PROGRESS YOU CAN FEEL

Audi AI:ME (2019): Studie

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The topics addressed in this **Audi Sustainability Report 2019** are oriented to the results of the materiality analysis (page 22). The content is divided into five chapters that each answer a core question with several stories.

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More about the creation and structure of the Sustainability Report can be found on: page 14

Foreword

To us, “Vorsprung durch Technik” means: innovative products to ensure sustainable mobility and a forward-looking, sparing use of resources. This is our foundation for future growth and long-term corporate success.

Together with the Volkswagen Group, Audi was one of the first companies to commit itself to the goals of the Paris Agreement. In the long term, we are pursuing a vision of carbon-neutral mobility and want to achieve net zero carbon emissions for the entire company by 2050.

Sustainability is much more than just reducing CO_2 emissions with each kilometer traveled. This is why we focus on the overall picture at Audi. We act responsibly, transparently and with integrity and reconcile social, environmental and economic goals.

As a premium car manufacturer and provider of innovative mobility solutions, we are aware of this social responsibility.

We address the topic of sustainability in all its facets. This is the only way that we can create the freedom our customers desire without adversely impacting the environment and society. Our vision is to provide sustainable mobility that can be used by all of us with a clear conscience. That is why we act in a decisively sustainable way throughout all of the divisions. Because we realize that every contribution matters when it comes to achieving the transformation

This Sustainability Report stands for that as well, and takes an open and transparent approach to showing how the entire company is striving to make this vision a reality.

The Board of Management of AUDI AG


Markus Duesmann


Arno Antlitz

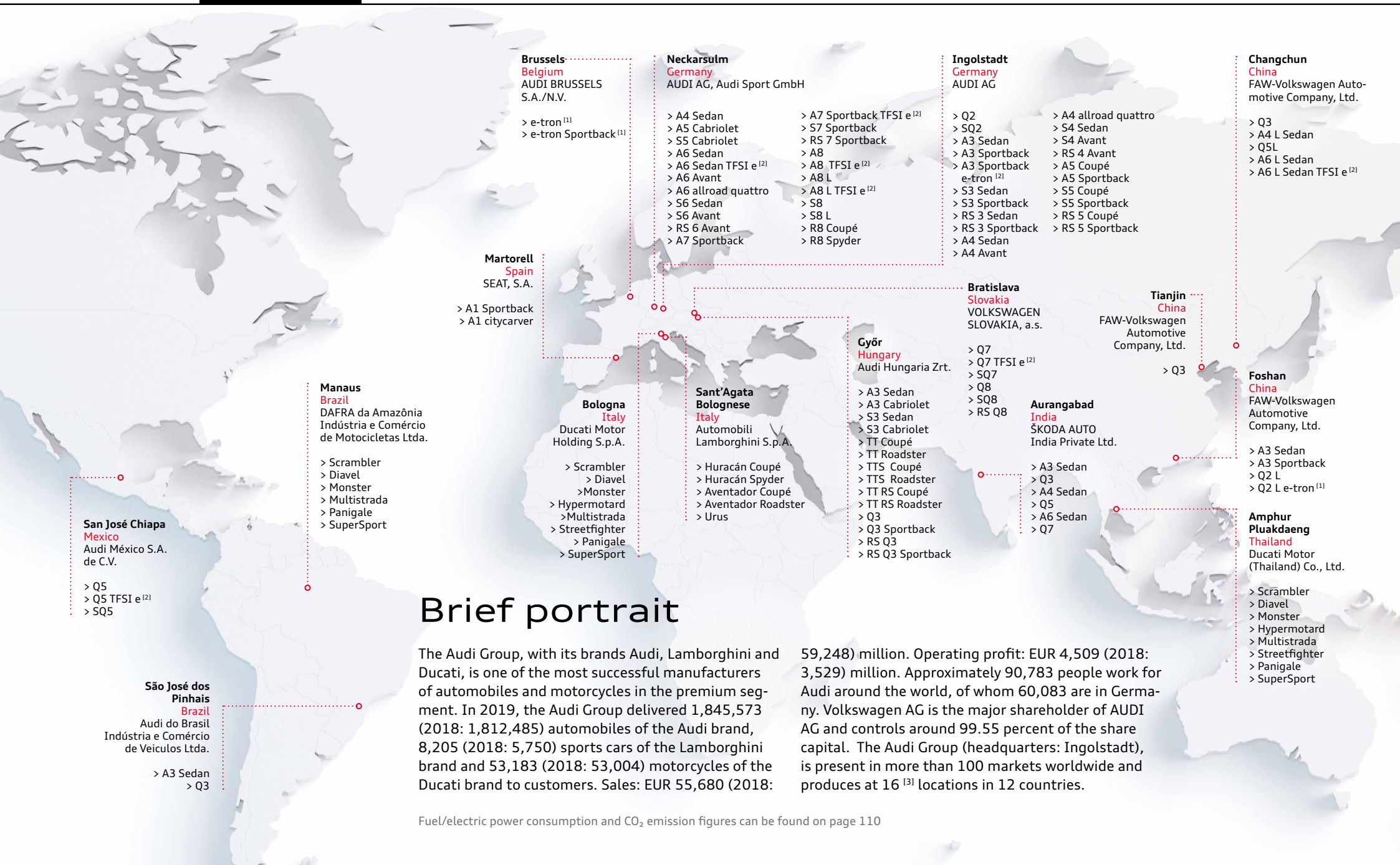

Dirk Große-Loheide


Peter Kössler


Sabine Maaßen


Hans-Joachim Rothenpieler


Hildegard Wortmann



Brussels
Belgium
AUDI BRUSSELS S.A./N.V.

> e-tron [1]
> e-tron Sportback [1]

Martorell
Spain
SEAT, S.A.

> A1 Sportback
> A1 citycarver

Neckarsulm
Germany
AUDI AG, Audi Sport GmbH

> A4 Sedan
> A5 Cabriolet
> S5 Cabriolet
> A6 Sedan
> A6 Sedan TFSI e [2]
> A6 Avant
> A6 allroad quattro
> S6 Sedan
> S6 Avant
> RS 6 Avant
> A7 Sportback
> A7 Sportback TFSI e [2]
> S7 Sportback
> RS 7 Sportback
> A8
> A8 TFSI e [2]
> A8 L
> A8 L TFSI e [2]
> S8
> S8 L
> R8 Coupé
> R8 Spyder

Ingolstadt
Germany
AUDI AG

> Q2
> SQ2
> A3 Sedan
> A3 Sportback
> A3 Sportback e-tron [2]
> S3 Sedan
> S3 Sportback
> RS 3 Sedan
> RS 3 Sportback
> A4 Sedan
> A4 Avant
> A4 allroad quattro
> S4 Sedan
> S4 Avant
> RS 4 Avant
> A5 Coupé
> A5 Sportback
> S5 Coupé
> S5 Sportback
> RS 5 Coupé
> RS 5 Sportback

Changchun
China
FAW-Volkswagen Automotive Company, Ltd.

> Q3
> A4 L Sedan
> Q5L
> A6 L Sedan
> A6 L Sedan TFSI e [2]

Bratislava
Slovakia
VOLKSWAGEN SLOVAKIA, a.s.

> Q7
> Q7 TFSI e [2]
> SQ7
> Q8
> SQ8
> RS Q8

Tianjin
China
FAW-Volkswagen Automotive Company, Ltd.

> Q3

Győr
Hungary
Audi Hungaria Zrt.

> A3 Sedan
> A3 Cabriolet
> S3 Sedan
> S3 Cabriolet
> TT Coupé
> TT Roadster
> TTS Coupé
> TTS Roadster
> TT RS Coupé
> TT RS Roadster
> Q3
> Q3 Sportback
> RS Q3
> RS Q3 Sportback

Aurangabad
India
ŠKODA AUTO India Private Ltd.

> A3 Sedan
> Q3
> A4 Sedan
> Q5
> A6 Sedan
> Q7

Foshan
China
FAW-Volkswagen Automotive Company, Ltd.

> A3 Sedan
> A3 Sportback
> Q2 L
> Q2 L e-tron [1]

Bologna
Italy
Ducati Motor Holding S.p.A.

> Scrambler
> Diavel
> Monster
> Hypermotard
> Multistrada
> Streetfighter
> Panigale
> SuperSport

Sant'Agata Bolognese
Italy
Automobili Lamborghini S.p.A.

> Huracán Coupé
> Huracán Spyder
> Aventador Coupé
> Aventador Roadster
> Urus

Manaus
Brazil
DAFRA da Amazônia Indústria e Comércio de Motocicletas Ltda.

> Scrambler
> Diavel
> Monster
> Multistrada
> Panigale
> SuperSport

San José Chiapa
Mexico
Audi México S.A. de C.V.

> Q5
> Q5 TFSI e [2]
> SQ5

São José dos Pinhais
Brazil
Audi do Brasil Indústria e Comércio de Veiculos Ltda.

> A3 Sedan
> Q3

Amphur Pluakdaeng
Thailand
Ducati Motor (Thailand) Co., Ltd.

> Scrambler
> Diavel
> Monster
> Hypermotard
> Multistrada
> Streetfighter
> Panigale
> SuperSport

Brief portrait

The Audi Group, with its brands Audi, Lamborghini and Ducati, is one of the most successful manufacturers of automobiles and motorcycles in the premium segment. In 2019, the Audi Group delivered 1,845,573 (2018: 1,812,485) automobiles of the Audi brand, 8,205 (2018: 5,750) sports cars of the Lamborghini brand and 53,183 (2018: 53,004) motorcycles of the Ducati brand to customers. Sales: EUR 55,680 (2018: 59,248) million. Operating profit: EUR 4,509 (2018: 3,529) million. Approximately 90,783 people work for Audi around the world, of whom 60,083 are in Germany. Volkswagen AG is the major shareholder of AUDI AG and controls around 99.55 percent of the share capital. The Audi Group (headquarters: Ingolstadt), is present in more than 100 markets worldwide and produces at 16 [3] locations in 12 countries.

Fuel/electric power consumption and CO_2 emission figures can be found on page 110

How can we make mobility carbon-neutral?

* Audi e-tron: Combined power consumption in kWh/100 km: 23.9–20.6 (NEDC); 26.3–21.6 (WLTP), CO_2 combined emissions in g/km: 0

Sustainability with consistency

They are working toward making the vision of zero-carbon mobility a reality – and ensuring that this reality ultimately bears four rings: Hildegard Wortmann, Board Member for Sales and Marketing, and Peter Kössler, Board Member for Production and Logistics.

