems is in the low single-digit range and is therefore below the average figure for psychological illnesses recorded by statutory health insurance providers. An early detection system has been integrated into the Audi Check-up. At the Ingolstadt site, we offer psychosocial counseling in the Occupational Health department and social support from the Works Council as well as seminars for HR officers, company doctors and managers. They are intended to help staff to recognize and deal with any psychological problems employees may have. Audi Akademie offers various seminars in this field for managers and affected employees.

High international standards

In order to guarantee working conditions to a high standard at all locations, we implement the occupational safety and health management measures worldwide, taking local standards into account. We support the mobility and performance capability of employees on international assignments and implement the Audi Check-up prevention program at international Audi locations. In cooperation with the Mexican government, we have also optimized the rescue chain and medical care at the construction site for our new plant in San José Chiapa, Mexico.

In addition, a health center has been built at Audi México's new Training Center. A facility for emergency medical care for employees and suppliers was set up in collaboration with the new Ministry of Health clinic in San José Chiapa and other hospitals in the area.

Other services provided by Audi's international health management include

- evaluating the living conditions and medical care at overseas locations on a regular basis,
- providing advice and support with "case management" (including repatriation) for health insurance providers and coordinating this if employees fall ill abroad,
- providing medical assistance for test drives and trials,

- providing information on current medical issues abroad,
- recommending preventive measures in an international context and
- providing the Company with strategic advice on internationalization from the perspective of occupational health.

Creative and effective

A well functioning ideas management system encourages employees to show initiative and promotes the competitiveness of a company. Audi recognized this early on and Audi employees have been sharing their ideas with us since 1969. The numerous innovative suggestions help to optimize processes and reduce costs.

Based on the Company's long-standing suggestions scheme, the Audi Ideas Program (AIP) was established in 1994. To mark the 20th anniversary in 2014, the Company revealed its impressive track record: In two decades, a total of 838,070 suggestions for improvement were submitted. Thanks to the 420,585 proposals that were put into practice, AUDI AG has been able to achieve cost savings amounting to around 780 million euros since the program's inception. Ideas that are implemented are rewarded with bonus payments of up to 70,000 euros – depending on the savings potential.

In 2014, the Audi Ideas Program Award was presented for the second time. Employees were able to submit ideas in three categories: Sustainability and environmental protection, occupational health and safety as well as ideas from apprentices. The employees with the best ideas received a special prize: participation in the three-day AIP Alpine Rally 2015.

Sustainably inventive

In 2013, as part of the Audi Ideas Program, the "sustainability action weeks" were held for the first time throughout the Company. The spectrum of events and projects ranged from presentations and idea workshops through to driving efficiency training. In addition, employees were asked to submit their suggestions for improvement on the following key issues: responsible business practice, product and employee responsibility, environmental protection and resource conservation as well as social responsibility. The result: A total of around 170 ideas were put forward – by more than 300 individuals from all business divisions. We are continuously developing the content of our ideas program. In 2014, the main focus was on the subjects of health and environmental protection as well as sustainability.

Time for discussion: The exchange between employees produces new ideas.

Transparent process

The Audi Ideas Agency is responsible for implementing ideas management. Superiors and expert appraisers evaluate the employees' suggestions and check their feasibility. In addition, idea coordinators function as a link between participants, superiors and the Ideas Agency. The evaluation process is standardized and transparent: Employees can see what stage a suggestion has reached at any time on the intranet. An evaluation committee takes decisions on high-value suggestions with an annual benefit of more than 30,000 euros. The committee is made up equally of company and employee representatives.

The quality of ideas management and the ingenuity of our employees are recognized throughout the industry: In 2014, the Audi Ideas Program was voted the best in the German automotive industry by the Deutsches Institut für Betriebswirtschaft (German Institute for Business Management) for the eleventh time in a row.

Ideas without limits

The concept of the Audi Ideas Program has proved its value. The employees at the Brussels and Győr sites are also developing their improvement suggestions, inspired by the successful approach taken at the German locations. In Győr, the "Ötletbörze" ideas program is already celebrating its tenth anniversary. In 2014, 7,500 suggestions for improvement achieved savings of around 15 million euros.

15 million euros saved in Győr in 2014 through ideas from employees

After the completion of a training program for all departmental heads and group spokespersons, the Audi Ideas Program was introduced in Brussels at the end of 2012. Since then, more than 250 ideas have been put into practice. These measures have enabled Audi Brussels to achieve savings of around two million euros. With the aim of developing the successfully launched program, the plant runs special campaigns – including a driving experience in a Formula 1 simulator and a tour of the Lamborghini factory.

Supporting families

Family-friendly companies that facilitate a good work-life balance are very popular, especially among highly qualified young people. Audi helps its employees to balance work and family life, for example with child care solutions or opportunities for parental or caregiver leave.

Looking after the little ones

With the “Audi Spielraum” program, the Company offers a range of child care solutions tailored to the individual requirements of our employees. These include places at daycare centers, short-term care, for example when the kindergarten is closed or when a work appointment comes up unexpectedly, as well as child care arrangements during vacations. In addition, there is an individual advisory and placement service for finding child-minders, au pairs and babysitters. We always work with experienced partners in every case. Parents can therefore be sure that their children are well looked after by pedagogical specialists. Our aim is to steadily expand the “Audi Spielraum” program.

For regular care, a total of 179 places were available in 2014: 106 in Ingolstadt for children up to the age of three, 73 in Neckarsulm for children up to the age of six. For flexible, short-term care for children between the ages of two and 14, Audi employees in Ingolstadt can use 20 places in the “miedelHaus” facility. Parents who return from abroad with their children or employees who are new to Ingolstadt also like to bring their children to the “miedelHaus” until they find a regular place in a daycare center.

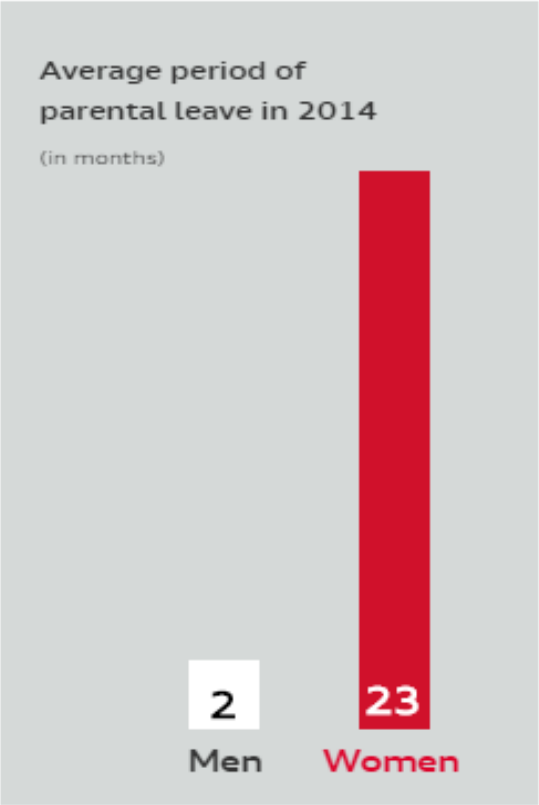
“My day at Audi”: child care when schools are closed

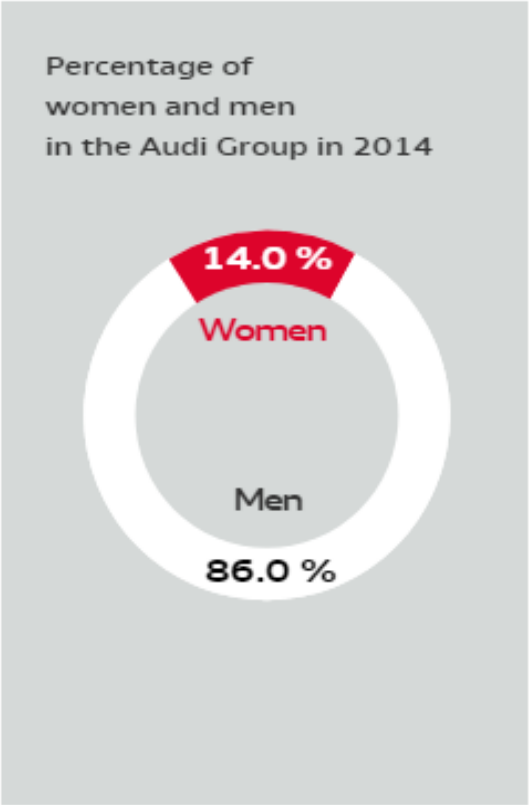
Internationally active

We are also continually expanding similar child care arrangements at our sites outside Germany, for example in Győr (Hungary). At the daycare center, eight specialists look after 50 employees’ children from Germany and Hungary in two mixed groups. In Sant’Agata Bolognese, Italy, the home of Automobili Lamborghini, there is a cooperation agreement with a local kindergarten. This initiative is part of the company’s “People Care Program” and a further example of the commitment to flexible models for employees.

Parental leave

A fulfilling private life and a successful career are not necessarily mutually exclusive. Many Audi employees take parental leave after their child is born: In 2014 alone, 1,996 employees – 63 percent of whom were men – chose this option. The average period of parental leave taken was ten months, with women taking on average 23 months off work and men two months. Those who return to the company after a lengthy period of leave can take part in the comprehensive “Job & Family” qualification program. The aim is to make returning to the workforce easier – also for employees who return after caregiver leave.





Caring for relatives

To Audi, reconciling the demands of professional and private life also means helping employees to look after family members in need of care at home. Employees can take up to ten days' leave at short notice to look after relatives who need urgent care. Another option is "Audi caregiver leave," under which employees can take up to three years' leave. This goes clearly beyond the statutory entitlement, which amounted to merely six months up to 2015 and has now been extended to two years. If needed, employees can extend caregiver leave by a further four years. In this case, they leave the Company and receive a reemployment guarantee for an equivalent job. Alternatively, a so-called sabbatical can be used for caregiver leave. The employees then work on the basis of a temporary part-time contract, comprising a working phase and a leave of absence, which they can use as required.

Our employees also receive help with care issues through a range of advisory services. For example, the Audi Occupational Health department and the Works Council's social support service set up contact with home care providers or specialist organizations. In addition, the Works Council social support service advises every employee individually and provides help in difficult situations. Furthermore, interdisciplinary working groups that address the subject of work and care have been set up at the Ingolstadt and Neckarsulm locations.

Alternative work time models

To make it easier for our employees to combine work and family life, Audi places particular importance on providing even more flexible working conditions for its workforce. For example, employees can request a sabbatical or work at home on the basis of a telecommuting agreement. In order to extend the telecommuting program, Audi has put in place the technical

requirements and regulated the process in the new IT works agreement. Part-time employees who work on a shift system have the option of choosing a particular shift, in other words working only early or only late shifts, for example.

Equal opportunities for all

As an international company, Audi regards an open and diverse corporate culture as a key requirement for economic success. It is therefore important for Audi to actively promote this diversity and create a climate of acceptance and mutual trust.

Equal opportunities, equal rights, fairness as well as mutual acceptance and tolerance shape Audi's corporate culture. We value our employees' differences and diverse qualities. We reject discrimination of any kind and recruit our employees solely on the basis of their qualifications – regardless of gender, ethnic origin, disability, age, sexual identity, religion or beliefs. The guidelines for equal opportunities and equal rights at AUDI AG were established in 2007. Our self-perception and the Audi Code of Conduct – both drawn up in 2011 – are worded to this effect.

Promoting women

In 2011, we set ourselves the task of permanently increasing the proportion of women at the various levels of the Company: from apprentices all the way up to top management. In 2014, AUDI AG recruited a total of 1,451 new academic graduates. 20.5 percent of them were women. The proportion of females in management increased from 7.3 percent in 2012 and 8.0 percent in 2013 to 8.3 in 2014.

The proportion of female managers at Audi rose from 7.3 percent in 2012 to 8.3 percent in 2014.

When hiring female academic graduates, we look at the proportion of women studying each subject. For example, ten percent of mechanical engineering graduates are women. Consequently, the proportion of women we endeavor to recruit from this area of study is ten percent. Averaged out across all courses of study that are relevant to us, the proportion of women we want to attract to our Company is around 30 percent. As our future managers are largely selected from our own ranks, the proportion of women at the various management levels will gradually increase and filter through to top management.

Before they choose a training course or degree subject, we want to inspire girls and young women to take up technical and scientific careers. For example, with events such as the annual "Girls' Day," the "Female Researchers Camp" and the "Girls for Technology Camp." The proportion of female apprentices at AUDI AG rose from 23.7 percent in 2012 to 26.9 percent in 2014.

26.9% female apprentices at AUDI AG in 2014

Learning from each other

Under the title "Sie und Audi," the Company offers programs aimed at supporting Audi's female employees on their personal career path. Through various measures, women are encouraged to recognize and develop their strengths with a view to possibly taking up management positions in the future. The "Mentoring Management" program was developed for this purpose and was launched in July 2014, with 12 participants from Ingolstadt and Neckarsulm. Designed as a

collaborative project with a mentor from management, the participants work through various program points in a period of ten months, focusing on themselves and the image of women in leadership roles. Regular, intensive discussions with the mentor form the basis of this collaborative personnel development measure.

Integration pays off

For Audi, the expertise and motivation of all employees is valuable, whether or not they have any health issues. Comprehensive integration management, special training measures and workplace design ensure equal career prospects for people with disabilities.

Our commitment was proved to be worthwhile by the results of a unique pan-European research project presented in July 2014: Audi and the Center for Disability and Integration at the University of St. Gallen examined the conditions under which this is of benefit to employees and the Company. The study clearly shows that our integration management pays off, from a social and from an economic perspective. The research project confirms that mixed teams are more creative and are more likely to come up with ideas. In addition, disabled people are generally more motivated, more satisfied with their work and have less time off due to sickness if they feel well integrated.