Ms. Wortmann, have you already done something sustainable today?
Hildegard Wortmann: Every contribution matters – even the smallest ones. There's a wide range of possibilities. For example, I consistently avoid using plastic bottles and I purchase fruits and vegetables that are in season and regionally grown. Even my drive to work is as sustainable as it can be: My company car is a plug-in hybrid.

Mr. Kössler, how sustainable has your day been so far?
Peter Kössler: I try to read the news before the workday starts. For the most part, I use my smartphone or tablet computer, since I only have digital subscriptions to many newspapers and magazines. Generally, I also try to buy as much as I can from retail stores and avoid online shopping, because that's also a way to reduce CO_2 emissions and it's sustainable in many respects.

We can tell that sustainability is more than just another item on both of your to-do lists.
Hildegard Wortmann: Authenticity is the most important aspect when it comes to sustainability. Customers can tell right away whether you are just half-heartedly addressing a topic or if it sincerely matters to you.
Peter Kössler: That also applies to us as a company and we regard it as our responsibility. We deliberately decided to name one of our strategy's cornerstones "consistently sustainable".

How is this consistency expressed?
Peter Kössler: Many of our employees spend a lot of time thinking about the topic, and that's the point. There's a new corporate culture at Audi and the awareness of sustainability plays a fundamental role in it.
As a car manufacturer, we're not just a small cog in the wheel, particularly since we are part of a society that regards mobility as a basic human need. Or to put it more simply: We're all part of the "big wheel."
Hildegard Wortmann: We see ourselves as being in a position to ensure that we are heading in the right direction, and as having the responsibility to do that. Our customers rightfully expect that from us.

Peter Kössler, Board Member for Production and Logistics, behind the wheel of an Audi e-tron

What do you think: In what direction is sustainability developing, which also includes diversity and social policy, for example?
Hildegard Wortmann: Sustainability isn't a trendy topic that will just disappear from the agenda at some point. It's decisive for everyone's future. We as a brand have to be willing to be measured by that. That's why we're examining ›

"There's a new corporate culture at Audi and the awareness of sustainability plays a fundamental role in it."

Peter Kössler, Board Member for Production and Logistics

Peter Kössler was born in Ingolstadt, Germany, in 1959. After completing training to become an electrician specializing in energy devices and a degree in precision engineering, he started his career at AUDI AG as a trainee in Ingolstadt in 1986. From 2007 bis 2015, Peter Kössler was head of the Audi Ingolstadt plant. Since September 1, 2017, he has been a Member of the Board of Management of AUDI AG, where he is responsible for Production and Logistics.

Hildegard Wortmann, Board Member for Sales and Marketing

"Sustainability isn't a trendy topic that will just disappear from the agenda at some point. It's decisive for everyone's future."

Hildegard Wortmann, Board Member for Sales and Marketing

Hildegard Wortmann was born in Münster, Germany, in 1966. After pursuing a degree in business administration, she started at Unilever in 1990. She switched to the BMW Group 1998, where she headed Product Management at BMW for eight years. In addition, as part of the expansion of the electric vehicle BMW i, Wortmann set a course for electric mobility. In 2016, she also assumed brand responsibility for BMW. She relocated to Singapore starting in January 2018, where she was responsible for the Asia-Pacific sales region. Hildegard Wortmann has been the Member of the Board of Management of AUDI AG for Sales and Marketing since July 1, 2019.

Hildegard Wortmann, Board Member for Sales and Marketing

› everything we do and communicating our actions with credibility.

Peter Kössler: One example is the fact that Audi, just like the entire Volkswagen Group, has expressly committed itself to the goals of the Paris Agreement, which aim to limit the global rise in temperature to well below two degrees Celsius compared with pre-industrial levels. I think that many people aren't aware of that. Making a contribution to this as a brand is monumental task and there are different ways to reach this goal.

How can you find the right direction in the process?

Hildegard Wortmann: Regardless of what we're doing, we always have to ask ourselves why we're doing it. In the age of networking, the brand image has to be understood as more than just design, product and technology. Providing services throughout the entire customer life cycle will make the decisive difference. At Audi, we are currently redefining the core of our brand. We no longer think of "Vorsprung" simply as what is technically feasible. "Vorsprung" stands for an attitude: We want to offer our customers genuine personal added value.

… And what exactly does this look like?

Peter Kössler: Modern, or better yet – future-oriented. We have already initiated a great deal in a short of time, including more sustainable mobility options and new digital offers. Throughout it all, the "consistently Audi" strategy serves as our guiding principle, because that word is so popular at the moment – and I find it truly electrifying for me and my daily work.

But first of all, Audi is attracting international attention with a provocative new television commercial using the motto: "Let it go."

Hildegard Wortmann: We have to let go of the past to create something new. That's the idea behind the commercial, which is introducing our new global brand campaign. We can't solve all of the world's problems alone. After all, we're part of a movement; we aren't dictating the terms. The decisive factor is the overall message: Every contribution matters.

Saving energy, doing without plastic, preventing and eliminating waste – what role does Audi play in this context?

Peter Kössler: We're starting with ourselves. The goal is to consistently reduce our environmental footprint – for example, with our "Mission Zero" environmental program. This includes goals such as wanting to make all Audi sites ›

› carbon-neutral by 2025. Since we have always been perceived as a particularly sporty brand, we also want to be fast and lean in advancing the transformation.

But someone who wanted to respond provocatively would find it easy – sustainability and SUVs are fundamentally a contradiction…
Hildegard Wortmann: I don't think that's true. Our customers' wishes are our top priority. And we see that the trend toward SUVs is unbroken. So we have to strike the balance of offering customers an SUV that they can drive without a guilty conscience. The Audi e-tron underscores our premise that ecological awareness and SUVs are not a contradiction in terms. When selecting a segment for our first electric vehicle, we made a conscious decision to choose one that combines sportiness, complete everyday usability and a high degree of potential for growth.
Peter Kössler: And don't forget: There's another reason that the Audi e-tron is an SUV. We wanted to offer our customers a vehicle capable of driving long distances. An SUV was the best way to do this, because it requires relatively large batteries. We will be launching a compact SUV with the Audi Q4 e-tron.
Hildegard Wortmann: And our first fully electric, high performance model – the Audi e-tron GT.
Peter Kössler: Audi is in the midst of a transformation. The future is electric, in all segments. We are consistently pursuing our electrification and sustainability strategies across our entire model range.

Do you believe that this positioning alone is capable of countering the Fridays for Future movement?
Hildegard Wortmann: The topic of sustainability has gained an entirely new dimension through movements such as #FridaysforFuture. Young people are addressing topics that socially highly relevant. I have a great deal of respect for their determination – it shows a highly developed sense of responsibility for our future.

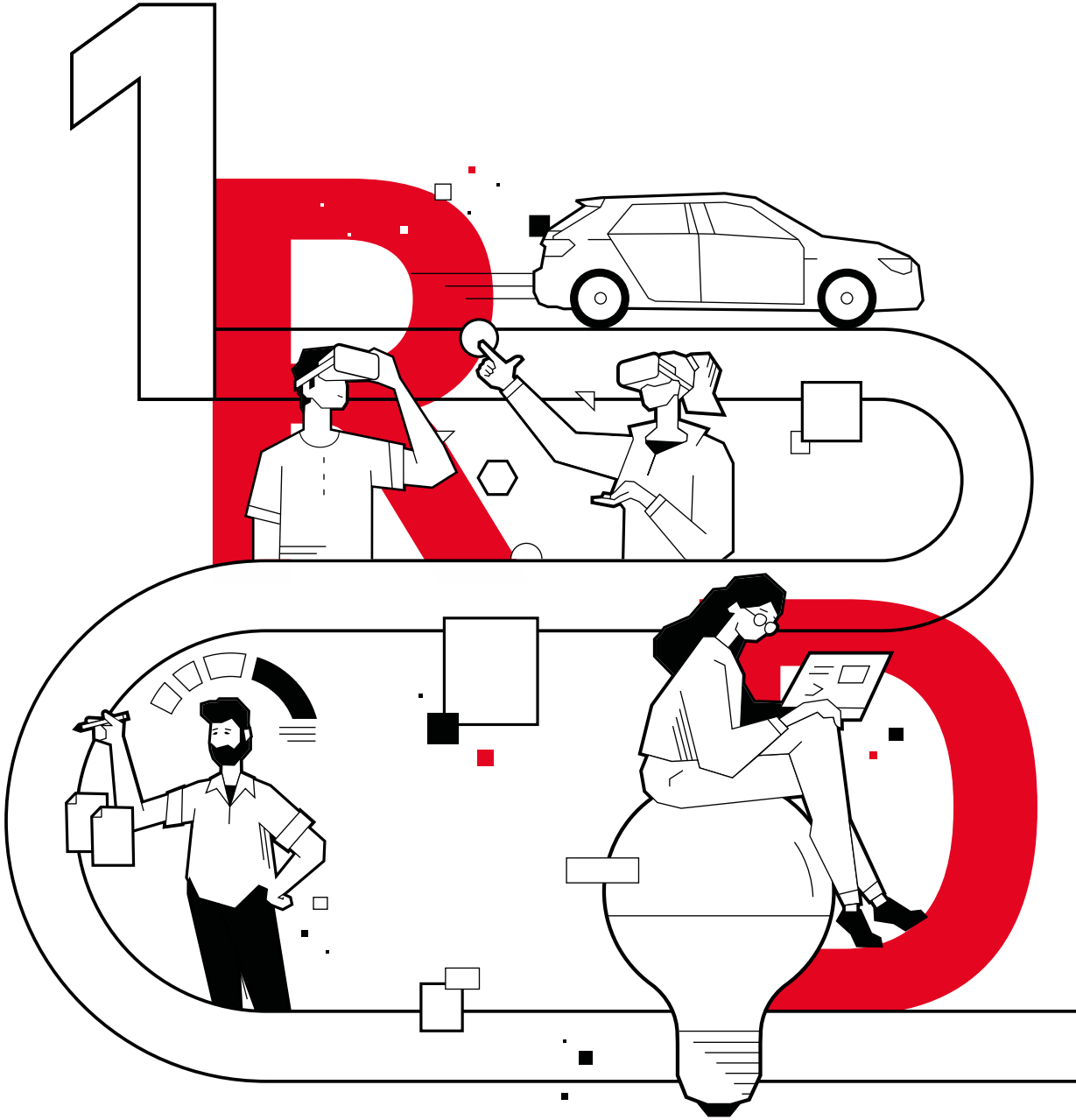
How can listening be put into action?
Peter Kössler: We are consistently working on change – in all of the corporate divisions. The transformation to a net-zero carbon emissions company is well underway, and it's also expressed by the fact that we are using resources in the most responsible manner and adding closed loops where we can. One example of this is the Aluminum Closed Loop. The aluminum sheet offcuts that are produced in the press shop are sent directly back to the supplier, which then processes and recycles them. We are subsequently reusing these reprocessed aluminum sheets in the production process. This enabled Audi to save around 150,000 tons of CO_2 on balance in 2019 alone. And we will be able to save even more in the future. Another example is Europe's largest photovoltaic roof system, which we dedicated a few weeks ago at Audi Hungaria in Győr.