Based on these research results and the experiences of the representative body for the severely disabled, Audi is continuing to develop its integration management. Furthermore, the findings will be incorporated in the training programs for managers. In the future too, we will ensure that all parties involved in the subject of integration work closely with those affected: HR officers, Works Council members, company doctors, production planners and managers. The latter have an important role: With health-focused and inclusive leadership, superiors can ensure that employees with health issues work effectively and contribute to the Company's success.

Fair and performance-based

If we want to delight customers worldwide, we need satisfied and dedicated employees. Besides a high level of job security, we offer attractive and commensurate pay, a profit-sharing program and other social benefits such as a company pension scheme. The company and the Works Council are committed to these measures.

AUDI AG concludes permanent employment contracts based on the current version of the collective agreement of the metalworking industry and guarantees job security through to 2018 in a works agreement. The number of employees in the Audi Group rose by around 15 percent from 2012 to 2014, to 77,247 employees.

In 2007, AUDI AG introduced the remuneration framework agreement (ERA), which provides a standard pay structure for all employees. The monthly salary is made up of the following components:

- basic salary, based on the requirements of the job,
- performance-based pay that reflects personal performance and
- an Audi component beyond the general pay scale.

Responsibility for temporary staff

The treatment of temporary staff has become a major socio-political issue. Based on the collective agreement for the metalworking and electrical industries relating to agency/temporary staff and the “Charter on Temporary Work for the Volkswagen Group,” company management and the Works Council reached an agreement in May 2014 on the deployment of temporary workers. This guarantees appropriate working conditions and remuneration. We only commission companies to supply temporary staff if they fulfill these agreed criteria. Furthermore, we offer temporary employees working at Audi extensive training opportunities and provide an appraisal at the end of their employment. We also offer temporary workers a permanent position if the appraisal is good, appropriate staff are needed and certain recruitment criteria are met. In 2014, AUDI AG took on 957 temporary workers as permanent staff members.

Sharing in success

Every year, our employees receive a share of the Company’s profits based on target values – return on sales, quality and attendance rate. This is made up of a base amount, a bonus according to length of service and a variable share based on targets achieved. In addition, we also offer an Audi profit-sharing plan (AEB).

The amount paid under the AEB depends on the operating profit. Ten percent of the Audi Group’s operating profit over a threshold of 1.2 billion euros is distributed to AUDI AG employees. In 2014, all entitled pay-scale employees at German locations received an average of 6,900 euros as a profit share based on the results of the 2013 financial year. Audi’s international subsidiaries also offer their employees a share in the company’s success. The conditions are determined autonomously by the respective management, based on local salary levels.

In spring 2014, in addition to the employee profit-sharing scheme that had been in place for some years, the Brussels location introduced its own Audi Brussels profit-sharing plan (ABEB). The aim is to enable the workforce to enjoy a long-term and transparent share in company profits that they helped to achieve. In the summer of 2014, Audi Brussels paid out the profit share for the first time. In addition, the management, together with the trade unions, adopted the site agreement on the Charter of Labor Relations to ensure that the Brussels location remains attractive and fit for the future. The Charter applies to all companies and locations that are represented on Volkswagen’s European and World Group Works Council.

Sustainably mobile

The Company has established a dense network of shuttle buses in recent years at the Ingolstadt site in order to reduce traffic between the destinations within and outside the plant. Around

900,000 Audi employees made use of this service in 2014 alone. Since January 2015, six large MAN buses with room for 84 passengers have also been driving three of the plant's routes.

Together with regional transport partner INVG, Audi has established additional public bus lines for the purpose of transporting employees. Some of these also drive through the plant site. A subsidized job ticket for employees has been sold 6,500 times so far. (As of March 2015)

Local public transportation has also been improved for employees working in Neckarsulm: Two stops have been added for the commuter rail system directly at the plant. The job ticket has been available in Neckarsulm since July 2014. These yearly tickets are printed and sent out on a monthly basis. 704 employees used the Audi job ticket as of April 2015.

Employee mobility and easing traffic congestion are sustainably promoted at Audi.

Well provided for in retirement

Our employees work hard for Audi, for several decades in many cases. We take responsibility for them – even when their active working life is over. AUDI AG supports its workforce with a company pension scheme that is based on a direct commitment. In addition, employees have the opportunity to top up their pension by way of deferred compensation. Since 2001, funds for retirement benefits have been invested in the capital markets through the pension fund administered on a fiduciary basis by Volkswagen Pension Trust e.V.

In July 2011, management and employee representatives agreed on a revised partial retirement program at AUDI AG and concluded the respective company agreement. The flexible arrangement gives employees the opportunity to shape the transition from working life to retirement and the choice between various work models during partial retirement.

Society

Creating value together

Successful companies have an obligation to give something back to society. That is why Audi is committed to its locations, in Germany and around the world. The Company promotes innovative transportation concepts, education initiatives and research partnerships, the employees' volunteer activities, regional cultural offerings and, together with the Works Council, social initiatives.

Thinking globally, acting locally

Every Audi Group site has its own identity and its own requirements. With this in mind, the Company and the site representatives have jointly developed concepts for serving the needs of neighboring communities.

Global guidelines

Active participation in projects for the good of communities requires guidelines that can provide orientation for all responsible parties. This is why Audi adopted the global principles for corporate citizenship in August 2014. The principles were created by means of a process in which all AUDI AG sites took part. Management at the sites jointly agreed on the key questions: What does corporate citizenship mean to Audi? And what image does the Company project at the various locations?

The principles encompass five fields of action: mobility and infrastructure, family and society, health and leisure, knowledge and competences, and nature and the environment. They specify long-term goals and offer orientation to help with the selection and development of projects worthy of funding and support. However, acting in the best interests of society can have various focal points because each location faces different requirements. The goal is to find constructive solutions for the local challenges.

Support guidelines

The global principles for responsible action are augmented by the "Corporate Citizenship" support guidelines that the Board of Management of AUDI AG approved in December 2013. The support guidelines primarily serve to outline the types of project the Company will support. Audi focuses its efforts on three areas:

- Education: Projects that support the education and advancement of children, youth and adults; these include projects related to social cohesion, culture, the natural sciences and humanities, sports and health.
- Technology: Projects conceived to provide solutions to technical and social issues related to mobility
- Support in the case of disasters

In principle, projects supported by Audi should clearly be connected in some way to one of the Company locations (except in the case of disaster relief). Further selection criteria for social commitment are, for example, the relevance of a project to society, the efficient use of resources, and the ability to measure and verify the use of donated funds. Special support criteria apply to environmental projects which the Company supports through the Audi Environmental Foundation.

Key topics

As in 2012, the relevance of social issues was once again evaluated in 2013 and 2014 and the materiality analysis thus continued. The findings clearly show that the “future of mobility” is still considered to have the highest relevance. The themes “promotion of sports, exercise and health,” “promotion of art and culture,” and “promotion of voluntary activities” have grown in importance since the last report period.

“More and more people live in cities, many of them in megacities with millions of inhabitants. Audi has to tackle the challenge of making individual mobility future-proof with new concepts.”

Dr. Gerd Leipold, Executive officer of Greenpeace International 2001 – 2009

The future of mobility

The world is changing at a rapid pace, and its population is growing ever more quickly. By 2030, it is anticipated that 60 percent of the population will live in megacities with over eight million inhabitants. Audi launched the Audi Urban Future Initiative in 2010 to discuss the issues resulting from this development and to find new solutions.

Collaborating with Audi on the Audi Urban Future Initiative to develop comprehensive mobility solutions for urban settings are creative thinkers from around the world – including architects, urban planners, sociologists and futurists. An important dimension of the initiative is the Audi Urban Future Award, a biennial international competition honoring visionary contributions to urban mobility.

Rupert Stadler at the presentation of the Audi Urban Future Award 2014

Audi is also working with leading universities on future scenarios. One example is the “Extreme Cities Project” in cooperation with Columbia University, which is dedicated to the megacities of the year 2050. Other elements of the Audi Urban Future Initiative include regular workshops with experts in various disciplines and the Audi Insight Team, an inter-departmental think tank.

Rewarding ideas

In November 2014, Audi presented the Audi Urban Future Award for the third time since 2010. With prize money of EUR 100,000, it is the world's highest-endowed award for innovative mobility solutions. An international jury chaired by Prof. John Urry, Director of the Centre for Mobilities Research at Lancaster University, viewed the entries of four competing teams – from Berlin, Boston, Mexico City and Seoul. The Mexican team was honored with first prize for its "operating system for urban mobility."

The winning team of the Audi Urban Future Award 2014 from Mexico City

The heart of the concept is a data platform on which commuters enter data on their movements, using a website and an app. As soon as enough real-time data for precise forecasts are available, people can adapt their behavior to the forecasts and thus influence the traffic themselves – by departing later or by choosing the transportation mode that gets them to their destination most quickly. In this way a valid database for sustainable urban and traffic planning is gradually created. An initial version of the new data platform has been online since September 2014.

The insights from the submissions for the third Audi Urban Future Award will flow directly into the Company's new "Urban Agenda." The aim of the agenda is to develop products and solutions to make mobility in cities attractive again and enhance the quality of life.

This will call for using networked technologies to reduce the space big cities need to accommodate individual modes of transport. With the goal of implementing specific projects for sustainable mobility solutions, Audi wants to move forward with Urban Future Partnerships, which are development partnerships with cities and municipalities worldwide.

Driving responsibly

Audi promotes road safety in a number of different ways. The Company uses “disco fever” days, for example, to raise its apprentices’ awareness of road safety: Twice a year the young employees are given the opportunity to visit campaign stands, where they not only learn about accident research, road safety training and vehicle safety, but also experience in a simulation how the emergency services would respond to a real-life accident. Every year, roughly 200 of the Company’s apprentices take part in about 20 driver safety training courses, which are offered by the road safety training specialists at the locations. At the wheel of their own vehicles, the inexperienced drivers practice a proactive driving style appropriate for different conditions, and learn how to recognize hazards in advance. They are also given advice on how to become energy-saving, environmentally aware drivers. In addition, Audi offers driver and safety training to customers – since 2014 in the newly opened Audi driving experience center in Neuburg near Ingolstadt.

Special days for road safety: looking through the “intoxination glasses”

Information and awareness are cornerstones of road safety training. Audi supports, for example, brochures distributed by the police entitled “Listen to what the police advise.” Intended for beginner and experienced drivers alike, the brochures explain correct driving practices – from tips on keeping a safe distance to the topic of traffic ticket fines. The brochures are distributed to road users by police road safety specialist and motor vehicle registration and driving license offices in Ingolstadt and the region. Audi is also active in road safety training at the Neckarsulm site. The Company is helping the police in the city of Heilbronn to implement measures for traffic accident prevention, for example with a project for young motorists, in addition to collaborating on traffic education coloring books for children.

The Fondazione Ducati is committed to raising public and political awareness of special considerations affecting motorcyclists. For instance, Ducati organizes courses that teach customers how to better control their motorcycles so that they can also act safely in extreme situations.

Safely to school

To ensure children are even safer on the way to school, the City of Ingolstadt's Office for Traffic Management and Geoinformation joined the city's elementary and special needs schools, junior traffic training school, the police and AUDI AG to prepare the school route plans for the 2014/2015 school year. Parents and their children can use the leaflets to plan and practice how to take the safest way to school or other facilities. The school route plans also contain important information on the topic of schoolchildren and traffic.

Quality of life for the regions

Audi is strongly committed to its locations and sees itself as a partner of cities and communities. For this reason, Audi wants to do all it can to help the individual regions' development.

Audi accepts responsibility in the regions around its locations – for example when it comes to actively shaping the local transport infrastructure. After all, the volume of traffic continues to increase, especially around the plant in Ingolstadt. Since 2012, the Company has been engaging in intensive dialogue with the City of Ingolstadt about infrastructure and transportation concerns. The responsible parties are being asked to develop an efficient infrastructure for the future. The agenda calls for presenting targets, strategies and measures for a period of five to ten years. Numerous factors must be taken into consideration, from the road network to local public transportation to pedestrian and bicycle traffic.

Shaping the future

A survey of employees conducted in March and April 2014 yielded results that also serve as a good information base for the discussion of the new transport development plan. Around 44 percent of the more than 38,000 employees in Ingolstadt at the time of the survey took part. The results show, for example, which modes of transportation are used to get to work. Most of the employees responded that they come by car: 85 percent in winter and 72 percent in summer. Between April and October, 17 percent of the Audi employees use bicycles.

At the Neckarsulm site, Audi is also working with the city, the District Administration Office and the responsible transport organizations to ease the traffic load in the vicinity of the plant. The focus is above all on improving public transportation links to the plant. One solution was put in place in December 2014, when two stops for the new commuter rail system were added – right at the plant. In addition, other direct regional bus lines that stop right outside the plant were put into service for employees who work the early and late shifts.

Active for art and culture

Audi has been a trusted partner in the world of culture for over 50 years. The goal is to make the experiences of art and music available and accessible at the locations, to as many people as possible. Since 1990, for example, the Company has been organizing the Audi Summer Concerts in Ingolstadt, which have attracted over 400,000 visitors to date. The highlights of the classical music festival in 2013 included the award-winning violinist Maxim Vengerov with the Ingolstadt Georgian Chamber Orchestra. The concert was organized in cooperation with the City of Ingolstadt and UNICEF Germany. Proceeds from the evening were donated to the UNICEF Child Friendly City project in support of the Legmoin community in Burkina Faso.

400,000 visitors have attended the Audi Summer Concerts to date.

In 2014, the festival opened with a performance by tenor Piotr Beczala and the Baden-Baden Philharmonic Orchestra. The concert marked the start of a series featuring 14 more cultural events. Especially popular are the open-air events with free admission, which conclude with a fireworks show. Visitors to these events enjoyed concert performances by the Audi Philharmonic Wind Orchestra and the Ingolstadt Georgian Chamber Orchestra. Another attraction of the 2014 season was the Audi Summer Concerts debut of Kent Nagano's "Vorsprung Festival," with Nagano in the role of Artistic Director. The Audi ArtExperience project for promoting young talents – the Audi Young Persons' Choral Academy – is a focus of great interest in these programs.