Audi promises to unleash the beauty of sustainable mobility, and to do it profitably. How is it possible to bridge the gap between these two factors?
Peter Kössler: Electric mobility is a prime example of our acting consistently. As a company, we are no longer just focusing on the vehicle, but increasingly on the ecosystem surrounding the entire electric car as well. Thus, we offer our customers smart charging solutions from photovoltaic electricity that we have generated. At the same time, it's clear that we as a manufacturer cannot take on the expansion of the charging infrastructure alone. We need the support of politicians and society. But those who make demands must also be willing to deliver. And I can truly say: We're doing that.
Hildegard Wortmann: Being part of the Volkswagen Group allows us to leverage synergies and create a wide and versatile electric car model portfolio for each segment and each group of customers. To move into the realm of premium electric products, by 2025 Audi will launch at least three models based on the modular electric drive matrix for more compact vehicles. The first models featuring architecture that was developed in conjunction with Porsche will be introduced to the higher segments at the beginning of this decade. It's clear to us: The future is electric!

Sustainability is part of the strategy – and it is important to talk about it. An interview with Hildegard Wortmann and Peter Kössler

Sustainable right down to the very last detail

To become the leading carbon-neutral premium provider, Audi is optimizing all parts of its value chain. An overview of key improvements and initiatives



Research & development

Audi is embarking on a great transformation. The company aims to reduce its carbon footprint by around 30 percent in just five years. Audi wants to be carbon-neutral by 2050. Rigorous electrification of vehicle fleets contributes to promoting decarbonization. Research and Development is currently working intensely on introducing around 30 electrified models to the market by 2025; they are intended to make up approximately 40 percent of the brand's sales.

Furthermore, Audi is banking on plug-in hybrids and, in the future, on the h-tron fuel cell drive system (page 48). Research and development activities pertaining to fuel cells are being conducted at the competence center in Neckarsulm, which has assumed the lead within the Volkswagen Group.

Thanks to the mild-hybrid systems, vehicles with combustion engines also emit less CO_2 than they did in the past. Once the driver takes his or her foot off the gas pedal, the drive management system selects from one of two options: Depending on the driving situation and the setting in the "Audi drive select," the vehicle either recovers energy or it glides with the engine switched off.

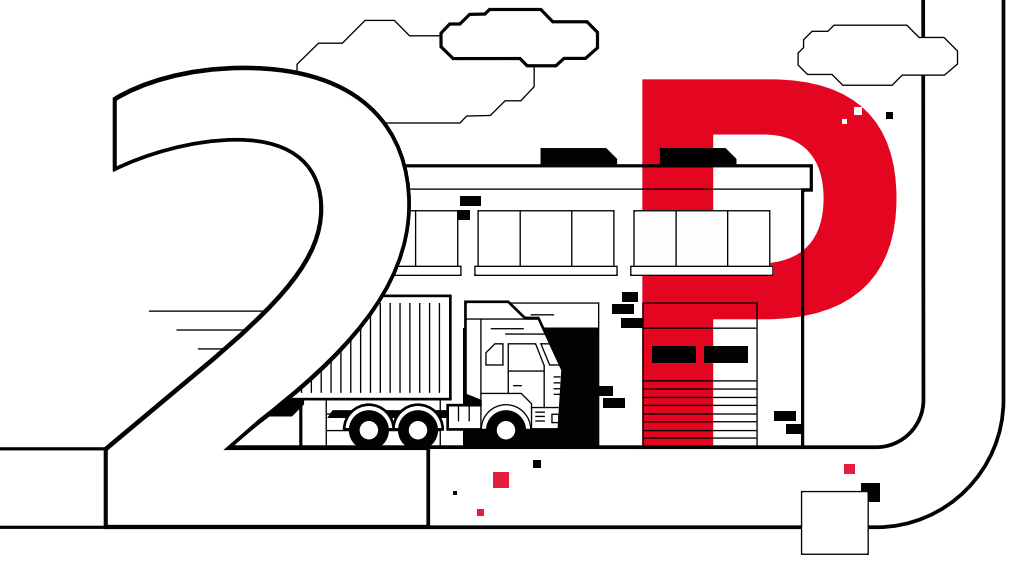
The vision is to shape premium mobility in a manner that is both effortless and sustainable – from the time the car is purchased through its ownership and utilization phase and all the way to its resale.

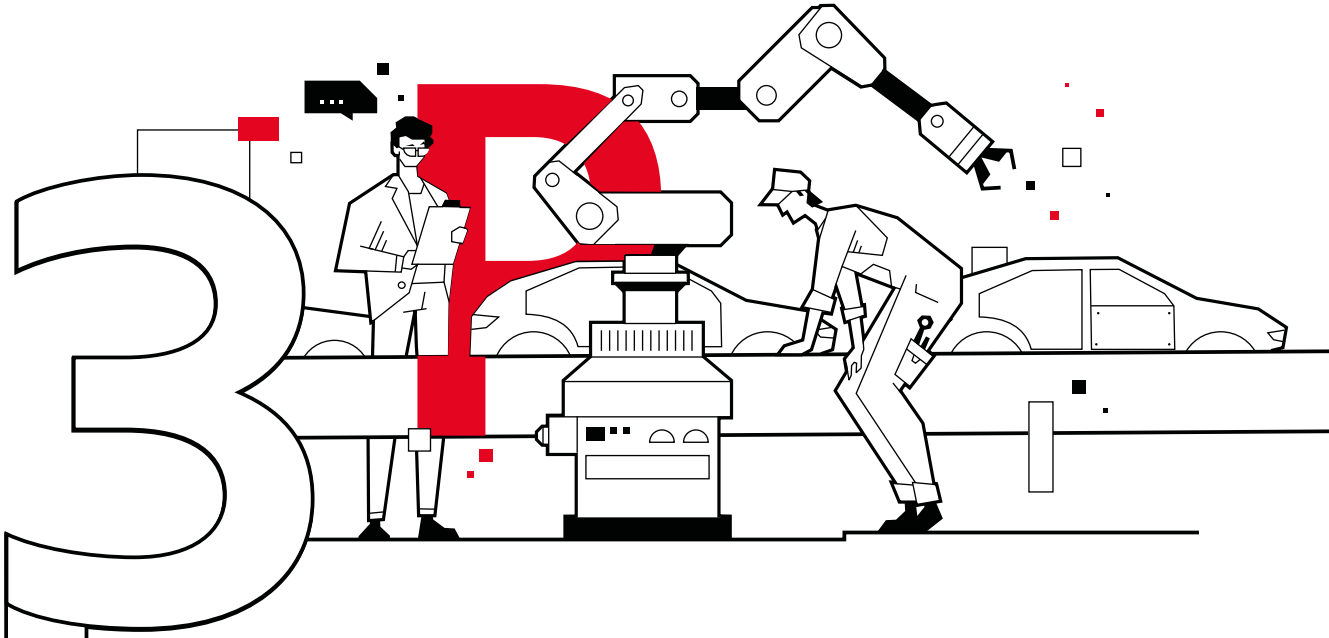
Procurement

Not only is Audi making its own processes more sustainable, it is also supporting business partners (page 65) in their sustainability efforts. In its corporate responsibility for the environment and society, Audi wishes to collaborate only with partners who adopt the same approach in terms of both their philosophies and actions. This not only includes environmental protection, but also employee rights and integrity. A mandatory sustainability rating records and governs just how well suppliers are able to implement the guidelines.

The rigorous electrification of the vehicle fleet has caused an increased percentage of the CO_2 emissions created during the lifecycle of the car to arise in the supply chain and during production. Thus, Audi is working with its suppliers to develop measures aimed at reducing carbon emissions. The Audi CO_2 program focuses on the production of materials that require a particularly high level of energy – namely aluminum and steel as well as battery components.

Respecting and protecting human rights is of the utmost priority for Audi at all times – especially throughout the supply chains. In line with the requirements of a risk-based approach, Audi concentrates its measures on the supply chains that are associated with particularly high risks for negative impacts according to analyses. Among the significant challenges facing electric mobility is the sustainable extraction of the required raw materials.





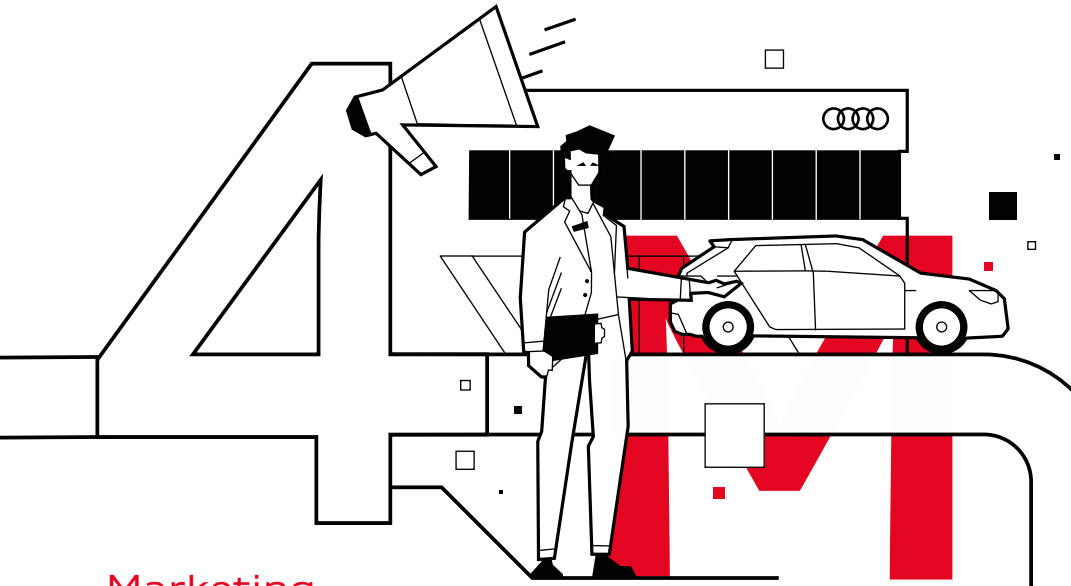
Production

For decades now, Audi has been increasing the “fitness” of its production through intelligent, digitally connected high-tech solutions. The basis of environmentally compatible production at Audi is the environmental and energy management systems that have been gradually introduced since 1995. They help when it comes to achieving “Mission:Zero” (page 69) – that is, production with the lowest possible impact on the environment.