Classic Open Air 2014 in Ingolstadt with more than 20,000 visitors

Audi also supports cultural diversity at the Neckarsulm site. In 2014, the Audi Forum Neckarsulm presented more than 150 artists from around the world, 29 creative hands-on programs for children and 21 cultural events. These included the TangoPassion evening of dance with interludes by artists from 12 countries, a reading by Christoph Maria Herbst and a pop concert featuring Marlon Roudette. In addition, 21 teams of schoolchildren from the State of Baden-Württemberg competed for the first time for the title of state champions in the competition “Formula 1 in Schools.” The world of discovery offered at the Audi Forum Neckarsulm has attracted 1.9 million guests since it opened in 2005.

Promoting culture worldwide

Promotion of art and culture is also an important pillar of corporate citizenship at the international Audi locations. Lamborghini supports the Sant’Agata Theater, and Audi Hungaria sponsors, for example, the Győr Ballet and the annual closing concert of the Győr Summer Festival, which in recent years has entertained tens of thousands of enthusiastic guests.

Audi Brussels also supports a number of different projects, including a recent concert series presented by the Yehudi Menuhin Foundation, which brought artists from various genres to the stage. The aim of this non-profit network is to support artists – particularly those in disadvantaged areas – and to promote dialogue between people of different cultural backgrounds.

For the common good

Audi sees itself as a partner of charitable organizations and foundations in the regions around its sites. The Company and the Works Council support the employees’ voluntary activities, thus making an important contribution to regional development. Donation campaigns also are a long-standing tradition at Audi.

In August 2014, Audi adopted the global guidelines for corporate citizenship. These define fields of action and offer orientation to help with the selection of projects at the Audi locations that are worthy of funding.

Audi Volunteers

Back in 2012, Audi kicked off a corporate volunteering program under the heading “Audi Volunteers.” The initiative combines all of the employees’ voluntary activities – from the annual Volunteer Day to campaigns at department level to an online platform where the employees can look for specific kinds of voluntary work. The Audi Volunteers initiative has attracted considerable interest. Between 2012 and 2014, a total of 2,971 employees took part in 326 projects, contributing 22,324 hours of voluntary work.

22,324 hours of voluntary work were performed by Audi employees between 2012 and 2014 within the Audi Volunteers program.

Another component of the Audi Volunteers program is “Volunteers online,” a networking platform on the intranet. Introduced in 2013, this tool enables all employees in Ingolstadt and Neckarsulm to conduct fast, simple online searches for suitable volunteering projects in the local area. The employees make good use of this virtual resource: In 2014 there were 18,000 visits to the online platform.

Making time for others

Audi wants the Volunteer Day and team campaigns to spark interest in volunteering among its employees and make it easier for them to start getting involved in civic-minded activities. After taking part in their first Volunteer Day, many employees decide to make volunteering a permanent part of their lives.

The Audi Volunteer Day in May 2014 in and around Ingolstadt attracted 460 employees, who participated in 54 social projects. In Neckarsulm, 290 volunteers answered the call in September 2014, committing themselves to 25 projects. The participants worked for the benefit of children, seniors and people with disabilities, and some did their part to protect animals and the environment.

The Audi Volunteer Days motivate employees to get involved socially.

In October 2014, the Volunteer Day also took place for the first time in Győr, Hungary. In keeping with the slogan “Many Audi workers can achieve a lot,” about 300 employees lent their support to charitable organizations, working on 21 projects. They helped to renovate elementary school classrooms, a children’s home and several playgrounds, to name a few examples. Other employees collected trash and planted flowers in order to beautify the local zoo.

In 2013, in the spirit of the campaign “Advent – A Time to Give,” 167 employees at the Ingolstadt and Neckarsulm sites devoted a total of 668 hours to charitable projects. The volunteers helped at regional food banks to distribute groceries, for example, and organized a Christmas party for homeless people. In 2014, the campaign ran under the title of “Autumn – A Time to Give.” 194 participants were involved, contributing 776 hours of their time to 37 projects.

Boosting community spirit

With the “TeamAction” initiative at the Ingolstadt and Neckarsulm sites, Audi began linking corporate volunteering to team building in 2014. For a whole day as a rule, colleagues working as a team support a charitable project that they choose in advance. The Audi Volunteers initiative helps with the selection process and also donates up to EUR 500 to the charitable organization behind the project to aid with implementation.

TeamAction: getting to know each other during bowling

“TeamAction” benefits not only people in need, but also Audi employees. The team members bond together, team spirit is strengthened and communication between colleagues improves. At the same time, each individual gains valuable experience for their own personal development.

Soft skills such as willingness to help and empathy are fostered, as is the ability to adapt to a new environment.

Connecting and networking

Volunteering agencies and coordination centers for community involvement (KoBEs) bring together social institutions and people who are interested in volunteer work. Audi supports these important institutions in the Ingolstadt region and has taken steps to make professional coaching available. The goal is to connect interested companies, institutions seeking assistance and active volunteers. The volunteering agencies and KoBEs can contribute important project ideas, for Audi and for other companies in the region.

Donating to good causes

Donation campaigns are a fixed element of Audi's social commitment. The workforce's annual Christmas donation appeal, which is kicked off by the Works Council each year, is a long-standing tradition dating back to 1977. In 2014, each participating employee had 12 euros of pre-tax income deducted from their November payslip. Nearly 99 percent of employees participated. Including the sum topped up by the Company, a total of EUR 910,000 was collected. The donated money was used to support 120 projects run by charitable institutions in Ingolstadt and the surrounding districts, as well as in Neckarsulm. In December 2014, for example, Works Council representatives handed over part of the donation to the "Stadtranderholung" program of the Neckarsulm Arbeiterwohlfahrt (workers' welfare association), which is used by about 600 children. The donated funds were used to finance new jungle gyms and subsidize vacation supervision. Other company sites also collect donations for good causes at Christmastime. In 2014, the San José Chiapa site in Mexico took part in the donation campaign even before the plant opens there.

Christmas donation 2014: 910,000 euros for 120 charitable projects

2014 also marked the first time the Works Council invited everyone to an international Christmas market at Audi in Ingolstadt, where colleagues from other cultures showed the traditional ways Christmas is celebrated in their countries. International aid organizations including “terre des hommes” were also present at the market, raising awareness of their commitment to people in need. The aim was to show visitors the different possibilities for helping communities worldwide. The proceeds from the Christmas market were donated to social projects at Audi’s international locations.

Enduring commitment

But we do not just donate at Christmas: Every month many Audi employees donate the remaining cents after the decimal point on their monthly payslip. In 2014, about EUR 250,000 was collected through this “Spare Cents” donation campaign, money that was used to fund a number of projects.

The project “A chance to play,” which the “terre des hommes” organizes together with the Volkswagen Works Council, marked the occasion of the 2014 World Cup soccer championship by supporting children and young people in poor neighborhoods in Brazil. The aim was to use sports, play and learning activities to open up new perspectives for the youngsters. Audi participated in the project and successfully collected donations for “A chance to play,” for example at the 2014 apprentices’ sports day and the 2014 Audi Family Day.

Off they go: in total 3,800 Audi employees ran for a good cause in May 2015.

In addition, we come up with our own occasions for collecting donations – for example at the 24 Hours of Audi, a running event for employees at the Ingolstadt plant, which takes place every two years. In May 2015, 3,800 employees from Ingolstadt and Neckarsulm went to the starting line, supported by teams from Belgium, Italy, and Mexico. Audi donated five euros for each completed lap. In the end, a sum of EUR 175,000 was divided among ten social institutions in the region.

Relief for flood victims

After the flood disaster in the summer of 2013 – whose impact was also felt along the Danube – AUDI AG wasted no time in making EUR 1 million in relief aid available to the people who suffered. The Company's donations were sent to charities and emergency aid operations for flood victims in Germany and Hungary. In Germany, the funds went to recipients including the Bavarian Red Cross, and to Deggendorf and Passau, the areas hardest hit by the flood. The Audi workforces in Ingolstadt and Neckarsulm were also moved to action by the fate of the disaster victims. In response to a Works Council call for donations, a record total of an additional EUR 500,000 was raised. In February 2014, the money was passed on to seven social institutions in the Passau and Deggendorf regions.

One million euros for flood victims

In 2014, people in the Balkans were hit by the worst flooding seen in the region in over 120 years. The Works Council called for employees to help the victims by making personal donations, in cooperation with an aid organization

Academic partnerships

Identifying emerging trends, developing new ideas, promoting sustainable concepts: In pursuit of future-oriented mobility, expertise and innovation are indispensable resources. This is why Audi cooperates not only with the worlds of science and research, but also promotes the education and advancement of children, teenagers and adults.

We assign high priority to sharing insights with experts, researchers and visionary thinkers. The collaboration with academic establishments in the regions where our sites are located helps to strengthen and shape the local environment for research and development.

Audi has partnerships with academic establishments worldwide. In 2013, the University of St. Gallen in Switzerland joined the list, followed in January 2014 by the Technical University of Dresden. Audi works with 31 academic institutes around the world.

Endowed professorships also contribute greatly to the development of colleges and universities in Germany. In cooperation with the “Stifterverband für die deutsche Wissenschaft” (Association for the Promotion of Science and Humanities in Germany), Audi endows professorships in areas of study that are particularly important to the Company. We currently endow the professorship for entrepreneurship, global responsibility and sustainability at Zeppelin University in Friedrichshafen, for example.

In 2014, Audi established yet another professorship, at the German Graduate School of Management and Law GmbH in Heilbronn. The professorship will be filled in 2015. Funding of endowed professorships is limited to a period of five years: After this period, these professorships are to transition to standard full professorship status.

New Endowed Professorship at the German Graduate School of Management and Law in Heilbronn

Audi is also actively committed to young academics. In 2014, more than 140 doctoral candidates worked on research projects funded by the Company, and over 110 Audi employees served as lecturers at various universities. The objective of these partnerships is to provide support for teaching and to pass on experience acquired in practice. At the same time, the efforts enable Audi to promote the careers of talented students and attract them to the Company.

Harnessing potential worldwide

Audi is also active outside Germany: Since 2007, Audi Hungaria has been supporting research and teaching at Széchenyi István University in Győr, in addition to funding the five professorships of the Audi Hungaria research group. At the site in Belgium, Audi is working together with the Free University of Brussels. In 2014, the partners launched a joint pilot

project for human-machine cooperation in body manufacturing. There is also very lively sharing of knowledge on innovation projects with the Catholic University of Leuven.

Lamborghini also cultivates partnerships with science and research, including the Bologna Business School, Polytechnic University of Milan, Polytechnic University of Turin and University of Padua. The manufacturer of supercars also works with the University of Bologna School of Medicine on topics such as workplace ergonomics and work-related stress, in addition to supporting education at technical and vocational training schools in the region.

Springboard for talents

The education of children and young people is especially important to Audi. For example, the Company supports the public special-profile school in Ingolstadt – a unique model project in Germany for children and young people from difficult backgrounds – with an annual contribution of up to EUR 1 million. In addition, Audi employees serve as teaching mentors. Germany's first public special-profile school aims to ease the way to the high school diploma for gifted children whose families cannot provide them with sufficient help.

Start for the public special-profile school Ingolstadt, a nationwide unique model project for children and young people with difficult starting conditions

Each child receives an individual support plan and is supervised by a social education worker. Classroom instruction follows the curricula of Bavarian schools. The school opened in September 2014, attended by 33 boys and girls in two classes. The project was created in cooperation with the Bavarian Ministry of Education and Culture, the City of Ingolstadt, the Roland Berger Foundation and Audi.

Learning for the future

In 2013, the Audi Hungaria School at the Győr site became one of the 143 German international schools recognized worldwide. The school is open to German and Hungarian children. The school certificates they receive there are recognized in Germany as well as Hungary. Plans call for expanding the school's capacity by 2017. A new school center for 650 children in 25 classes is currently under construction on the campus. The project is supported by the "Ungarndeutsches

Bildungszentrum" (Hungarian-German Education Center) foundation and financed for the most part by Audi Hungaria.

In September 2013, the first German-Italian school in Bavaria opened: the Leonardo da Vinci elementary school in Munich, which is sponsored by Audi. The all-day school offers bilingual classroom instruction. In addition, Audi cooperates with the Swiss International School in Ingolstadt. The Company supports the educational institution through the school's sponsorship association. The Swiss International School program ranges from kindergarten to the final high school year, with instruction in German and English.

At the Neckarsulm site, Audi supports various initiatives for competence development. The Company is actively committed to the "Förderkreis der Hochschulen Heilbronn e.V.," for example, a non-profit organization whose objective is to improve education in the region. Audi funding also made it possible for Heilbronn University to acquire its own engine test rig. Together with the non-profit "Lernende Region Heilbronn-Franken e.V.," Audi has been working for years to raise public awareness of opportunities for life-long learning in the region.

Physics in Motion

The Fondazione Ducati set up by the Italian manufacturer of sport motorcycles supports social, cultural and educational projects in northern and central Italy. The Foundation's beacon project is "Fisica in Moto" – Physics in Motion. Participating students learn hands-on about the interrelationship between the laws of physics and motorcycle construction. In the 2013/2014 school year, 7,357 young learners attended the interactive physics lab.

7,357 school students attended the "Fisica in Moto" physics lab in 2013/2014.

“Fisica in Moto”: School students learn more about the laws of physics in the motorcycle.

Professors and experts from Ducati also organized a summer school for highly qualified students as part of the Fisica in Moto initiative. In 2014, a total of 53 students applied to take part in the summer school, and 25 were admitted. All Fisica in Moto activities are documented in the blog at www.fisicainmoto.blogspot.de.

Data

In publishing the Audi Corporate Responsibility Report 2014, we are presenting our work in the area of corporate responsibility (CR) in detail to external and internal stakeholders and to the interested public for the second time, following the 2012 report. The introductory chapter “About this report” presents the background and parameters of this report. The data section lists important key figures from our five CR core themes - Operations, Product, Environment, Employees and Society - for the years 2012 to 2014.

The report conforms with the G4 Guidelines for sustainability reporting of the Global Reporting Initiative (GRI). It was compiled in accordance with the GRI G4’s “core” option with regard to its scope. The GRI Index provides an overview of the indicators we have answered. Our first UN Global Compact Communication on Progress is integrated into this report. We also refer to the Declaration of Conformity with the German Sustainability Code (DNK). The auditing firm PricewaterhouseCoopers has conducted an independent audit of the CR Report 2014, with the focus on the materiality process and on strategic management approaches. The audit report summarizes the results.

In addition, for this report we have compiled information on our Code of Conduct and guidelines, our memberships and partnerships and on awards we received during the reporting period.

About this report

In publishing the 2014 Corporate Responsibility Report, we are presenting our work in the area of corporate responsibility in detail to external and internal stakeholders and to the interested public for the second time. (GRI G4-17)

The complete report can be viewed online in German and English at www.audi.de/cr-report. The printed report is also available in German and English, and can be ordered online.

Report period and content

The Audi Corporate Responsibility Report 2014 covers the period from January 1, 2013 to December 31, 2014. Supplementary information on significant activities that took place before and after the reporting period, through to the editorial deadline in March 2015, are also included. All information refers to AUDI AG as well as to fully owned subsidiaries (see graphic). If the report refers to individual companies, sites or brands only, this is noted accordingly in the text.

The report content has been selected according to the principle of materiality. Since 2012, in cooperation with internal and external representatives of AUDI AG interests, trend analyses and stakeholder dialogues have been conducted to identify and evaluate material topics. The results are reflected in the materiality matrices of the report.

Reporting cycle

A fully revised version of the Audi Corporate Responsibility Report is published every two years. The next report will be published in the first half of 2017. The main key figures for 2015 will be revised in the first half of 2016.

Contact

Readers with questions or comments are invited to contact Prof. Dr.-Ing. Peter F. Tropschuh, Head of Corporate Responsibility at AUDI AG, by email at cr@audi.de.

Key figures

Audi uses key figures to make its sustainability activities measurable and present them in a transparent way. The following tables contain an extract of important key figures relating to our CR core themes. The figures for the years 2012 to 2014 apply to the calendar year and refer to the Audi Group. If key figures refer to individual Audi Group companies only, this is specified accordingly. Figures are rounded up or down, which may result in slight deviations from the totals stated.

Operations

Operations	**Unit**	**2012**	**2013**	**2014**
Revenue	EUR million	48,771	49,880	53,787
Operating profit	EUR million	5,365	5,030	5,150
Profit before tax	EUR million	5,951	5,323	5,991
Profit after tax	EUR million	4,349	4,014	4,428
Total capital investments	EUR million	6,416	3,680	4,500
Research and development activities	EUR million	3,435	3,966	4,316
Operating return on sales	Percent	11.0	10.1	9.6
Return on investment	Percent	30.8	26.4	23.2
Ratio of investments in property, plant and equipment	Percent	4.8	4.8	5.5
Net cash flow	EUR million	-660 [1)]	3,189	2,970

[1)] Taking into account the acquisition of interests in Volkswagen Group Services S.A./N.V., Brussels (Belgium), and in Ducati Motor Holding S.p.A., Bologna (Italy).

Product

Product	**Unit**	**2012**	**2013**	**2014**
Production				
Automotive segment	Cars	1,469,205	1,608,048	1,804,624
	Engines	1,916,604	1,926,724	1,974,846
Motorcycles segment	Motor-cycles	15,734 [2)]	45,018	45,339

Deliveries to customers				
Automotive segment	Cars	1,634,312	1,751,007	1.933,517
Audi brand	Cars	1,455,123	1,575,480	1,741,129
Germany	Cars	263,163	250,025	255,582
Outside Germany	Cars	1,191,960	1,325,455	1,485,547
Lamborghini brand	Cars	2,083	2,121	2,530
Other Volkswagen Group brands	Cars	177,106	173,406	189,858
Motorcycles segment	Motor-cycles	16,786 [2)]	44,287	45,117
Ducati brand		16,786 [2)]	44,287	45,117
Product-related CO_2 emissions/consumption				
CO_2 emissions of the European fleet	g/km	139	134	131 [3)]
Fleet consumption, China (FBU)	l/100 km	8.9	8.9	8.6
Number of models ≤ 140 g CO_2/km [4)]	Cars	104	150	205
Number of models ≤ 120 g CO_2/km [4)]	Cars	36	63	94
Number of models ≤ 100 g CO_2/km [4)]	Cars	6	11	15

[2)] Since acquisition of the Ducati Group in July 2012.

[3)] According to provisional calculations, the average CO_2 emissions of new vehicles sold in the European Union (EU 28) in 2014 was around 131 g/km.

[4)] All data apply to features of the German market.

Environment

Environment [5)]	**Unit**	**2012**	**2013**	**2014**
Energy				
Total energy consumption [6)]	MWh	2,482,807	2,621,068	2,540,383
Automotive production (incl. components)	MWh	2,482,807	2,602,997	2,524,856
	MWh/veh.	2.57	2.57	2.31
from renewable energy sources	MWh	-	875,478	914,489
Automotive production (incl. components)	MWh	-	875,478	914,489
	MWh/veh.	-	0.87	0.84

Electricity	MWh	1,395,679	1,459,401	1,520,541
Automotive production (incl. components)	MWh	1,395,679	1,448,355	1,509,502
	MWh/veh.	1.44	1.43	1.38
Natural gas	MWh	804,895	901,033	819,318
Automotive production (incl. components)	MWh	804,895	894,008	814,829
	MWh/veh.	0.83	0.88	0.75
Heating oil	MWh	4,446	2,016	5,065
Automotive production (incl. components)	MWh	4,446	2,016	5,065
	MWh/veh.	0.005	0.002	0.005
Heating production (incl. district heating)	MWh	788,161	829,500	704,930
Automotive production (incl. components)	MWh	788,161	822,475	700,441
	MWh/veh.	0.82	0.81	0.64
of which district heating	MWh	410,125	403,271	385,038
Automotive production (incl. components)	MWh	410,125	403,271	385,038
	MWh/veh.	0.42	0.40	0.35
Combustion gases for production processes	MWh	284,913	322,121	314,913
Automotive production (incl. components)	MWh	284,913	322,121	314,913
	MWh/veh.	0.29	0.32	0.29
Refrigeration (externally sourced)	MWh	14,054	10,046	0
Automotive production (incl. components)	MWh	14,054	10,046	0
	MWh/veh.	0.01	0.01	0.00
Emissions				
Total CO_2 emitted	t	628,916	633,354	643,834
Automotive production (incl. components)	t	628,916	626,593	637,634
	kg/veh.	650.68	619.17	584.39
Direct CO_2 emissions [7)]	t	191,811	210,749	199,563
Automotive production (incl. components)	t	191,811	209,059	198,144
	kg/veh.	198.45	206.56	181.60

Indirect CO_2 emissions	t	437,105	422,605	444,271
Automotive production (incl. components)	t	437,105	417,534	439,490
	kg/veh.	452.23	412.59	402.79
VOC emissions [8)]	t	2,144	2,041	1,914
Automotive production (incl. components)	t	2,144	2,041	1,914
	kg/veh.	2.22	2.02	1.75
Direct NO_X emissions [9)]	t	258	184	175
Automotive production (incl. components)	t	258	182	172
	kg/veh.	0.27	0.18	0.16
CO_2 reductions in logistics [10)]	t	7,837	11,086	11,443
Water				
Total freshwater consumption	m³	3,569,786	3,702,249	3,878,539
Automotive production (incl. components)	m³	3,569,786	3,645,971	3,826,631
	m³/veh.	3.69	3.60	3.51
Freschwater consumption, internal catchment	m³	1,668,548	1,735,291	1,989,956
Automotive production (incl. components)	m³	1,668,548	1,702,520	1,958,937
	m³/veh.	1.73	1.68	1.80
Rainwater	m³	-	216,013	196,683
Surface water from lakes, rivers, oceans	m³	-	862,033	791,850
Groundwater	m³	-	624,474	970,404
Freshwater consumption, externally sourced	m³	1,901,238	1,966,959	1,888,584
Automotive production (incl. components)	m³	1,901,238	1,943,452	1,867,695
	m³/veh.	1.97	1.92	1.71
Volume of wastewater	m³	2,269,192	2,431,220	2,628,236
Automotive production (incl. components)	m³	2,269,192	2,415,046	2,609,606
	m³/veh.	2.35	2.39	2.39
Wastewater load [11)]				
Chemical oxygen demand	kg	624,211	911,609	956,916

Total phosphorous content as phosohorous (p)	kg	14,543	15,258	11,898
Total nitrogen as nitrogen (N)	kg	39,206	61,472	37,763
Zinc	kg	209	486	326
Waste [12)]				
Total volume of waste (excluding scrap)	t	70,053	78,815	82,560
Automotive production (incl. components)	t	70,053	77,830	81,693
	kg/veh.	72.48	76.91	74.87
Recyclable waste	t	58,090	65,274	68,349
Automotive production (incl. components)	t	58,090	64,428	67,587
	kg/veh.	60.10	63.67	61.94
Other recyclable waste	t	30,088	35,837	36,011
Automotive production (incl. components)	t	30,088	35,098	35,323
	kg/veh.	31.13	34.68	32.37
Hazardous recyclable waste	t	26,976	28,477	30,399
Automotive production (incl. components)	t	26,976	28,435	30,364
	kg/veh.	27.91	28.10	27.83
Non-production-specific recyclable waste	t	1,025	960	1,940
Automotive production (incl. components)	t	1,025	895	1,900
	kg/veh.	1.06	0.88	1.74
Disposable waste	t	11,964	13,540	14,211
Automotive production (incl. components)	t	11,964	13,402	14,106
	kg/veh.	12.38	13.24	12.93
Other disposable waste	t	202	230	322
Automotive production (incl. components)	t	202	190	270
	kg/veh.	0.21	0.19	0.25
Hazardous disposable waste	t	10,834	12,672	13,478
Automotive production (incl. components)	t	10,834	12,585	13,462
	kg/veh.	11.21	12.44	12.34

Non-production-specific disposable waste	t	927	638	410
Automotive production (incl. components)	t	927	628	374
	kg/veh.	0.96	0.62	0.34
Metallic waste (scrap)	t	306,857	332,294	345,847
Automotive production (incl. components)	t	306,857	331,789	345,253
	kg/veh.	317.48	327.86	316.42

[5)] All key figures refer to the Ingolstadt, Neckarsulm, Brussels, Győr, Sant'Agata Bolognese plants; since 2013 incl. Bologna; since 2014 incl. component manufacturing in Münchsmünster; not incl. CKD production; 2014 figures are provisional.

[6)] Total energy consumption: This figure is made up of electricity and heat consumption as well as the use of fuel gases for production processes and externally supplied refrigeration at the plants.

[7)] Direct CO_2 emissions: This figure is made up of CO_2 emissions generated by the use of fuel at the plants, and CO_2 emissions produced by the operation of test rigs.

[8)] VOC emissions (volatile organic compounds): This figure is made up of emissions from the paint shops, test rigs and other facilities.

[9)] Direct NO_x emissions: This figure comprises NO_x emissions generated by the boiler houses at the plants, paint shops and by the operation of test rigs.

[10)] Transportation of cars from Ingolstadt to Emden, the port of loading on the North Sea coast; since October 2012 also from Neckarsulm.

[11)] Direct discharge: Münchsmünster production site; indirect discharge: Ingolstadt, Neckarsulm, Brussels, Győr, Sant'Agata Bolognese and Bologna plants.

[12)] Our German plants participate in the statutory electronic verification procedure for waste management (eANV). Hazardous waste is stored separately from non-hazardous waste; the recycling and disposal of hazardous waste is monitored by the eANV.

Employees

Employees [13)]	**Unit**	**2012**	**2013**	**2014**
Workforce, Audi Group	Total	67,231	71,781	77,247
Domestic companies	Total	48,970	50,891	53,848
of which AUDI AG	Total	47,121	49,239	52,132
Foreign companies	Total	15,656	18,185	20,619
AUDI BRUSSELS S.A./N.V.	Total	2,501	2,547	2,532

AUDI HUNGARIA MOTOR Kft.	Total	8,340	9,683	10,954
Automobili Lamborghini S.p.A.	Total	925	966	1,058
Ducati Motor Holding S.p.A.	Total	483 [14)]	1,033	1,088
Apprentices	Total	2,283	2,363	2,421
Average age, Audi Group	Years	40.6	40.4	40.4
Age structure, AUDI AG				
< 30 years	Percent	17.4	17.9	19.5
30 to 50 years	Percent	59.8	58.0	56.3
> 50 years	Percent	22.8	24.2	24.2
Average length of service, AUDI AG	Years	17.3	17.2	16.6
Fluctuation rate	Percent	0.6	0.4	0.5
Proportion of women, Audi Group	Percent	13.7	13.9	14.0
AUDI AG	Percent	13.9	14.1	14.2
AUDI BRUSSELS S.A./N.V.	Percent	5.6	5.7	5.9
AUDI HUNGARIA MOTOR Kft.	Percent	9.2	9.6	10.1
Automobili Lamborghini S.p.A.	Percent	18.8	19.8	19.3
Ducati Motor Holding S.p.A.	Percent	18.8	18.8	18.6
Apprentices	Prozent	23.7	25.2	26.9
Industrial	Percent	20.7	22.1	23.3
Clerical	Percent	77.8	79.4	81.7
Management	Percent	7.3	8.0	8.3
Other structural data, AUDI AG				
Proportion of academics [15)]	Percent	42.3	43.9	46.6
Proportion of foreign nationals	Percent	7.7	8.0	8.3
Proportion of people with severe disabilities	Percent	6.0	6.1	6.0
Contracts to workshops for people with mental disabilities	EUR million	6.3	6.5	6.6
Frequency of accidents [16)]	-	2.4	2.9	3.1
Attendace rate [17)]	Percent	96.4	96.3	96.3

Audi Ideas Program				
Savings	EUR million	71.1	65.6	67.5
Implementation quota	Percent	57.4	57.6	56.9
Audi profit share per employee [18)]	EUR	8,030	6,900	6,540

[13)] The employee figures are annual averages.