All Audi sites are pursuing ambitious goals and gradually reducing environmentally relevant values for the KPIs of CO_2 emissions, energy, fresh water, organic solvents (VOC) and waste. A functioning circular economy (page 62) and reductions in energy consumption (page 72) play a key role in this.

By 2025, the aim is to achieve net zero carbon emissions for all Audi plants. Since 2018, the plant in Brussels has served as role model – as the world’s first certified carbon-neutral large-scale production plant in the premium segment.

Throughout the reporting year 2019, decarbonization was promoted through many projects. For example, numerous energy efficiency measures implemented as part of energy management at the sites in Ingolstadt, Neckarsulm, Brussels, Győr and San José Chiapa led to savings of more than 71,300 megawatt hours of electricity and approximately 10,800 tons of CO_2 emissions.



Marketing

In the future, Audi will invest 50 percent of its marketing budget in topics pertaining to electric mobility. The company plans to make new forms of propulsion even more emotionally tangible for its customers, dismantle possible reservations and ignite enthusiasm.

The company's podcast "The future is electric" is one successful example. The second season is currently on the air and was honored with the World Media Award in the "Automotive" category in 2019.

But it is not just digital channels where Audi is leading the way; the company also has tangible sustainable concepts for the future of sales: Ever since the fall of 2019, the new Audi Brand Experience Center at Munich Airport has served as a way for the company to demonstrate that economy and ecology are not conflicting concepts. The structure showcases the most modern form of energy and building technology, and has a multiplier effect – for example as an international training center or event venue.

By clearly focusing on sustainability, Audi is sending a visible signal that it treats the topic holistically, far beyond the electrification of fleet vehicles. That was also evident at the end of 2019 in the "Tilted World" advertisement and the Super Bowl commercial "Let it go" that ushered in the new global brand campaign in February 2020.

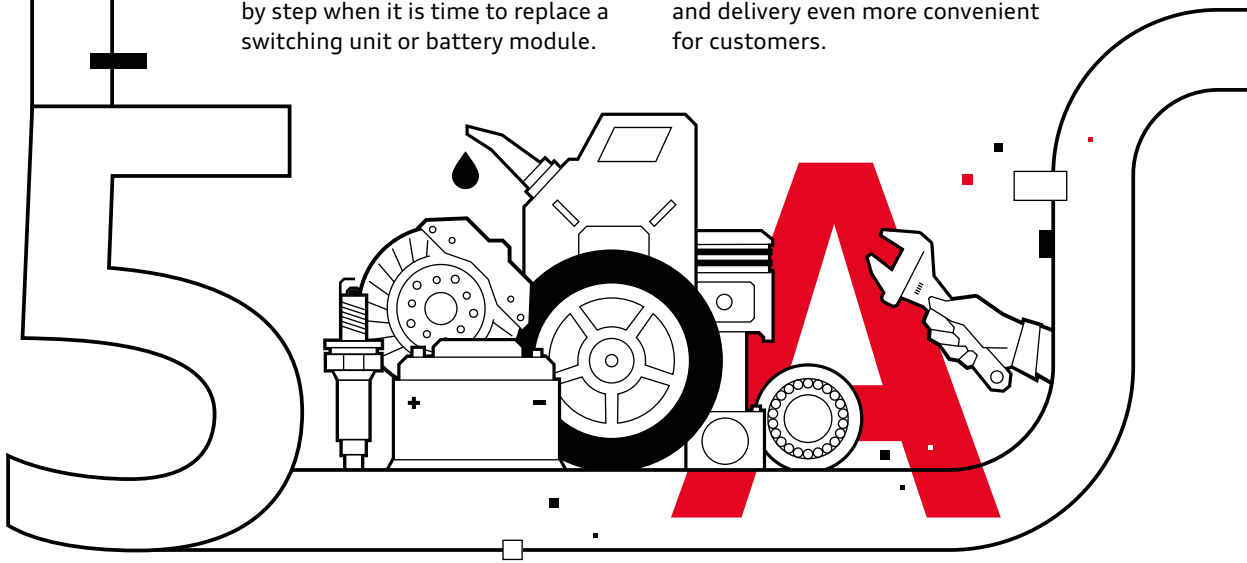
After sales

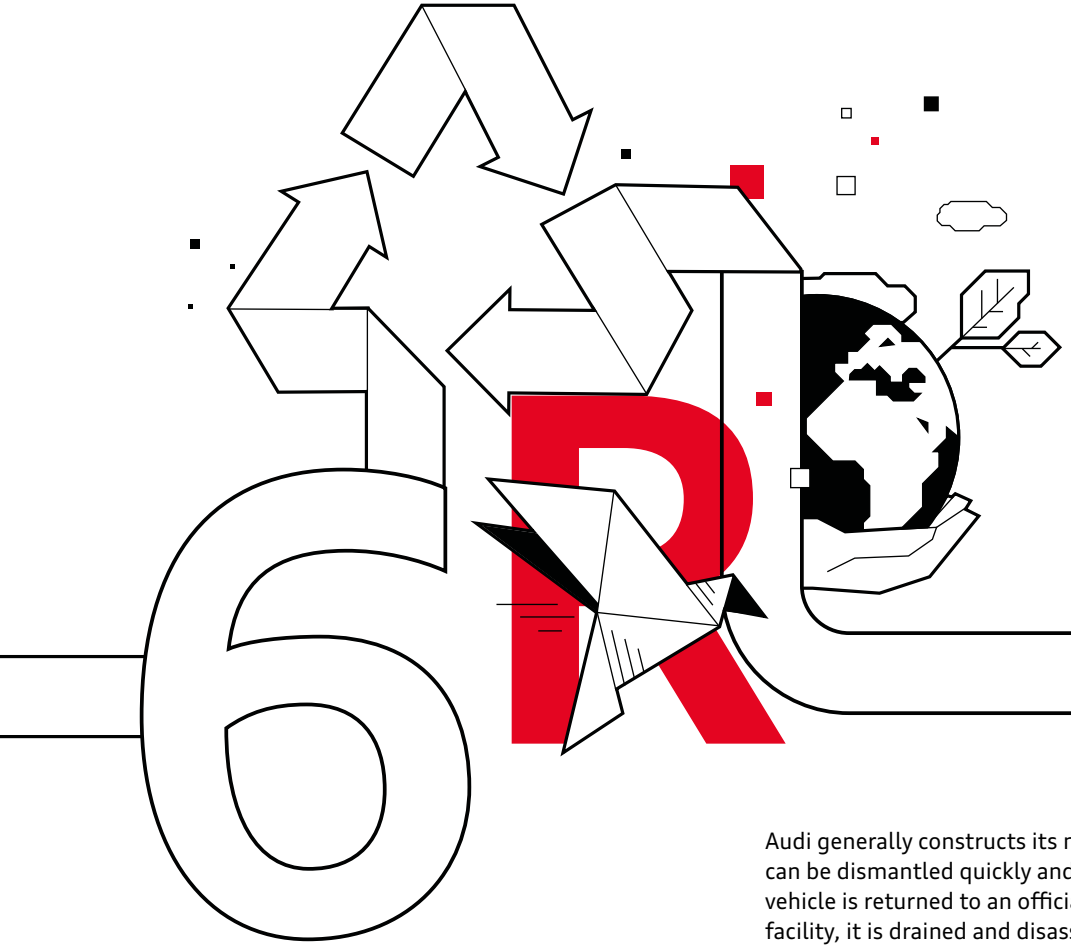
The advent of electric mobility will pose new challenges for both dealers and workshops. In addition to oil changes and spark plugs, mechatronics technicians must now also be able to handle issues such as high-voltage technology. Audi is committed to supporting its service partners as well as possible throughout this transformation toward electric mobility, by offering innovative training concepts, for example.

Thanks to virtual reality training sessions, employees can become acquainted with technologies such as high-voltage batteries in a realistic and safe manner. During process training sessions, they learn step by step when it is time to replace a switching unit or battery module.

The advantages of providing such virtual reality training sessions (page 85) are clear: Audi can offer them on a global scale, thus ensuring that its electric vehicles are efficient, fast and enjoy premium market rollouts, with technicians who are already optimally prepared for the new model as soon as it is launched on the market.

The digitalization drive in retailing includes a wide array of forward-looking measures. One example is an Audi Service Station, where customers can conveniently leave a car to be serviced or pick it up upon completion – independently of the shop's hours. And since the purchasing of used cars is also rapidly changing, Audi is continuing to develop its online platform to make buying, paying, registering and delivery even more convenient for customers.





Recycling

Audi not only focuses on conserving resources when designing and building its vehicles, the brand also promotes recycling and reusing – in keeping with the concept of the circular economy (page 62). This is why Audi has teamed up with (external) partners to create a comprehensive return network. In addition, materials used – such as plastics – are labeled and are thus easily recognizable.

Audi generally constructs its models so that they can be dismantled quickly and simply. When a vehicle is returned to an official Audi collection facility, it is drained and disassembled. Together with other manufacturers, Audi has developed the database IDIS (International Dismantling Information System) to optimize the overall process of dismantling.

IDIS contains type-specific information for professional and environmentally-friendly handling, starting with information about draining automotive fluids, the neutralization of airbags and seat belt tensioners and all the way to the dismantling of components containing particularly hazardous substances, such as batteries. Containers for liquids, radiators or oil pans are constructed in such a way that they can be emptied in an uncomplicated and residue-free way. Furthermore, factors such as avoiding the long-term filling of oils and fats, as well as maintenance intervals geared toward driving modes and vehicle operating conditions, also reduce the amount of waste in workshops.

Used components and assembly groups such as engines, transmissions, axles, starters, electronic parts and many other components are then refurbished. This protects the environment, while offering customers the cost-saving alternative of exchanging a component for a recycled spare part.