[14)] As of December 31, Ducati Motor Holding S.p.A., Bologna (Italy), had a total of 958 employees (excluding apprentices).

[15)] With respect to indirect employees.

[16)] The accident frequency figure indicates how many industrial accidents involving one or more days' work lost occur per million hours worked.

[17)] The attendance rate is calculated using the formula 100 – (sick days/payment-relevant days) x 100.

[18)] Bonus paid in the following year; average figure for pay-scale employees at AUDI AG.

Society

Society	**Unit**	**2012**	**2013**	**2014**
Employee donations [19)]	EUR	1,047,000	1,074,000	1,160,000
Expenditure on corporate citizenship [20)]	EUR	-	-	19,500,000

[19)] Christmas donation (topped up by the Company) and Spare Cents donation; initiated by the Works Council.

[20)] New key figure since 2014. Includes expenditures in the areas of education, science and socially relevant projects; incl. donations; not including sport sponsorship and research.

GRI Content Index

The Audi Corporate Responsibility Report 2012 is based on the internationally recognized Global Reporting Initiative (GRI) Guidelines. Since 1997, the GRI Guidelines, which take into account equally economical, environmental and social aspects, have provided a standardized framework for sustainability reporting.

The Audi Corporate Responsibility Report 2014 is based on the G4 Global Reporting Initiative (GRI) Guidelines. A Materiality Disclosures Service was conducted by the GRI for the report. This check confirms that the standard disclosures G4-17 to G4-27 are correctly listed in the GRI Content Index and in the text of this report of AUDI AG.

General standard disclosures

Indicator/G4-DMA externally assured = ✓

Strategy and Analysis

Relevant UN Global Compact Advanced criteria: 1, 19

G4-1 | Statement from the most senior decision-maker
Foreword by the Board of Management

G4-2 | Key impacts, risks, and opportunities concerning sustainability
Foreword by the Board of Management
About Audi
Interview with Prof. Rupert Stadler

Organizational Profile

Relevant UN Global Compact Advanced criteria: 2

G4-3 | Name of the organization
About Audi

G4-4 | Primary brands, products, and services
About Audi

G4-5 | Location of the organization's headquarters
About Audi
Audi Annual Report 2014 – page 143

G4-6 | Countries with significant operations
About Audi
About this report
Audi Annual Report 2014 – page 143

G4-7 | Nature of ownership and legal form
About Audi
Audi Annual Report 2014 – page 142

G4-8 | Markets served
Audi Annual Report 2014 – page 166 ff.

G4-9 | Scale of the organization
About Audi
Key figures
Audi Annual Report 2014 – page 142 ff.

G4-10 | Employees by employment type, gender and region Scale of the organization
Key figures employees
Audi Annual Report 2014 – page 186

G4-11 | Percentage of employees covered by collective bargaining agreements
All production sites within the scope of reporting have collective bargaining agreements.

G4-12 | Description of the supply chain
Supplier relationships
Audi Annual Report 2014 – page 163 ff.

G4-13 | Significant changes during the reporting period
There are no important changes.

G4-14 | Implementation of the precautionary principle
Environment
Audi environmental policy

G4-15 | External initiatives that the organization endorses
Code of Conduct and guidelines
Strategy
Downloads

G4-16 | Significant memberships in industry and business associations
Memberships and partnerships

Identified Material Aspects and Boundaries

Relevant UN Global Compact Advanced criteria: 1

G4-17 | Entities included in the consolidated financial statements

Audi Annual Report 2014 – page 282

G4-18 | Process for defining the report content ✓

AUDI AG has used a materiality analysis to define the thematic priorities for sustainability work. These also constitute the priorities for reporting in the Corporate Responsibility Report 2014. The procedure for the materiality analysis is described in the chapter “Strategy.” For the sake of greater clarity, the key aspects of the core topics Operations, Product, Environment, Employees and Society are also presented in individual matrices. The choice of topics for the Corporate Responsibility Report clearly reflects the content that the materiality analysis has shown to have high relevance both for the stakeholders and the Company. The topics “Economic stability” and “Customer orientation” are an exception as they are already addressed at length in the 2014 Annual Report. The management approaches to the relevant topics and the specific measures taken are explained. The accompanying goals and future measures are listed in the CR program. The report’s content fundamentally includes fully-owned subsidiaries, brands and production locations of AUDI AG, because the high influence of CR measures over these can be guaranteed.

G4-19 | Material Aspects identified ✓

Materiality analysis

As part of the independent audit of the Corporate Responsibility Report 2014, the focus was placed on the materiality process conducted for the report and also on the management approaches and systems for adopting a forward-looking, responsible direction for the Audi Group as reflected in the texts of the report.

The management approaches examined were selected on the basis of the findings of the materiality analysis conducted in the course of the reporting process (link to “Capturing the essentials”). The materiality process at AUDI AG determines the thematic priorities for sustainability work. These priorities also constitute the focus for reporting in the Corporate Responsibility Report 2014. Based on the recommendation of the Global Reporting Initiative following the updating of Guidelines G3.1 to G4, the external audit accordingly placed greater emphasis on the strategic direction and the management approach. In addition various key figures were selected as supporting evidence of this direction, to complement the key figures audited in the Annual Report process.

G4-20 | Aspect Boundaries within the organization ✓

The aspects defined as materially relevant are fundamentally of relevance for all fully-owned subsidiaries, brands and production locations of AUDI AG named within the scope of reporting. If an aspect is not materially relevant for a subsidiary, brand or production location, this is declared in the GRI Content Index.

G4-21 | Aspect Boundaries outside the organization ✓

In the case of companies and production locations not included in the scope of reporting, it was examined to what extent the GRI aspect boundaries have a material impact.

G4-22 | Restatemtents of information provided in previous reports ✓
No material changes to the reporting scope, the structure of the report and the form of statement were made compared to the CR Report 2012. The content of the current report reflects the materiality analysis presented in indicator G4-18.

G4-23 | Significant changes in the Scope and Aspect Boundaries ✓
Key reporting parameters were not changed.

Stakeholder Engagement

Relevant UN Global Compact Advanced criteria: 21

G4-24 | Stakeholder groups engaged ✓
Stakeholder management

G4-25 | Identification and selection of stakeholders ✓
Stakeholder management

G4-26 | Approach to stakeholder engagement and frequency ✓
Stakeholder management

G4-27 | Key topics and concerns raised through stakeholder engagement and response ✓
Stakeholder management

Report Profile

Relevant UN Global Compact Advanced criteria: 1

G4-28 | Reporting period
The reporting period covers the years 2013 and 2014.
About this report

G4-29 | Date of most recent previous report
The CR Report 2012 of AUDI AG was published in May 2013.
About this report

G4-30 | Reporting cycle
The Audi CR Report is published every two years. Key figures and levels of goal attainment are published in the years between the full reports.
About this report

G4-31 | Contact point for questions regarding the report
About this report

G4-32 | “In accordance” option with GRI and and Content Index chosen
“In accordance” – Core with the GRI G4 Sustainability Reporting Guidelines.
GRI Content Index

G4-33 | External verification of the report
Audit certificate; the report was put through a business audit by an independent auditor. The audit topics were selected with reference to the materiality analysis. In other words, management approaches with high relevance were audited. The contacts for the various audit topics are the officers responsible for each individual topic. Auditing of the Audi CR Report is expressly welcomed and encouraged by the Board of Management.
Assurance Report

Governance

Relevant UN Global Compact Advanced criteria: 1, 20

G4-34 | Governance structure, incl. committees of the highest governance body
www.audi.com/corporate

G4-35 | Process for delegating authority for economic, environmental and social topics
In compliance with the provisions of the German Stock Corporation Act and to avoid any organizational culpability, mandates are issued by the Board of Management.

G4-36 | Executive-level position with responsibility for economic, environmental and social topics
The Board of Management has delegated this responsibility to a senior employee reporting directly to the Board.
CR organization

G4-37 | Processes for consultation between stakeholders and the highest governance body
Consultations are conducted through membership of associations at municipal, national and international level.

G4-38 | Composition of the highest governance body and its committees
www.audi.com/corporate

G4-39 | Independence of the Chair of the highest governance body
The governance body is not chaired by a manager.

G4-40 | Nomination and selection processes for the highest governance body and its committees
Corporate Management Declaration
Articles of Incorporation and Bylaws

G4-41 | Process for avoiding conflicts of interest
Disclosures of potential conflicts of interests are explicitly requested prior to the appointment of a Supervisory Board member.

G4-42 | Highest governance body's role concerning strategy and goals
The Board of Management passes guidelines such as the Code of Conduct or the leadership principles, or approves these.

G4-43 | Measures taken concerning the highest governance body's knowledge in - sustainability issues
The Board of Management and Supervisory Board regularly receive the Governance, Risk & Compliance Report, which indicates the risk situation, the effectiveness of the Risk Management System, Internal Control System and Compliance Management, and the handling of risks in respect of economy, ecology and society.
The Corporate Responsibility Report of AUDI AG, including materiality analysis, is sent to the Company's Supervisory Board members. The Board of Management approves the Audi CR Report.

G4-44 | Evaluation of the highest governance body's performance concerning sustainability
Regular self-assessment;
see also the Foreword by the Supervisory Board Chairman and the chapter "Risk management" in the 2014 Annual Report of AUDI AG – pages 10 f., 206

G4-45 | Highest governance body's role concerning sustainability impacts, risks, and - opportunities
Regular self-assessment;
see also the Foreword by the Supervisory Board Chairman and the chapter "Risk management" in the 2014 Annual Report of AUDI AG – pages 10 f., 206

G4-46 | Highest governance body's role concerning the effectiveness of the risk - management
Regular self-assessment;
see also the Foreword by the Supervisory Board Chairman and the chapter "Risk management" in the 2014 Annual Report of AUDI AG – pages 10 f., 206
In compliance with Section 107 of the German Stock Corporation Act (AktG), an explicit examination of risk management is conducted on a regular basis, normally once a year, by the Audit Committee of the Supervisory Board of AUDI AG.

G4-47 | Frequency of the highest governance body's review of sustainability impacts, risks, and opportunities
Regular self-assessment;
see also the Foreword by the Supervisory Board Chairman and the chapter "Risk management" in the 2014 Annual Report of AUDI AG – pages 10 f., 206
Once a year an explicit examination of risk management is conducted by the Audit Committee of the Supervisory Board of AUDI AG.

G4-48 | Highest committee that formally reviews and approves the sustainability report
The full Board of Management of AUDI AG examines the Corporate Responsibility Report and approves it.

G4-49 | Process for communicating critical concerns to the highest governance body
GRC Report
ombudsman report

G4-50 | Critical concerns that were communicated to the highest governance body
No critical concerns about corporate management were brought to the Audi Annual General Meeting in the period under review.

G4-51 | Remuneration policies for the highest governance body and senior executives
Audi Annual Report 2014 – page 208

G4-52 | Process for determining remuneration
No remuneration consultants were involved in the setting of remuneration levels.

G4-53 | Stakeholders' views regarding remuneration
There is an opportunity to make statements and express views at the Annual General Meeting of AUDI AG. It is also possible to express opinions on remuneration by e-mail, e.g. to kundenbetreuung@audi.de.

Ethics and Integrity
Relevant UN Global Compact Advanced criteria: 1

G4-56 | Values, principles, standards and norms of behavior
Code of Conduct

G4-57 | Mechanisms for seeking advice on ethical and lawful behavior
Annual Report 2014 of AUDI AG – page 204-206
Annual Report 2014 of Volkswagen AG

G4-58 | Mechanisms for reporting concerns about unethical or unlawful behavior
Code of Conduct
Annual Report 2014 of AUDI AG – page 204-206
Annual Report 2014 of Volkswagen AG

Specific standard disclosures

Economic
Relevant UN Global Compact Advanced criteria: 2, 15, 16, 17, 18

Aspect: Economic performance

Management approach (G4-DMA)
Chapter Operations
Key figures operations
AUDI AG 2014 Annual Report – page 142 ff.

G4-EC1 | Direct economic value created and distributed
Key figures operations
AUDI AG 2014 Annual Report – page 171 (financial key figures)

G4-EC2 | Financial implications and other risks and opportunities due to climate change
Foreword by the Board of Management
Interview with Prof. Rupert Stadler
Environmental management
Compliance and risk management
AUDI AG 2014 Annual Report – page 199

G4-EC3 | Coverage of benefit plan obligations
Social benefits and remuneration
AUDI AG 2014 Annual Report – page 252

G4-EC4 | Financial assistance received from governance
The effects of the tax incentives in Hungary are disclosed separately in the Annual Report. There were no other materially relevant tax incentives.
AUDI AG 2014 Annual Report – pages 240, 242

Aspect: Market presence

Management approach (G4-DMA)
Chapter operations

G4-EC5 | Ratios of standard entry level wage compared to local minimum wage
Employees of AUDI AG are paid on the basis of the current general collective agreement for the metal and electrical industry.

G4-EC6 | Proportion of senior management hired from the local community
100 percent

Aspect: Procurement practices

Management approach (G4-DMA)
Supplier relationships
Sustainability Report 2014 of Volkswagen AG, pages 40-43

G4-EC9 | Proportion of spending on local suppliers
Omission: The topic of environmental and social standards in the supply chain was classified as materially relevant within the materiality process.
Purchasing and supplier management fundamentally falls within the task area of Volkswagen AG. The majority of suppliers supply more than one brand and it is therefore not possible to make statements for individual brands without undue complication, see also the Sustainability Report 2014 of Volkswagen AG, pages 40-43

Environmental

Relevant UN Global Compact Advanced criteria: 2, 9, 10, 11

Aspect: Materials

Management approach (G4-DMA)
Chapter Environment
Holistic assessment

G4-EN1 | Materials used by weight or volume
Material cycles
Raw materials used for installation in vehicle 2014: 2,769,078 t

- Steel and ferrous materials: 50.26 %
- Light alloys: 20.83 %
- Precious metals: < 0.01 %
- Polymers and elastomers: 18.60 %
- Process polymers: 1.43 %
- Other (incl. renewable raw materials, paper, paperboard and cardboard): 3.13 %
- Electronics: 0.32 %
- Operating fluids and ancillary materials (liquids): 5.42 %

(Percentages rounded to two decimal places)

G4-EN2 | Percentage of materials used that are recycled input materials
The calculation of the percentage of recycled input materials reveals that certain components could comprise almost 100% recycled input material. This applies to both metallic and non-metallic materials. Overall, vehicles contain between 30 and 37% recycled input material, depending on model.