The scientific history of the value chain

The value chain depicts production levels as an organized sequence of activities, which in turn create value, use resources and are linked to each other through processes.

The concept was first introduced by the American economist Michael E. Porter in 1985. According to Porter, the value chain represents a collection of activities that are performed to design, produce, market, deliver and support a product.

Moreover, it reveals the path a product or a service will follow throughout the transformation process. In the process, various tasks for rendering service are described, from development, procurement and production to sales and after-sales services.

In practice, the value chain serves as a means of analyzing corporate activities and represents a complex methodological instrument.

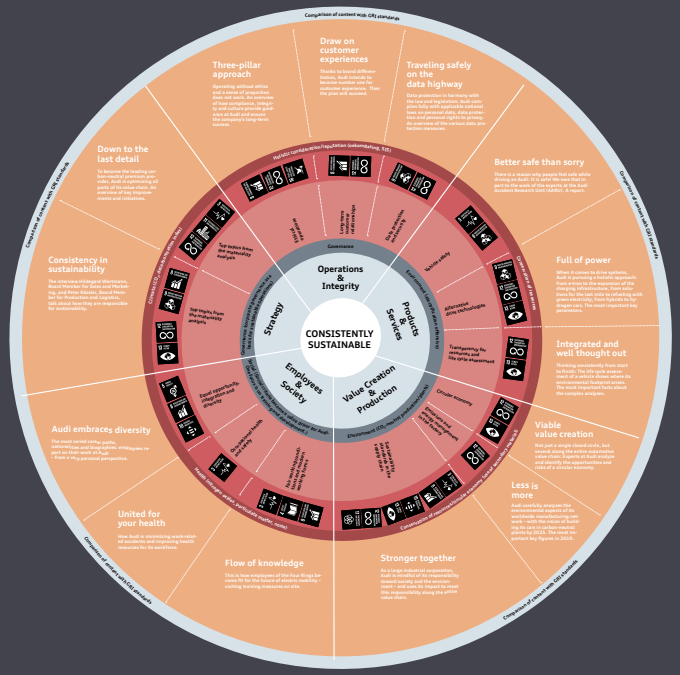
In the spotlight

The “consistently Audi” strategy, which was presented in May 2019, is changing many things. As a result, sustainability has moved to the core of our entrepreneurial action, thus altering the way Audi reports on its activities within the context of “consistently sustainable” – one of the strategy’s four subgoals. This is why the Sustainability Strategy department, which is responsible for the direction and operationalization of the sustainability strategy and is tasked with preparing this report, decided to adopt a new approach to reporting. The aim of the 2019 Sustainability Report is to ensure that all readers truly understand why these topics are being reported on. There are internal (e.g. strategies) and external (e.g. guidelines) reasons for this.

To enhance understanding, the Sustainability Strategy department has developed a thematic map that allows the reader to see at a glance why topics were selected and understand the underlying strategy. This also emphasizes the fact that topics reported on were not just arbitrarily chosen: They are clearly linked to stakeholders’ demands and the company’s strategy. Sustainability has a lot to do with adaptability, but also with transparency. To do justice to transparency, the 2019 Sustainability Report reflects the carefully selected reporting topics in its familiar basic structure, featuring the chapters “Strategy,” “Operations and Integrity,” “Products and Services,” “Value Creation and Production” as well as “Employees and Society.” Maintaining the same structure enables an annual comparison and makes it easer to identify progress. With this new approach, the Four Rings is demonstrating its adaptability and openness: It is important to Audi to relay clear messages and demonstrate credibility through transparency.

Interactive: Click on part of the matrix to access the story

Large scale: The individual parts of the matrix can be found on pages 111-115.

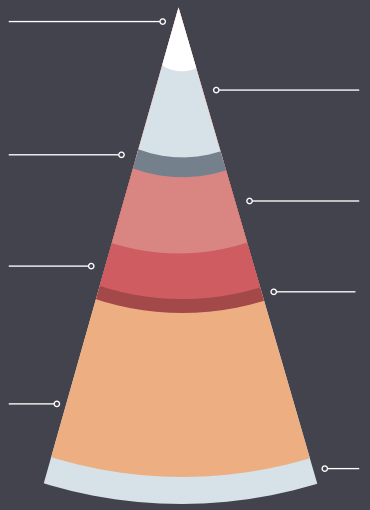


Consistently sustainable
Important pillars of the corporate strategy “consistently Audi” (see also page 15)

ESG criteria
Chapter reference for the capital-market-relevant criteria of Environment, Social and Governance (ESG)

SDG
Sustainable Development Goals (SDGs): Allocation of the 17 global goals for sustainable development

Topics
Story that highlights Audi’s commitment –



Core areas
The outline of the Audi Sustainability Program combines strategic goals with concrete measures in an understandable manner.

Materiality analysis
What concerns stakeholders, what do they expect from Audi? A selection of the most important results from the materiality analysis.

Sustainability Roadmap
Comparison with the goals of the sustainability program

GRI
Comparison with the GRI Standards of the Global Reporting Initiative (GRI)

GRI 102-46, 102-47, 102-48, 102-49

Sustainability – consistently practiced

Sustainability has been a central corporate goal and an absolute necessity for ensuring future success for quite some time. For Audi, it means our future viability and it represents a fundamental basis for acceptance and relevance – thanks to sustainable products from a sustainable company. But how will Audi achieve this new edge? By having the correct self-perception and applying the right strategy.

Mobility is one of society's primary necessities. Whether in urban or rural settings, regional or international – people are looking for adequate solutions to get from A to B. Audi responds to this desire with its products. As part of the Volkswagen Group, the brand focuses on individual premium mobility. Audi is well aware that there are sizable questions to address in this context: Scarce resources, environmental damage, climate change and population growth – these are all challenges facing society, which looks to politics, science and industry for answers. How sustainable can individual mobility be? Is electric mobility the only sensible approach to sustainable transportation? The automotive industry is experiencing radical upheaval. For Audi, this means working steadily on developing solutions to the questions raised above. Thus, as part of the Volkswagen Group, Audi is committed to the two-degree goal and is contributing to its realization. The two-degree goal describes the objective of international climate policy to limit the global temperature rise by 2100 to less than two degrees Celsius above pre-industrial levels. This goal, which has been discussed for more than 30 years, eventually became legally binding for first time as the Paris Agreement, which has been in force since November 2016 and was signed by 196 contractual parties. Actively contributing to the SDGs (Sustainable Development Goals, see page 17) is also part of the rigorous focus of the Volkswagen Group.

To highlight our determination with respect to this focus, Audi developed a new vision in the year under review: "Unleash the beauty of sustainable mobility." To make sure that this vision can be transformed into reality, the company set out a new mission for itself, which was then presented in the form of a new corporate strategy: "consistently Audi". The goal of the strategy is to position the company for the future, to play an instrumental role in shaping the transformation as we head into a new age of mobility and to be a pioneer of carbon-neutral mobility in the premium segment.

Doing things right

This new strategy makes it clear that sustainability is no longer just something that is nice to have; instead, it serves as a prerequisite for Audi's actions. "consistently Audi" is driving the transformation from a car manufacturer to a mobility service provider; the company acts purposefully and with all its power – in other words, consistently. ›

"Consistently Audi":
The four mission fields of the new Audi strategy

consistently customer: Audi wants to become the company with the most satisfied customers.

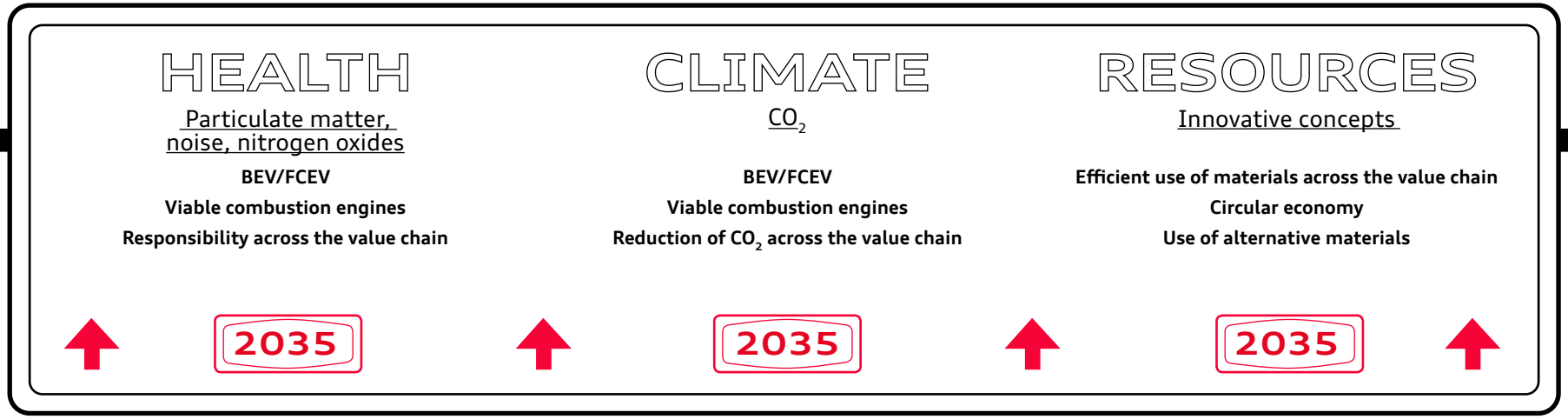
consistently electric: Audi is taking the lead in the transition to e-mobility. Electric mobility is the key to more sustainable mobility worldwide.

consistently connected: Audi is creating an open, digital ecosystem.

consistently sustainable: Audi operates responsibly, transparently and with integrity. Audi acts in harmony with ecology and the economy, with a clear long-term perspective.

Further information on the Audi Strategy is available at Audi.com

GRI 102-44



› In the future, the company's approach will be to focus – and then implement consistently. At the core are four action areas: consistently customer, consistently electric, consistently connected and consistently sustainable.

Audi developed the action areas for "consistently sustainable" with the help of its Sustainability Roadmap. This is a way for the company to make a targeted contribution to solving global challenges. The roadmap's content has three focal points:

- Health
- Climate
- Resources

When it comes to **health**, the brand is focusing on reducing emissions such as nitrogen oxides (NOx), particulate matter and the topic of noise.

In terms of **climate**, Audi combines all activities in the Sustainability Roadmap that are intended to reduce the CO_2 emissions of vehicles and CO_2 volumes generated during production.

Resource conservation includes activities related to the circular economy to change resource consumption in the vehicles themselves and during manufacturing sustainably.

These focal points give rise to specific action areas, focal points for development, measures and key figures, which constitute the core of Audi's sustainability activities and are presented in a selection in this report.

Complex value chains
When it comes to sustainability in the automotive industry as a manufacturing business, one special feature is the complexity of the value chain. The product is not the only thing that must demonstrate sustainability – production is affected as well. This goes hand in hand with Audi's commitment to implement sustainability equally in all divisions. For an overview, see pages 10-13. Precise details can be found in the individual articles, which address most parts of the value chain at Audi through the examples described there. At the end of each chapter, the Audi Sustainability Program shows the connection between the strategic goals and concrete measures for these areas.

That is how we guarantee that Audi is keeping its promise to "unleash the beauty of sustainable mobility" on several levels: ›

GRI 102-44

Sustainable mobility means:

- Audi will offer carbon-neutral premium mobility in the long term.
- In the medium term, Audi will deliver the strongest lineup of electric models among premium competitors. The goal is to offer 30 electrified vehicles by 2025, of which 20 will be fully electric cars, which emit no CO_2 emissions when operated locally in electric mode.
- By the middle of the coming decade, electrified vehicles will account for 40 percent of Audi's global annual sales. Electric mobility is the key element of a sustainable and more climate-friendly traffic system.
- By 2025, Audi will reduce the carbon footprint of the Audi fleet by around 30 percent across the entire life cycle.
- Audi wants to achieve net zero CO_2 emissions across the entire company by no later than 2050.

Beauty means:

- Audi wants to be the most progressive premium brand with the best customer experience.
- Audi wants to be the brand with the greatest appeal, fascinating customer-relevant innovations and breathtaking design.

Only the consistent implementation of the strategy and realization of the vision will ensure that the brand with the Four Rings is an attractive employer in the long term, remains competitive, inspires its customers and provides future generations with a livable future.

For detailed information on the corporate goals, please refer to the Audi 1019 Financial Report

Agenda 2030: 17 goals for sustainable development

At the 2015 United Nations (UN) General Assembly, 193 states adopted the Agenda 2030, which lays out 17 goals – the "Sustainable Development Goals" (SDGs). SDGs combine the social, environmental and economic dimensions of sustainable development and thus link the battle against poverty with the protection of natural resources. After all, social progress is not possible in the long run if the limits of the planet are not respected.

The Agenda 2030 stands for a global understanding of prosperity that extends beyond the constricting concept of per capita income.

At issue is reshaping economies toward more sustainable development, for example through responsible consumption and production patterns and clean as well as affordable energy. It is becoming clear that climate policy, sustainable development and the eradication of poverty are inseparably connected.

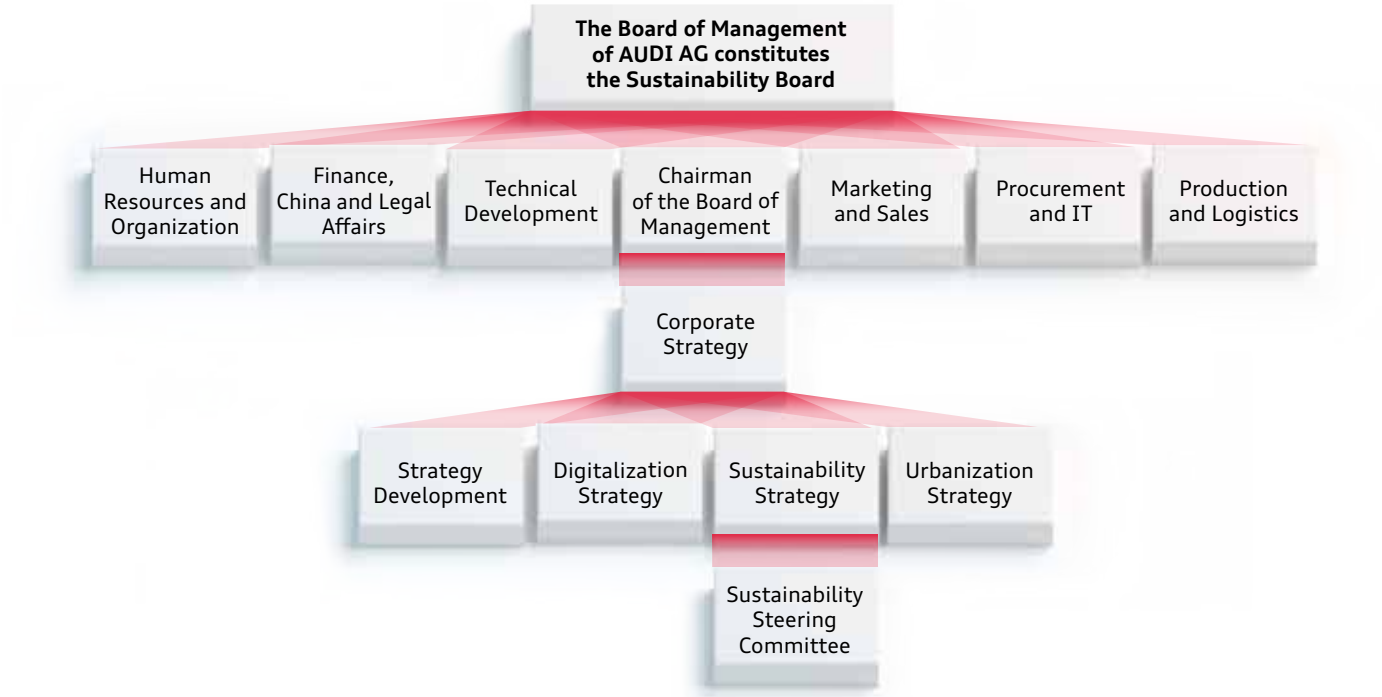
Audi recognizes and observes the Sustainable Development Goals. Internal workshops were conducted to identify the SDGs to which Audi can make the greatest contribution with its core business.

The two main stories in each chapter demonstrate the activities at Audi that are aimed at fulfilling the responsibility laid out in the prioritized SDGs. These passages also provide a reference to the corresponding SDGs.

GRI 102-44

Firmly anchored responsibility

What structures are required for value-oriented, sustainable management? How can impending conflicts be recognized early on to ensure a prompt response and to secure future viability? Sustainability management that is firmly anchored at the level of the Supervisory Board and Board of Management, along with compliance and integrity, help Audi systematically implement its "consistently sustainable" strategy.



Audi is part of society and as such, assumes responsibility for the environment, its own employees and for people outside its factory perimeters. Sustainability is important for Audi and is firmly integrated within the company. The Sustainability Strategy department consolidates measures across the divisions and is responsible for the direction of the sustainability strategy. It reports to the Sustainability Board – the full Board of Management of AUDI AG – at least twice a year. At the meetings of the Sustainability Board, the Sustainability Strategy department reports on current measures and potential target conflicts with regard to the economy, ecology and society.

Anchoring sustainability in the company

For Audi, there is a direct correlation between economic success and entrepreneurial responsibility. As part of the risk management process, the Sustainability Strategy department presents material risks on a quarterly basis to the Board of Management, where they are then discussed. The department is also in charge of the Sustainability Steering Committee, which is composed of representatives of all divisions plus one representative from the Works Council. The Sustainability Steering Committee aims to ensure cross-divisional management of the sustainability strategic field of action. The resolutions adopted by the Sustainability Steering Committee form the basis for decision proposals for ›

› the Audi Board of Management as well as for product-related decision-making committees containing members of the Board of Management.

Executive bodies of AUDI AG
The Annual General Meeting, the Supervisory Board and the Board of Management make up the executive bodies of AUDI AG. The Annual General Meeting of a stock corporation is the meeting of the corporation's shareholders or owners at which they exercise their rights with regard to the stock corporation's affairs. The Board of Management manages the business of AUDI AG and of the Audi Group in accordance with the law, the Articles of Incorporation and Bylaws of AUDI AG and the rules of procedure issued by the Supervisory Board. Corporate governance also gives due consideration to the corporate goals and to shared interests within the Volkswagen Group. At the time the report was completed, the AUDI AG Board of Management consisted of seven members. The Supervisory Board oversees and advises the Board of Management's running of the business. The Supervisory Board of AUDI AG comprises ten shareholder representatives and ten employee representatives as provided for by law. The composition of the Supervisory Board and Board of Management of AUDI AG as well as the dates on which members took up office are provided on the website of AUDI AG.

Guiding principles of action
In February 2012, AUDI AG joined the United Nations Global Compact as an independent company. The company has signed the Universal Declaration of Human Rights, the principles of the International Labour Organization and of the OECD, the principles of the Rio Declaration on Environment and Development and the UN Convention against Corruption. The company, as a subsidiary of Volkswagen AG, suspended its membership in the UN Global Compact effective November 12, 2015, in light of the diesel crisis. Irrespective of the suspension of its membership, Audi AG emphasizes its commitment to the principles of the UN Global Compact.

At Audi, the Volkswagen Group Essentials, the Audi leadership principles and the Audi corporate values of appreciation, openness, responsibility and integrity all constitute the fundamental values and foundation of our corporate culture. The guiding behavioral principles for the Audi Group's employees are described in the Code of Conduct. In 2019, the Code of Conduct was fully revised and supports employees in their daily duties in the company. It provides guidance, advice and support on correct behavior at the workplace, as a business partner and as a member of the company. The Code of Conduct is binding for every employee, regardless of his or her position in the hierarchy.

The Code of Conduct provides clear rules on correct conduct in a transparent and easily understood form and is constantly made accessible to all employees. The emphasis is on dialogue and exchange. Practical examples illustrate the individual subject areas and help employees apply the rules (page 25) .

Handling of the diesel crisis

One thing is clear to the Supervisory Board: Something like the diesel crisis must never happen again at Audi. Thus, Audi continues to gather information about initiatives pertaining to compliance, integrity, risk management and corporate culture.