Aspect: Energy

Management approach (G4-DMA)
Environmental management

G4-EN3 | Energy consumption within the organization
Key figures environment

G4-EN5 | Energy intensity
Key figures environment

Aspect: Water

Management approach (G4-DMA)
Environmental management

G4-EN8 | Total water withdrawal by source
Key figures environment

Aspect: Biodiversity

Management approach (G4-DMA)
Location-based environmental protection
Environmental management

G4-EN14 | Affected endangered animal and plant species
AUDI AG has been addressing the subject area of biodiversity since 2008. Starting with an environmental impact study for the Ingolstadt location that focused on biodiversity, it then turned its attention to facility management activities. Flora and fauna studies were conducted at the Ingolstadt location and a biodiversity concept in conjunction with the definition of an index species was drawn up. A biodiversity concept has already been implemented for the new Münchsmünster production location. Monitoring is conducted there at defined intervals. Equally, regular assessments of the avifauna are carried out at the newly constructed driving and experience center in Neuburg.
Location-based environmental protection
Environmental management

Aspect: Emissions

Management approach (G4-DMA)
Chapter Environment

G4-EN15 | Direct greenhouse gas (GHG) emissions (Scope 1)
Key figures environment

G4-EN16 | Energy indirect greenhouse gas (GHG) emissions (Scope 2)
Key figures environment

G4-EN17 | Other indirect greenhouse gas (GHG) emissions (Scope 3)
Decision on whether to declare, if yes: A registration system for Scope 3 emissions based on a corporate carbon footprint to the ISO 14064 standard has been developed at Audi and certified by independent verification. (Addendum to follow shortly, once data available in June).
In view of the complex data acquisition process extending beyond the editorial deadline of this report, the results of the analysis will not be published here until each June of the following year, for the first time for the 2014 calendar year. (Addendum to follow shortly, once data available in June).

G4-EN18 | Greenhouse gas (GHG) emissions intensity
Key figures environment

G4-EN21 | NO_x, SO_x and other significant air emissions
Key figures environment

Aspect: Effluents and Waste

Management approach (G4-DMA)
Location-based environmental protection

G4-EN22 | Total water discharge by quality and destination
Key figures environment

G4-EN23 | Total weight of waste by type and disposal method
Key figures environment

G4-EN24 | Total number and volume of significant spills
None, zero count

Aspect: Products and Services

Management approach (G4-DMA) ✓
Chapter Environment
Chapter Product
Holistic assessment
With regard to the aspect of products and services, the key figures "CO_2 emissions of the European fleet (EU 28)" and the "Fleet consumption in China (FBU)" were examined (Scope: Audi Group).

G4-EN27 | Mitigation of environmental impacts of products and services ✓
Holistic assessment
Material cycles
Environmentally friendly logistics
Key figures environment
Key figures product

Aspect: Compliance

Management approach (G4-DMA)
Environmental management

G4-EN29 | Fines and sanctions for non-compliance with environmental regulations
None, zero count

Aspect: Transport

Management approach (G4-DMA)
Environmentally friendly logistics

G4-EN30 | Significant environmental impacts of transporting products
Environmentally friendly logistics
We are currently working with Group Logistics on a uniform accounting method to register the emissions from logistics. Completion is scheduled for 2017. For the transport of materials, consignments are grouped together into complete loads or milk runs in order to increase utilization of the transport capacity. We ship a high proportion of finished vehicles by rail and by CO_2-free rail freight transport along the routes Ingolstadt-Emden and Neckarsulm-Emden. We also use synergies from central transhipment points within the Group.

The aim is to realize the Group-wide accounting method pursuant to DIN EN 16258 and the Greenhouse Gas Protocol. The CO_2 emissions are evaluated using impact factors such as distance, payload, equipment and capacity utilization. Evaluations of logistics concepts are currently already handled according to these criteria.

Aspect: Supplier Environmental Assessment

Management approach (G4-DMA)
Supplier relationships

G4-EN32 | Percentage of new suppliers that were screened using environmental criteria
Omission: The topic of environmental and social standards in the supply chain was classified as materially relevant within the materiality process.
Purchasing and supplier management fundamentally falls within the task area of Volkswagen AG. The majority of suppliers supply more than one brand and it is therefore not possible to make statements for individual brands without undue complication, see also the Sustainability Report 2014 of Volkswagen AG, pages 43-45

G4-EN33 | Significant environmental impacts in the supply chain
Omission: The topic of environmental and social standards in the supply chain was classified as materially relevant within the materiality process.
Purchasing and supplier management fundamentally falls within the task area of Volkswagen AG. The majority of suppliers supply more than one brand and it is therefore not possible to make statements for individual brands without undue complication, see also the Sustainability Report 2014 of Volkswagen AG, pages 44-46

Labor Practices and Decent Work

Relevant UN Global Compact Advanced criteria: 2, 3, 4, 5, 6, 7, 8

Aspect: Employment

Management approach (G4-DMA)
Chapter Employees

G4-LA1 | New employee hires and employee turnover
Key figures employees

G4-LA2 | Benefits provided to full-time employees
No distinction is made between the benefits provided to part-time and full-time employees.

Aspect: Labor/Management Relations

Management approach (G4-DMA)
Chapter Employees

G4-LA4 | Minimum notice period(s) regarding operational changes
General collective agreements and company agreements feature isolated subject-specific minimum notice periods that are applied in the Company.

Aspect: Occupational Health and Safety

Management approach (G4-DMA) ✓
Occupational safety and health management
With regard to the aspect of occupational health and safety, the attendance rate at the Ingolstadt and Győr locations of the Audi Group was examined (The attendance rate is calculated using the formula 100 – (sick-leave days / payment-relevant days) x 100.).

G4-LA5 | Percentage of total workforce represented in health and safety committees ✓
At the production sites, all employees are represented by health and safety committees made up of employer and employee representatives

G4-LA6 | Injuries, occupational diseases, lost days, and work-related fatalities ✓
Occupational safety and health management
Key figures employees
AUDI AG 2014 Annual Report - page 186

G4-LA8 | Health and safety topics covered in formal agreements with trade unions
Occupational safety and health management

Aspect: Training and Education

Management approach (G4-DMA)
Training and advancement

G4-LA9 | Average hours of training
Average qualification time per employee in hours (2014):

- Direct employees: 9
- Indirect employees: 27
- Management employees: 27

The breakdown of qualification time by gender is not materially relevant for the management processes of AUDI AG.

G4-LA10 | Programs that support the continued employability of employees
Training and advancement

Aspect: Diversity and Equal Opportunity

Management approach (G4-DMA)
Diversity and equal opportunities

G4-LA12 | Composition of governance bodies and breakdown of employees by aspects of diversity
Corporate Management Declaration
Key figures employees

Aspect: Equal Remuneration for Women and Men

Management approach (G4-DMA)
Social benefits and remuneration

G4-LA13 | Ratio of basic salary and remuneration of women to men
According to the AUDI AG remuneration system, solely the activity determines remuneration.

Aspect: Supplier Assessment for Labor Practices

Management approach (G4-DMA)
Supplier relationships

G4-LA14 | Percentage of new suppliers that were screened using labor practices criteria
Omission: The topic of environmental and social standards in the supply chain was classified as materially relevant within the materiality process.
Purchasing and supplier management fundamentally falls within the task area of Volkswagen AG. The majority of suppliers supply more than one brand and it is therefore not possible to make statements for individual brands without undue complication, see also the Sustainability Report 2014 of Volkswagen AG, pages 43-45

G4-LA15 | Significant impacts for labor practices in the supply chain
Omission: The topic of environmental and social standards in the supply chain was classified as materially relevant within the materiality process.
Purchasing and supplier management fundamentally falls within the task area of Volkswagen AG. The majority of suppliers supply more than one brand and it is therefore not possible to make statements for individual brands without undue complication, see also the Sustainability Report 2014 of Volkswagen AG, pages 44-46

Society
Relevant UN Global Compact Advanced criteria: 12, 13, 14

Aspect: Local Communities

Management approach (G4-DMA)
Regional responsibility

G4-SO1 | Percentage of operations with implemented local community engagement, -impact assessments, and development programs
100 percent

G4-SO2 | Operations with actual and potential negative impacts on local communities
None, zero count

Aspect: Anti-corruption

Management approach (G4-DMA) ✓
Chapter Strategy
Compliance and risk management
Supplier relationships
With regard to the aspect of anti-corruption, the implementation of GRC guidelines at the Ingolstadt and Győr locations of the Audi Group was examined.

G4-SO4 | Communication and training on anti-corruption ✓
Compliance and risk management

G4-SO5 | Confirmed incidents of corruption and actions taken
Audi Auditing confirmed it had detected six cases of corruption through its auditing activities in 2014 (2013: seven). Six personnel measures were carried out in the 2014 reporting period following on from allegations of corruption (2013: two). Moreover, no employment relationships were terminated in 2014 (2013: one). One contract with a business partner was terminated in 2014 in connection with allegations of corruption (2013: four).

Aspect: Anti-competitive Behavior

Management approach (G4-DMA) ✓
Compliance and risk management
Supplier relationships
With regard to the aspect of anti-corruption, the implementation of GRC guidelines at the Ingolstadt and Győr locations of the Audi Group was examined.

G4-SO7 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
None, zero count

Aspect: Compliance

Management approach (G4-DMA) ✓
Compliance and risk management
With regard to the aspect of anti-corruption, the implementation of GRC guidelines at the Ingolstadt and Győr locations of the Audi Group was examined.

G4-SO8 | Fines and sanctions for non-compliance with laws and regulations
None, zero count

Aspect: Supplier Assessment for Impacts on Society

Management approach (G4-DMA)
Suppliers relationships

G4-SO9 | Percentage of new suppliers that were screened using criteria for impacts on society
Omission: The topic of environmental and social standards in the supply chain was classified as materially relevant within the materiality process.
Purchasing and supplier management fundamentally falls within the task area of Volkswagen AG. The majority of suppliers supply more than one brand and it is therefore not possible to make statements for individual brands without undue complication, see also the Sustainability Report 2014 of Volkswagen AG, pages 43-45

G4-SO10 | Negative impacts on society in the supply chain and actions taken
Omission: The topic of environmental and social standards in the supply chain was classified as materially relevant within the materiality process.
Purchasing and supplier management fundamentally falls within the task area of Volkswagen AG. The majority of suppliers supply more than one brand and it is therefore not possible to make statements for individual brands without undue complication, see also the Sustainability Report 2014 of Volkswagen AG, pages 44-46, 48

Product Responsibility

Relevant UN Global Compact Advanced criteria: 12, 14

Aspect: Customer Health and Safety

Management approach (G4-DMA)
Chapter Product
Customer orientation

G4-PR1 | Percentage of significant product and service categories for which health and - safety impacts are assessed
100 percent

G4-PR2 | Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services
None, zero count

Aspect: Customer Privacy

Management approach (G4-DMA)
Customer orientation
Protecting customer data
Stakeholder Forum 2014

G4-PR8 | Substantiated complaints regarding breaches of customer privacy
In the report period nine founded complaints concerning data privacy were filed.

Aspect: Compliance

Management approach (G4-DMA) ✓
Compliance and risk management
With regard to the aspect of compliance, the implementation of GRC guidelines at the Ingolstadt and Győr locations of the Audi Group was examined.

G4-PR9 | Significant fines concerning the provision and use of products and services
None, zero count

UN Global Compact Communication on Progress

On February 23, 2012, AUDI AG officially joined the UN Global Compact and is therefore expressly committed to its ten principles in the areas of Human Rights, Labor, Environment and Anti-Corruption. The Audi Corporate Responsibility Report 2014 contains the third UN Global Compact Communication on Progress. The following table provides an overview of the guidelines and systems we use to implement the ten principles at AUDI AG. We also provide links to publications in which we underline what specifically we have undertaken to implement the ten principles. In addition, we refer in the GRI Content Index to the fulfillment of the 21 “GC Advanced” criteria.