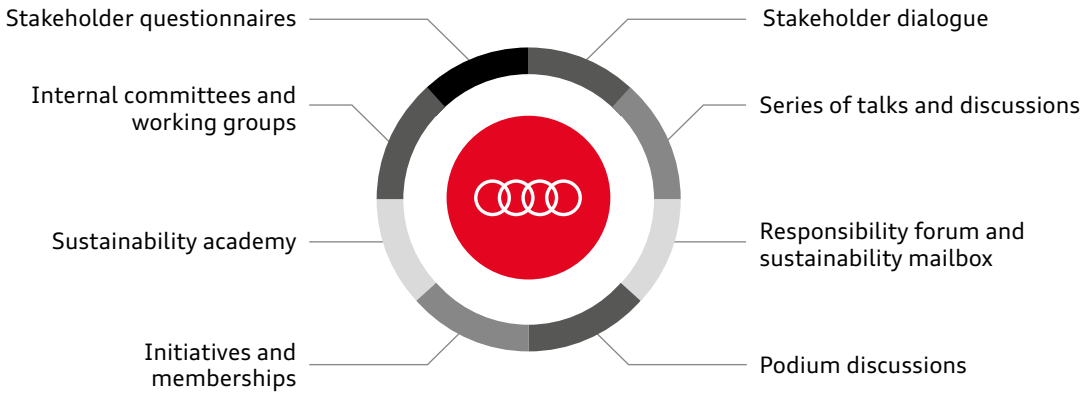
Moreover, the Supervisory Board actively calls upon all members of the Board of Management to remain personally committed to these topics and places adhering to these ethical standards on par with economic goals when it comes to making fundamental economic decisions.

For further information on the tasks and issues addressed by the Supervisory Board, please refer to the Audi 2019 Financial Report on pages 104f.

There from the start

Audi actively involves its stakeholders [4] in core issues and wants to know their interests and needs so that it can consider their expectations in its business decisions. An honest assessment and an external perspective are essential for the continuous development of Audi's sustainability strategy.

Communication measures with stakeholders



Audi uses different dialogue formats and one-to-one discussions to find out what motivates stakeholders. The company tries to find the right format for stakeholders depending on the topics addressed.

Targeted dialogue
Material stakeholders are all internal and external groups of individuals that are affected directly or indirectly by the company's business activities. The relevant stakeholders are identified based on their expectations, expertise, integrity, and their ability to influence Audi.

Multi-stakeholder events, such as the Audi Dialog, or involvement in initiatives (see page 21) allow the company to engage directly with its stakeholders on core issues as well. Other approaches include dialogue as part of its activities in associations as well as memberships in committees.

Communication on sustainability topics
Talks with individual interest groups are also an effective instrument for Audi in acting on stakeholder input. Stakeholders can also contact the "Sustainability Strategy" department directly at the email address sustainability@audi.de. In the internal community "Forum Responsibility," employees can contribute their own suggestions on the topics of responsibility and sustainability at Audi.

In addition, a subject portal on the Audi intranet offers employees up-to-date information on relevant, strategic topics and innovations, as well as training options offered by the Sustainability Academy. The findings of stakeholder questionnaires conducted on a regular basis are fed into Audi's materiality matrix (see from page 22). Audi's online presence on the topic of sustainability provides comprehensive information, while the Sustainability Report presents Audi's sustainability performance transparently and comprehensively.

Listening and learning: Audi in dialogue
What type of feedback does Audi hope to get from the dialogue formats? What will help move the company forward? What is the "outside-in perspective" on issues? What suggestions do the experts have? Audi wants to learn, examine perspectives, gather suggestions, and build trust.

Of the many different events, Audi Dialog 2020[5] warrants a special mention. Focusing on the "consistently Audi" strategy that was newly adopted in 2019, an intensive exchange took place with more than 50 stakeholders over two days in the Audi Conference Center at Munich Airport. The goal of the event was to get honest assessments from representatives from politics, industry, science, and civil society ›

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› on Audi's process of transformation toward a sustainable mobility provider. These assessments also contribute to the continuous development of the sustainability strategy. In small groups of 20 to 25 people, Audi experts discussed four topic areas with relevant stakeholders: the charging infrastructure, human rights – complaints mechanisms, digital responsibility, and the circular economy. This focused dialogue delivered a clear picture of expectations at the topic level and strengthened mutual trust. Participants experienced Audi as an open company that understands and implements sustainability as a core element of its strategic focus. At more than 100 events in 2019, Audi also engaged with political stakeholders from parliamentary authorities, ministries of Germany's Federal Government and Federal States, associations, non-governmental organizations (NGOs), and think tanks.

These events included expert discussions, plant visits, participation in public podium discussions, or political discussion formats such as the Zukunftsforum Automobil Bayern, the Strategiedialog Automobilwirtschaft Baden-Württemberg (SDA BW), and the "Future of mobility" national platform.

Ramping up electric mobility
A further high point was the parliamentary breakfast hosted as part of the 69th Berlin International Film Festival on the topic of the Audi electric mobility strategy. Discussions with some 70 participants, including members of the German Bundestag, focused critically on topics such as how socially compatible electric mobility can be and what is needed for the imminent ramping up of electric mobility.

Impetus for open discussions
The "Responsibility Perspective" lecture series gives Audi employees and managers an opportunity for discussion and networking with experts from science and industry. Sustainability-related issues that are relevant to Audi's future viability are discussed at the event. Papers by outside speakers and commentaries by Audi experts provide starting points for open discussions between all participants. A total of just under 3,000 employees have taken part in more than 25 lectures since 2013. The topics of compliance and sustainability in the working world were addressed in 2019.

Participation in external initiatives and federations

Audi works in a variety of initiatives, associations, and work groups to discuss ecological, economic, and social issues in partnership with stakeholders. The list (right) of memberships and activities exemplifies the company's dialogue with industry, politics, science, and society.

Here is a selection from our numerous involvements that also reflect the interests of the company's stakeholders.
This image was created using the five chapters of this report to illustrate the connections to the topics reported here.

Strategy

- VDA Verband der Automobilindustrie e. V., Berlin
- eNOVA Strategiekreis Elektromobilität, Berlin
- Deutsches Verkehrsforum e. V., Berlin

Operations & Integrity

- Deutsches Institut für Compliance (DICO), Berlin
- Gesellschaft für Datenschutz und Datensicherung e.V. (GDD), Bonn
- ZfW-Zentrum für Wirtschaftsethik gGmbH, Berlin

Products & Services

- Aluminium Stewardship Initiative (ASI), Australia
- Global Battery Alliance (World Economic Forum), Switzerland
- Responsible Minerals Initiative

Value Creation & Production

- Biodiversity in Good Company Initiative e. V., Berlin
- co_2ncept plus – Verband der Wirtschaft für Emissionshandel und Klimaschutz e. V., Munich
- Gemeinschaftseinrichtung zur Altlastensanierung in Bayern e.V. (GAB), Munich

Employees & Society

- Deutsche Gesellschaft für Arbeitsmedizin und Umweltmedizin e. V. (DGAUM), Lübeck
- Stiftung "Jugend forscht" e.V., Hamburg
- Verein zur Förd. kult. Belange in der Region IN, Ingolstadt

What matters to you?

In the 2019 year under review, Audi asked internal and external stakeholders for their assessment of relevant action areas in relation to sustainability issues (stakeholder relevance). Through this approach, the company identifies those topics that are particularly important – and that have a major impact.

The materiality analysis is a strategic instrument that Audi uses to establish the relevance of certain sustainability topics for the Audi Group from the perspective of different stakeholders. This analysis thus makes a contribution to regular reviews and the further development of the sustainability strategy. Audi has been conducting the materiality analysis routinely since 2012 and presents the results in a materiality matrix (see next page).

Identification of material topics
Audi again enhanced and updated the materiality analysis in 2019 using a multi-stage process. Drawing on internal and external sources, the company first identified 25 relevant sustainability topics within the four action areas “Operations & Integrity,” “Products & Services,” “Employees & Society,” and “Value Creation & Production.”

These 25 sustainability topics were then prioritized based on an online questionnaire. The number and internationality of the participants was increased in comparison with the last survey through reinforced communication measures. Participants were asked to rate the importance of the topics on a scale of 1 (“very low”) to 6 (“very high”). 3,206 opinions from respondents from Germany (71 percent), Europe (6 percent, without Germany), North America (13 percent), South America (3 percent), Asia (3 percent), Africa (1 percent), Australia and “place of origin not specified” were assessed for the 2019 materiality matrix. This was the first time we succeeded in reaching such an international audience.

Audi differentiates the stakeholders according to different groups: employees, analysts and investors, neighbors and local residents, customers, politics and associations and employees' organizations, press and media, science and sustainability experts, non-governmental organizations (NGO), business partners of Audi AG, and others.

Assessment of impact
In addition to the relevance of the sustainability topics, in a further step the members of the Sustainability Steering Committee evaluated the direct social, economic, and ecological impact Audi has in the chosen subject areas, and classified this impact (low, medium, high) on this basis. The findings of the survey and qualitative impact assessment were then consolidated, summarized, and approved by the Sustainability Steering Committee.

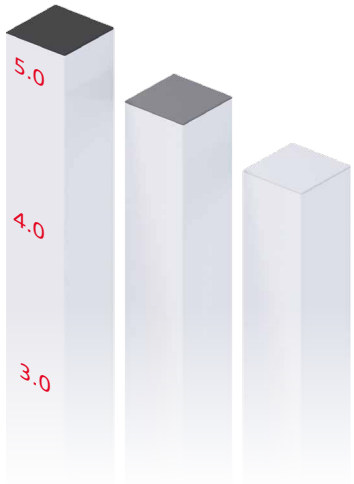
Focus on sustainability strategy
Audi has taken a definite step forward especially in terms of how the findings are shown in the materiality matrix: The 2019 materiality matrix presents “relevance for external stakeholders” and “relevance for internal stakeholders” (Audi employees) as one dimension, with both evaluated equally. As a result, the matrix is presented for the first time as a bar chart, which shows the findings clearly at a glance.

These findings provide a structure for this report. The two main articles in each chapter are devoted to the two topics of the highest relevance for stakeholders.