Principles of the UN Global Compact	Guidelines, systems and measures	References
Human Rights		
Principle 1 Support and respect internationally proclaimed human rights **Principle 2** No involvement by the company in human rights abuses	Code of Conduct of the Audi Group Volkswagen Group requirements regarding sustainability in [1)] Commitment to international agreements [2)] Anti-corruption system of the Volkswagen Group (ombudsman system) Ad hoc team at AUDI AG to assist suppliers on sustainability issues Further development of contractual requirements of suppliers regarding sustainability	Strategy Supplier relationships Download Code of Conduct and guidelines VW AR p. 57 VW SR p. 42 ff.
Labor		
Principle 3 Uphold the freedom of association and the right to collective bargaining **Principle 4** Elimination of all forms of forced and compulsory labor **Principle 5** Abolition of child labor	Code of Conduct of the Audi Group Guidelines for equal opportunities and equal rights at AUDI AG Declaration on Social Rights and Industrial Relationships at Volkswagen (Social Charter) International Charter on Labor Relations of the Volkswagen Group Volkswagen Group requirements regarding sustainability in its relationships with business partners [1)] Commitment to international agreements [2)] Temporary Work Charter	Strategy Supplier relationships Download Code of Conduct and guidelines VW SR p. 42 ff. VW SR p. 72

Principle 6 No discrimination in respect of employment and occupation		
Environment		
Principle 7 Support a precautionary approach to environmental challenges **Principle 8** Support initiatives for greater awareness of environmental responsibility **Principle 9** Development and diffusion of environmentally friendly technologies	Commitment to the charter for sustainable development of the International Chamber of Commerce Commitment to further international agreements [2)] Audi environmental policy Certified environmental management systems for automotive plants at all Audi Group production sites (EMAS) Volkswagen Group requirements regarding sustainability in its relationships with business partners Integrated Product Policy (IPP) and life cycle assessments during product development Global guidelines for corporate citizenship (field of action “Nature & Environment”)	Strategy Supplier relationships Download Code of Conduct and guidelines AR p. 178 ff. AR p. 182 ff. VW AR p. 120 ff. VW SR p. 86 ff.
Anti-Corruption		
Principle 10 Work against corruption in all its forms, including extortion and bribery	Code of Conduct of the Audi Group Preventive compliance organization Integration of compliance risks into risk management Connection to the anti-corruption system of the Volkswagen Group	Strategy Supplier relationships Download Code of Conduct and guidelines AR p. 205 ff. VW AR p. 56 VW SR p. 46 ff

AR = Annual Report 2014 of AUDI AG | VW AR = Annual Report 2014 of Volkswagen AG | VW SR = Sustainability Report 2014 of Volkswagen AG

[1)] Volkswagen AG is the major shareholder of AUDI AG and controls approximately 99.55 percent of the share capital. Selection of Audi suppliers and supplier management is performed in consultation with Volkswagen Group Procurement.

[2)] Audi is committed to a large number of international agreements.

German Sustainability Code

In October 2011, the German Council on Sustainable Development (RNE) adopted the German Sustainability Code (DNK) with the goal of increasing the commitment of companies to making their sustainability efforts transparent and comparable. The code was revised by the German Council on Sustainable Development in 2014 in order to adapt it to the GRI G4 guidelines. Audi supports the German Sustainability Code and has created a Declaration of Conformity that can be viewed in the DNK database here.

Assurance Report

The Audi CR Report 2014 was subjected to an independent audit. The subject matter of the audit was the online report, to which the audit certificate also refers. In keeping with the reporting standard GRI G4, the focus of the audit is on the materiality process and on strategic management approaches. These were selected with reference to the materiality analysis. In other words, materially relevant management approaches and key figures from the three main core topics (Product, Operations, Employees) were subjected to examination (see materiality matrix). When selecting the audit topics it was also taken into consideration that many topics are already subjected to regular and comprehensive examination, for example in the Audi Annual Report and Environmental Declarations.

Selected content of the Audi CR Report 2014 was independently audited in accordance with ISAE 3000. The subject matter of the audit was the online report, to which the audit certificate depicted here refers. All audited content can also be found in the print version. In keeping with the reporting standard GRI G4, the focus of the audit is on the materiality process and on strategic management approaches. These were selected with reference to the materiality analysis.

Independent Assurance Report

To AUDI AG, Ingolstadt

We have been engaged to perform a limited assurance engagement on the description of the necessary materiality analysis for a sustainability report and selected issues of the Corporate Responsibility Report 2014 of AUDI AG, Ingolstadt, (hereinafter: the Company), for the business year from January 1st, to December 31st, 2014.[1]

Management's Responsibility

The Company's Board of Management is responsible for the accurate preparation of the Corporate Responsibility Report in accordance with the criteria stated in the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI).

This responsibility includes the selection and application of appropriate methods to prepare the Corporate Responsibility Report and the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the report.

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed as to whether anything has come to our attention that causes us to believe that:

- the description of the materiality analysis presented within the Corporate Responsibility Report necessary for a sustainability report to determine its content and the boundaries of its aspects is not in accordance with the criteria "Stakeholder Inclusiveness," "Sustainability Context," "Materiality" and "Completeness" of the GRI's Sustainability Reporting Guidelines Vol. 4 and that they were not used during the Corporate Responsibility Report's preparation,
- the description of management approaches of the aspects "Compliance" (p. 19), "Occupational Health and Safety" (p. 44) as well as "Product Stewardship" (p. 25) presented within the Corporate Responsibility Report are not in accordance with the requirements of the standard disclosures G4-DMA of the Sustainability Reporting Guidelines Vol. 4 or that
- the description of quantitative information for the business year 2014 (p. 58) (i.e. "CO_2 emissions of the European fleet (EU 28)" and "fleet consumption China (FBU)" related to the management approach "Product Stewardship" as well as "attendance rate" and "frequency of accidents" related to the management approach "Occupational Health and Safety") presented within the Corporate Responsibility Report is in material aspects not in accordance with the criteria "Completeness," "Comparability," "Accuracy," "Clarity," "Timeliness" and "Reliability" of the GRI's Sustainability Reporting Guidelines Vol. 4.

It was not part of our engagement to review any additional information outside the scope of the given information or statements. Likewise, it was not part of our engagement to review links to external sources of documentation or experts' opinions or future-oriented statements.

We also have been engaged to make recommendations for the further development of the sustainability management and the sustainability reporting based on the results of our assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement, under consideration of materiality, in order to provide our conclusion with limited assurance.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement.

The procedures selected depend on the practitioner's judgment.

Within the scope of our work we performed amongst others the following procedures concerning the above mentioned materiality analysis, management approaches and key data:

- Inspecting of documents and standards related to the sustainability strategy and management as well as understanding the Company's organizational structure;
- Consulting personnel regarding relevant processes and the underlying internal control system;
- Consulting personnel and inspecting relevant documents regarding the implementation of central directives at the sites AUDI AG, Ingolstadt, and Audi Hungaria Motor Kft., Győr, Hungary;
- Recording of the systems and inspecting of the documentation of systems and processes regarding the collection of sustainability data on a sample basis;
- and processes for collection, analysis, validation and aggregation of sustainability data and their documentation on a sample basis;
- Analytical procedures on relevant data.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that:

- the description of the materiality analysis presented within the Corporate Responsibility Report (p. 13) necessary for a sustainability report to determine its content and the boundaries of its aspects is not in accordance with the criteria "Stakeholder Inclusiveness," "Sustainability Context," "Materiality" and "Completeness" of the GRI's Sustainability Reporting Guidelines Vol. 4 and that they were not used during the Corporate Responsibility Report's preparation,
- the description of management approaches of the aspects "Compliance" (p. 19), "Occupational Health and Safety" (p. 44) as well as "Product Stewardship" (p. 25) presented within the Corporate Responsibility Report are not in accordance with the requirements of the standard disclosures G4-DMA of the Sustainability Reporting Guidelines Vol. 4 or that
- the description of quantitative information for the business year 2014 (p. 58) (i.e. "CO_2 emissions of the European fleet (EU 28)" and "fleet consumption China (FBU)" related to the management approach "Product Stewardship" as well as "attendance rate" and "frequency of accidents" related to the management approach "Occupational Health and Safety") presented within the Corporate Responsibility Report is in material aspects not in accordance with the criteria "Completeness," "Comparability," "Accuracy," "Clarity," "Timeliness" and "Reliability" of the GRI's Sustainability Reporting Guidelines Vol. 4.

Emphasis of Matter – Recommendations

Without qualifying our conclusion above, we make the following recommendations for the further development of the Company's sustainability management and sustainability reporting:

- More transparent description of the quantitative controlling tools used for evaluating the targeted management of the preventive compliance approach.
- Stronger formalization and standardization across the Group of the implementation of the management approaches on an operational level as well as further development of key figures relevant to management.

Munich, May 20, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Conrad
Wirtschaftsprüfer

ppa. Heinke Richter

1 Our assurance engagement applies to the German online version of the Corporate Responsibility Report. The Corporate Responsibility Report is published as an online version available at www.audi.com/cr-report.

Code of Conduct and guidelines

The Audi Code of Conduct defines the behavioral rules applicable to all Audi employees. It is based on our self-perception and is supplemented by international conventions. The Code of Conduct for the Audi Group lays down the key basic principles according to which all Audi employees and members of corporate bodies should carry out their daily work. They illustrate the self-perception and binding regulations that guide our actions. Spirited, passionate, human and fair, responsible, success-oriented - we base our action on these characteristics outlined in the Audi self-perception. In addition to laws, internal regulations and ethical standards, they are the foundation for the Audi Code of Conduct. This code encompasses rules for preventing conflicts of interest and corruption, for handling business partners and information, for occupational safety and health protection, for protection of the environment as well as for protection and proper use of property belonging to the Audi Group. Thematic brochures, classroom training sessions and computer-aided training programs are offered to ensure implementation of the Code of Conduct.

International conventions

In addition to the laws and regulations of individual countries, there are also numerous agreements and recommendations from international organizations. They are intended primarily for their member states and not specifically for individual companies. However, they do provide important guidelines for the conduct of globally operating corporations and their employees. Audi therefore attaches great importance worldwide to harmonizing its business actions with international conventions. The most important agreements of this type are listed in the overview below. As part of the Volkswagen Group, we also have expressly committed ourselves to globally valid social rights and principles through the “Declaration on Social Rights and Industrial Relations at Volkswagen” (Volkswagen Social Charter) and the “Volkswagen Charter on Labor Relations.” The “Charter on Temporary Work” lays down the principles for the use of temporary work throughout the Volkswagen Group.

International conventions of relevance to the actions of the Audi Group

- Universal Declaration of Human Rights from 1948 (UNO) and European Convention for the Protection of Human Rights and Fundamental Freedoms, 1950
- International Covenant on Economic, Social and Cultural Rights, 1966
- International Covenant on Civil and Political Rights, 1966
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy from the ILO (International Labour Organization), 1977, and the ILO Declaration on Fundamental Principles and Rights at Work, 1998 (in particular with the following topics: ban on child labor, abolition of forced labor, non-discrimination, freedom of association and right to collective bargaining)
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997
- "Agenda 21" on sustainable development (outcome document of the underlying UN Conference on Environment and Development, Rio de Janeiro, 1992)
- Principles of the Global Compact for a more social and ecological form of globalization, 1999
- OECD Guidelines for Multinational Enterprises, 2000

Memberships and partnerships

As a member of various organizations, Audi ensures a structured exchange with stakeholders. By working together in these networks, we are able to meet business-related and social challenges effectively. The following Audi memberships and partnerships are examples of our exchange with industry, politics, science and society:

- Lernende Region Heilbronn-Franken e.V., Heilbronn
- Bürgerinitiative Pro Region Heilbronn-Franken e.V., Heilbronn
- Bürgerstiftung Ingolstadt
- Deutsche Gesellschaft für Arbeitsmedizin und Umweltmedizin e.V. (DGAUM), Lübeck
- Deutsche Gesellschaft für Nachhaltiges Bauen e.V. (DGNB), Stuttgart
- Deutsche Gesellschaft für Personalführung e.V. (DGFP), Düsseldorf
- Deutsche Verkehrswacht e.V., Bonn
- Deutscher Verkehrssicherheitsrat e.V. (DVR), Bonn
- Deutsches Verkehrsforum, Berlin
- Europäische Metropolregion München e.V., Munich
- European Women's Management Development Network (EWMD), Wiesbaden
- Initiative Regionalmanagement Region Ingolstadt e.V., Ingolstadt
- Nationale Plattform Elektromobilität
- Pakt Zukunft Heilbronn-Franken gGmbH, Heilbronn
- Stifterverband für die Deutsche Wissenschaft, Essen
- Stiftung „Jugend forscht" e.V., Hamburg
- Südwestmetall, Verband der Metall- und Elektroindustrie Baden-Württemberg e.V.
- Umweltpakt Bayern
- UN Global Compact
- VDA Verband der Automobilindustrie e.V., Berlin
- World Economic Forum, Geneva

Awards and sources

In the period under review, Audi received various awards for our sustainable and responsible corporate conduct.

Strategy

Ratings are another indication that our efforts are having an effect. In 2014, Audi took first place in the Sustainability Image Score. This consumer survey was conducted by the Serviceplan agency in partnership with the market researchers Facit Research, the University of Vienna and the St. Gallen University of Applied Sciences as a means of gauging the sustainability image of companies in Germany. According to the researchers, “Vorsprung durch Technik” is increasingly equated with green or efficient technology. In the subject area of social matters, Audi achieved top marks as the most popular employer and as a company that creates and safeguards jobs. Consumers also appreciate our broad-based promotion of young talents and our corporate citizenship in all countries where we have production locations.

Source: http://www.wiwo.de/unternehmen/auto/nachhaltigkeit-audi-und-bmw-verdraengen-hipp-im-oekoranking/9939788.html

Operations

Among German automakers, Audi ranks at the very top of the confidence index compiled by the German business magazine “WirtschaftsWoche” (September 2014). The jurors attribute this top-place finish to Audi’s high product quality and the low number of recalls.

Source: http://www.wiwo.de/erfolg/trends/vertrauensindex-die-marken-denen-die-deutschen-vertrauen/10757732-all.html

At the Auto Mobil International (AMI) in Leipzig in May 2014, Audi received the Autohandel award from the German car magazine “Automobilwoche” – both for best consulting at dealerships as well as in the category of financial services. A mystery shopping study evaluated sales consultations at some 800 dealerships representing a total of 16 automotive brands.

Source: http://www.automobilwoche.de/article/20140530/NACHRICHTEN/140539993/1279/automobilwoche-award-autohandel-audi-und-toyota-haben-deutschlands-beste-verkaufer#.VPguY6OEvbg

Audi is the Germans’ favorite car brand. This was confirmed by the “YouGov BrandIndex Top Performer 2013” brand ranking. Audi came in eighth place in the overall evaluation of all sectors. The results are based on approximately 320,000 interviews conducted online by the market research and consulting agency YouGov between June and December 2013.

Source: https://yougov.de/loesungen/ueber-yougov/presse/presse-2014/pressemeldung-yougov-topperformer-brandindex-2013/

Audi received several awards, both for the environmental compatibility of its cars as well as for the satisfaction of its customers in China. In the J.D. Power 2014 Customer Service Index Study

from the market research firm J.D. Power Asia Pacific, Audi customers once again gave the highest possible score to the brand's dealer and workshop service.

Source: http://www.jdpower.com/press-releases/2014-china-customer-service-index-csi-study

In 2014, readers of "Best Cars," the Chinese edition of the German automotive magazine "auto motor und sport," chose Audi as the most environmentally friendly brand, among other things.

Source: http://www.philstar.com/motoring/2014/03/12/1299715/audi-wins-multiple-awards-february

Product

In January 2014, the U.S. online magazine "Digital Trends" named the V8 4.0 TFSI engine "Engine of the Year," citing the innovative cylinder deactivation system, among other things.

Source: http://motioncars.inquirer.net/25916/bounty-of-awards-for-audi-cars-worldwide-early-in-the-year

In 2013, the EU awarded "Eco Innovation" certification to an automobile manufacturer for the first time in recognition of Audi's low-emission Matrix LED high beam. The efficient headlights reduce energy consumption and save more than one gram of CO_2 per kilometer.

Source: http://www.automobilwoche.de/article/20130417/NACHRICHTEN/130419923/eu-bestatigt-erstmals-oko-innovation-eines-autoherstellers#.VPhLVqOEvbg

The Swedish Wind Power Association honored the power-to-gas project in October 2013, citing the fact that it can have an impact far beyond the automobile industry. It demonstrates one way of storing large amounts of green electricity efficiently and site-independently.

Source: http://www.vindkraftsbranschen.se/blog/pressmeddelanden/audi-far-stora-fornybarhetspriset-2013/

In recognition of its achievements in this area, Audi received the 2014 Connectivity Award as voted on by over 42,500 readers of "auto motor und sport" and "CHIP" magazines. Audi claimed class titles in the categories Navigation, Telephone Integration, Sound System, Entertainment/Multimedia and Connected Cars. The jury declared the new Audi TT the best of all connected cars.

Source: auto motor und sport, issue 16/2014, p. 114–115.

Audi also claimed wins in the categories Navigation, Internet and Entertainment for the 2014 Connected Car Award sponsored by "Auto Bild" and "Computer Bild." The Audi TT was also the overall winner and was named "Connected Car 2014."

Source: http://www.autobild.de/artikel/connected-car-award-2014-leserwahl-5497595.html

A variety of consumer protection organizations throughout the world also test the vehicle safety of Audi models. The “New Car Assessment Programs” (NCAP), for example, test the active and passive safety systems of automobiles. Audi regularly scores top marks here, as the 2014 results in the USA (5 stars in the US NCAP for A3 and A6), in Europe (5 stars in the Euro NCAP for the A3 Sportback e-tron) and in Korea (top score of “Excellent” for the A6 in the Korean NCAP) exemplarily demonstrate.

Source Europe A3 Sportback e-tron: http://www.euroncap.com/en/results/audi/a3-sportback-e-tron/7859

Source NCAP USA A6: http://www.philstar.com/motoring/2014/03/12/1299715/audi-wins-multiple-awards-february

Source NACP USA A3: http://www.motorvision.de/news/us-ncap-crashtests-fuenf-sterne-audi-a3-s3-limousine-260915.html

Source A6 Korea: http://www.automotiveworld.com/news-releases/audi-a6-top-scores-south-korea-crash-safety-pedestrian-protection/

The 2014 ADAC breakdown statistics confirm the high level of safety of our automobiles. They cite the Audi A6 as the most reliable vehicle in its class. The models A3, A4, A5 and Q5 were also assessed to be particularly reliable.

Source Audi A4, A5 and Q5: http://www.adac.de/infotestrat/unfall-schaeden-und-panne/pannenstatistik/pannenstatistik_detailergebnisse_2014/pannenstatistik_mittelklasse.aspx?ComponentId=204569&SourcePageId=47921

Source A6: http://www.adac.de/infotestrat/unfall-schaeden-und-panne/pannenstatistik/pannenstatistik_detailergebnisse_2014/pannenstatistik_obere_mittelklasse.aspx?ComponentId=204571&SourcePageId=47921

Source A3: http://www.adac.de/infotestrat/unfall-schaeden-und-panne/pannenstatistik/pannenstatistik_einzelergebnisse_2014/untere_mittelklasse_audi_a3.aspx

Furthermore, an international jury chose the Audi A3 over 23 other automobiles as “World Car of the Year 2014.” One of the criteria for the total of 69 trade journalists from 22 countries was the active and passive driver assistance systems installed.

Source: http://www.wcoty.com/web/2014_results.asp

Environment

The “Outdoor Classroom” environmental center in Breitengüßbach, which is funded by the Audi Environmental Foundation, has received international acclaim. In March 2013, it was recognized as an official project of the UN Decade on Biodiversity. Its aim is to prevent the worldwide decline of biological diversity. For this purpose, the UN honors projects – such as the “Outdoor Classroom” – that work to maintain this diversity.

Source: http://www.un-dekade-biologische-vielfalt.de/index.php?menuecms=2043&wettbewerb_id=811

Employees

As part of the Audi strategy, our goal is to be an attractive employer worldwide. A number of awards and top places in various rankings prove that we have been successful. Audi took first place among the target group of engineers in the Young Professional Barometer 2014 conducted by consulting firm Universum. The survey asked young professionals with a maximum of eight years' professional experience to state their preferred employers and career plans. Young economists also voted Audi into first place. In the target group that is becoming more and more important in this digital world, namely computer scientists, Audi took second place. Among natural scientists, Audi moved up an impressive 14 places and for the first time finished in the top 20. In the 2014 employer rankings conducted by consulting firm Universum, Audi took first place among students. For prospective economists and engineers, Audi is once again the most attractive employer in Germany. Among future computer scientists too, car manufacturers are increasingly gaining in popularity; they voted Audi into fourth place.

Source: WirtschaftsWoche, issue 18/2014, p. 70–76 and issue 49/2014, p. 82–85.

In the attractiveness survey "Best employer 2014" conducted by news magazine FOCUS and career network XING, Audi was named overall winner and also clinched top place in the "Automobile/major corporations" category. The poll was carried out among 19,000 employees from 2,000 businesses in 22 different industries.

Source: Special issue "FOCUS-SPEZIAL" "Employer", 2/2014, 28.1.2014

In 2014, AUDI HUNGARIA MOTOR Kft. was Hungary's most attractive company for the sixth time in a row. That was the finding of a survey conducted by the management consulting firm AON Hewitt and the international student organization AIESEC.

Source: http://www.budapester.hu/2014/03/17/fuer-deutsche-firmen-zu-arbeiten-ist-in/

In 2013, around 9,000 young professionals and a panel of experts including company directors, university professors and representatives from authorities, associations, consulting firms and the media chose AUDI BRUSSELS S.A./N.V. as "Employer of the Year" in Belgium for the first time. The survey was conducted jointly by internet platform Vacature Références, personnel consulting agency Acerta and Vlerick Business School in Brussels.

Source: http://www.bruessel.diplo.de/Vertretung/bruessel/de/07_20Wirtschaft/Aktuelles_20aus_20der_20Wirtschaft/Seite__Employeroftheyear2013.html

With the title "HR Ambassador of the Year" in 2014, Audi Brussels also received an award for its personnel work and its good progress in the field of human resources. The award is presented every year by the Belgian network "D.E.N.K.-HR"; its panel of experts is made up of representatives from associations, universities and trade magazines.

Source: www.hr-gala.be/actua/detail.phtml?id=94

First place in the employer ranking by the Emblema Foundation went to Automobili Lamborghini. University graduates selected the Audi subsidiary as the “Best Employer of Choice” in 2014. What’s more, the Top Employers Institute named Lamborghini the “Top Employer Italia 2014.”

Source “Top Employer Italia 2014”: http://www.automotiveworld.com/news-releases/automobili-lamborghini-record-hiring-nearly-200-new-employees-2014/

Source “Best Employer of Choice”: http://www.conceptcarz.com/a6125/AUTOMOBILI-LAMBORGHINI-EARNS-TOP-EMPLOYER-ITALIA-2014-CERTIFICATION.aspx

For its commitment to practice-oriented training, AUDI HUNGARIA MOTOR Kft. received the vocational training award from the German-Hungarian Chamber of Industry and Commerce in 2014.

Source: http://www.budapester.hu/2014/03/10/duale-ausbildung-ausgezeichnet/

The quality of ideas management and the ingenuity of our employees are recognized throughout the industry: In 2014, the Audi Ideas Program was voted the best in the German automotive industry by the Deutsche Institut für Betriebswirtschaft (German Institute for Business Management) for the eleventh time in a row.

Source: http://www.motorvision.de/news/20-jahre-audi-ideenprogramm-162731.html

Fuel consumption and emission data

As at: March 2015 (All data apply to features of the German market.)

Model	Power output	Transmission	Fuel type	Fuel consumption			CO_2 emissions	Efficiency class
				urban	extra-urban	combined	combined	
A3 Sportback 1.4 TFSI g-tron	81 kW	6-speed	Premium	6.9 l	4.2 l	5.2 l	120 g/km	B
			Natural gas	4.4 kg	2.7 kg	3.3 kg	92 g/km	A+
A3 Sportback 1.4 TFSI g-tron	81 kW	S tronic, 7-speed	Premium	6.2 l	4.3 l	5.0 l	115 g/km	B
			Natural gas	4.1 kg	2.7 kg	3.2 kg	88 g/km	A+
A3 Sportback 1.4 TFSI e-tron	150 kW [1)]	S tronic, 6-speed	Premium/ electricity	–	–	1.7–1.5 l/ 12.4–1.4 kWh	39–35 g/km	A+
TT Coupé 2.0 TFSI quattro	169 kW	S tronic, 6-speed	Premium	8.4–8.3 l	5.5–5.4 l	6.5–6.4 l	151–149 g/km	D
A7 3.0 TDI ultra	160 kW	S tronic, 7-speed	Diesel	5.5 l	4.3 l	4.7 l	122 g/km	A+
Q7 3.0 TFSI quattro	245 kW	tiptronic, 8-speed	Premium	10.0–9.4 l	7.3–6.8 l	8.3–7.7 l	193–179 g/km	C–B
Q7 3.0 TDI quattro	200 kW	tiptronic, 8-speed	Diesel	6.7–6.2 l	6.0–5.4 l	6.2–5.7 l	163–149 g/km	A

[1)] Total system output (briefly)

Fuel consumption and CO_2 emission figures as well as efficiency classes given in ranges depend on the tire/wheel sets used.

Further information on official fuel consumption figures and the offical specific CO_2 emissions of new passenger cars can be found in the “Guide on the fuel economy, CO_2 emissions and power consumption of all new passenger car models” which is available free of charge at all sales dealerships and from DAT Deutsche Automobil Treuhand GmbH, Hellmuth-Hirth-Str. 1, 73760 Ostfildern-Scharnhausen, Germany (www.dat.de).

About Audi

The Audi Group, comprising the brands Audi and Lamborghini, is one of the internationally leading carmakers in the premium and supercar segment. Since 2012, the product range has also featured motorcycles built by the traditional Italian brand Ducati. In 2014, a total of 1,741,129 Audi models were delivered to customers, 10.5 percent more than in the previous year. In the past fiscal year, the Lamborghini brand delivered 2,530 vehicles to customers, and Ducati sold 45,117 motorcycles.

Volkswagen AG is the major shareholder of AUDI AG and controls approximately 99.55 percent of the share capital. The Audi Group has its headquarters in Ingolstadt, and the second German production and development site is in Neckarsulm. In total, the Audi Group had production operations at 15 locations in 12 countries in 2014, employing 77,247 men and women worldwide (see graphic) **(GRI G4-17)**

Economic development

The Company improved its revenue in 2014 compared with the previous year by 7.8 percent to EUR 53,787 million. The Audi Group was able to post an operating profit of EUR 5,150 million and an operating return on sales of 9.6 percent. Expenses increased as a result of high upfront expenditures for pioneering technologies and new products as well as the expansion of the international production network.

Acting responsibly

We firmly believe qualitative growth can be achieved only by acting responsibly. The field of action “We live responsibility” is consequently anchored in the Audi strategy as one of four pillars. This action is carried out on the basis of five core themes: Operations, Product, Environment, Employees and Society.

Production locations

1 Ingolstadt, Germany (AUDI AG) **A**
2 Neckarsulm, Germany (AUDI AG, quattro GmbH) **A**
3 Brussels, Belgium (AUDI BRUSSELS S.A./N.V.) **A**
4 Győr, Hungary (AUDI HUNGARIA MOTOR Kft.) **A**
5 Sant'Agata Bolognese, Italy (Automobili Lamborghini S.p.A.) **L**
6 Bologna, Italy (Ducati Motor Holding S.p.A.) **D**
7 San José Chiapa, Mexico (AUDI MÉXICO S.A. de C.V., starting 2016) **A**
8 Bratislava, Slovakia (VOLKSWAGEN SLOVAKIA, a.s.) **A**
9 Martorell, Spain (SEAT, S.A.) **A**
10 Kaluga, Russia (OOO VOLKSWAGEN Group Rus) **A**
11 Aurangabad, India (ŠKODA AUTO INDIA PVT, LTD.) **A**
12 Changchun, China (FAW-Volkswagen Automotive Company, Ltd.) **A**
13 Foshan, China (FAW-Volkswagen Automotive Company, Ltd.) **A**
14 Amphur Pluakdaeng, Thailand (Ducati Motor Thailand Co., Ltd.) **D**
15 Jakarta, Indonesia (Pt. Garuda Mataram Motor) **A**
16 Manaus, Brazil (DAFRA da Amazônia Indústria e Comércio de Motocicletas Ltda.) **D**
17 São José dos Pinhais, Brazil (Volkswagen do Brasil Ltda., starting 2015) **A**

(ᴬ Audi production locations | ᴸ Lamborghini production locations | ᴰ Ducati production locations)
In addition to AUDI AG, locations 1 to 7 include fully owned subsidiaries and provide the basis for this report.