Stakeholder relevance:
Bar height

Impact:
Color of top of bar

- Low
- Medium
- High



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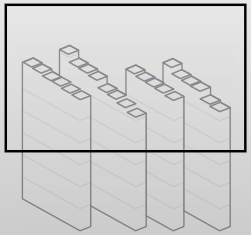
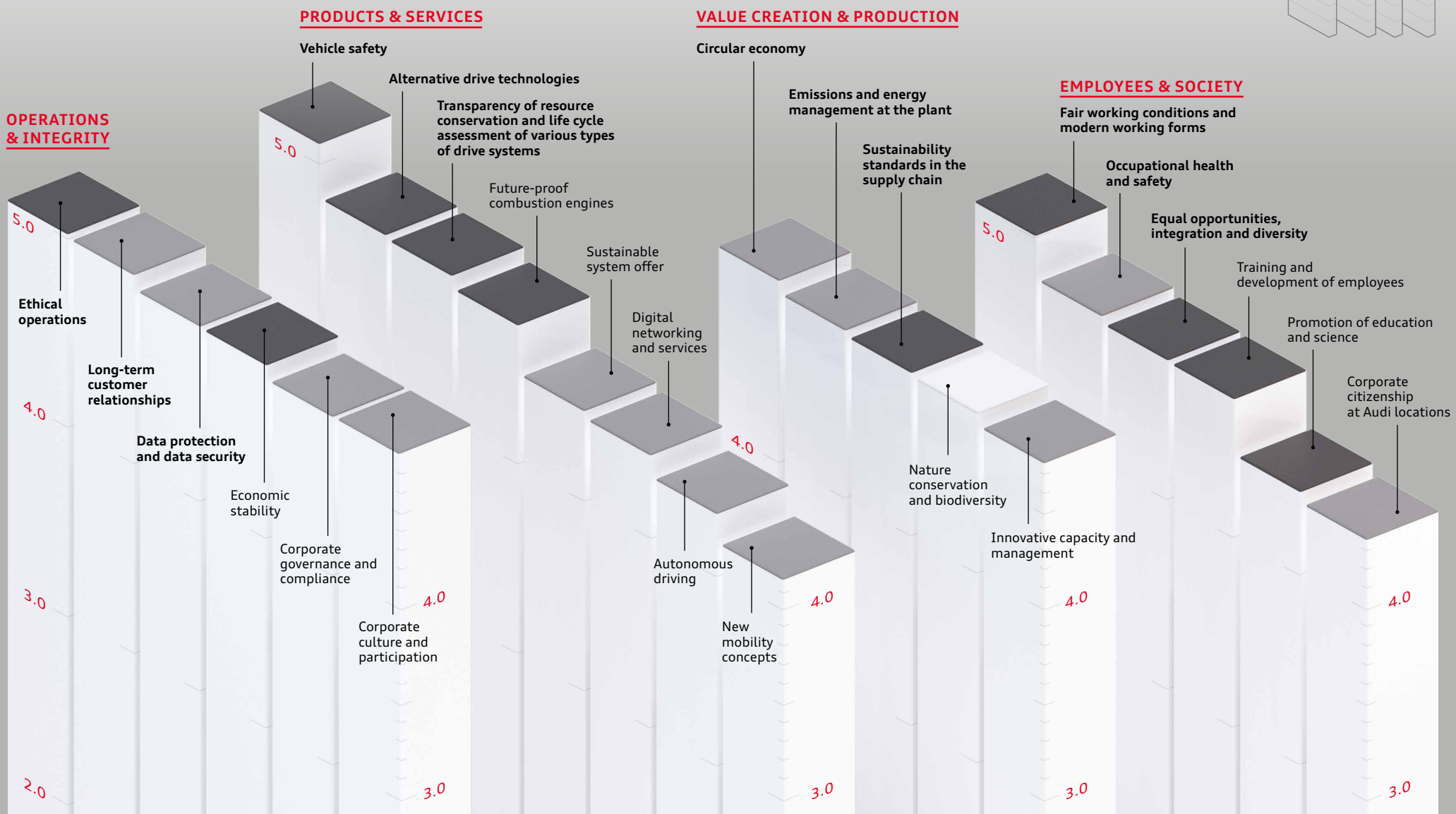
Materiality matrix

Stakeholder relevance: Bar height
Impact: ■ High ■ Medium ■ Low





Can sustainability also be profitable?

Three-pillar approach

Sales or the environment? Market or morality? Profit maximization or ethics? Wait! Audi says “and” not “or.” The past has shown that operating without ethics and a sense of proportion does not work. But what does ethical operation mean for Audi?

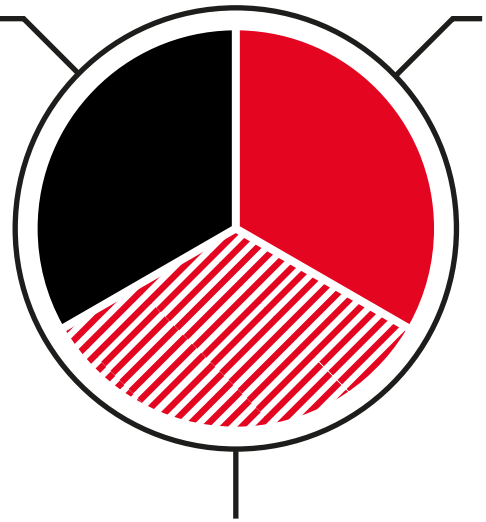
At Audi, ethical operations mean that the company has a responsibility to society. What follows is value-oriented action geared to sustainability, focusing on humankind, society and the environment. The aim is a win-win situation for all participants. And the foundation for this is to acknowledge that running a business is a meaningful activity in the interests of human solidarity, social development and quality of life. Business and ethics are not insurmountable contradictions in terms – instead, they are two sides of the same coin.

In the long run, Audi will only be successful – and successful means profitable and oriented toward the common good – if the company succeeds in bringing ethics and results, conscience and profit, the environment and sales into constructive alignment. Audi takes a holistic view of sustainability – in its business decisions, the company always takes account of ecological and social aspects to ensure its long-term competitiveness and therefore uphold its responsibility as a reliable employer. Economic efficiency and job protection are equal-ranking goals in this regard. Achieving these objectives calls for a balance between compliance, integrity and an open corporate culture.

Opportunities and risks

For Audi, integrity and compliance are the basis of all our actions and take top priority both within the company and across the entire Volkswagen Group. They form the basis for a good reputation, for the trust of customers and business partners, for the well-being of its employees and for sustainable economic success. ›

Nexus between compliance, integrity & culture



Compliance

at Audi means acting in harmony with laws and internal rules as well as protecting the company from harmful activities. In everyday work, the Code of Conduct provides guidance. It defines the fundamental principles that govern our day-to-day work. These apply Group-wide and are binding on everyone, regardless of hierarchal level.

Integrity

at Audi means responsible business activity based on society’s accepted values and principles, which the company has embraced. Integrity sharpens the awareness of employees to critical situations.

Corporate culture

expresses how people at Audi work together and what values are decisive in this respect. Corporate culture also provides for uncertainties to be freely voiced by each individual.

› Together4Integrity as a compass

"Together4Integrity" (T4I) had its origins in a requirement imposed by the Monitor in 2018. It is a holistic Volkswagen Group program that consolidates all measures, projects and initiatives relating to ethics, integrity and compliance under a common umbrella, thus making a major contribution to cultural change. By 2025, T4I will be rolled out across all brands and participations of the Volkswagen Group, and will give its workforce of some 670,000 employees worldwide concrete guidance and recommended actions for ethical and compliant behavior in their everyday work.

Currently, more than 100 measures are being implemented at the German sites of AUDI AG and a large number of them have already been completed. At the same time, AUDI AG is responsible for rolling out the T4I program at its subsidiaries and participations. T4I has already been implemented at over half of these entities, meaning that it has already reached some 85,000 of around 90,000 employees in total.

The topics of compliance and integrity, along with the "Together4Integrity" program, are firmly entrenched in Audi's corporate strategy "consistently Audi" in the mission field "consistently sustainable," underscoring their importance and absolute priority in all divisions and business processes.

Basis: compliance and integrity

It is vitally important for corporate governance to ensure that all decisions are in harmony with applicable law as well as with internal rules and values. Audi's Code of Conduct serves as the basis in this respect. It defines the essential principles that apply to daily work routines in the company. The Code of Conduct applies Group-wide and is binding on everyone, regardless of hierarchal level. All employees are required to behave in accordance with these guidelines. Audi has also committed itself to the UN Convention against Corruption and largely meets the requirements of the German Corporate Governance Code.

Yet not only is compliance with applicable legislation, conventions and company regulations essential; so is integrity – namely, responsible entrepreneurial action geared to the values and principles acknowledged by society and agreed at Audi.

Within the scope of the whistleblower system, in 2019 the Audi Investigation Office received four centrally filed notices of possible suspicion of a regulatory violation with regard to corruption for which further investigative steps were initiated.

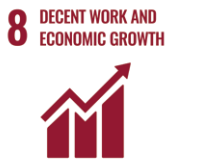
In two cases, the suspicion was confirmed in the course of the investigation and appropriate personnel measures were taken. In one case, the suspicion was not confirmed, and in another it was not possible to conclude the investigation fully during the period under review.

Compliance organization

The "Integrity, Compliance, Risk Management" organizational unit reinforces general awareness of the need for compliant and ›

Continued on page 28

Thematic goals of Agenda 2030



The focus is on long-term and sustainable economic growth.

The focus is on the sustainable use of all natural resources.

The aim is to promote peaceful and inclusive companies in the interest of sustainable development.

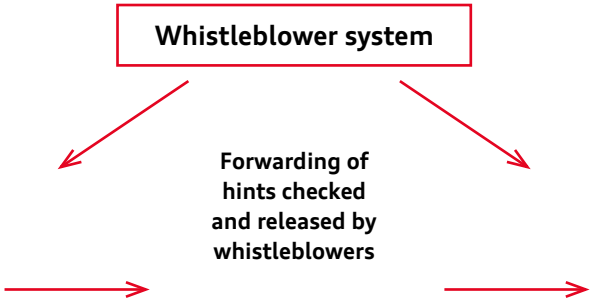
Effective anti-corruption

The Audi Group places a high priority on combating corruption. Within our company, the Audi Compliance & Integrity department helps to tackle corruption. In the year under review, this Group function supported 34 national and international participations in the compliance focal area of anti-corruption in the course of consultancy inquiries, the implementation of guidelines and the execution of training programs. Fundamentally all those entities where AUDI AG holds a majority interest or management responsibility or that are of particular importance are included in this process.

To ensure sustainable prevention of corruption, the process of dealing with grants and avoidance of conflicts of interest and corruption were uniformly enshrined in a Volkswagen Group Policy for the first time. AUDI AG incorporated this into a new corporate policy, which replaced the previous guideline.

To give Audi employees training on relevant corruption topics, interactive web-based training was introduced to all divisions in 2016. Practical situations that reflect everyday working life are used to sensitize employees to corruption-related situations. Training is mandatory for all non-production employees and managers of AUDI AG. This training was updated at the end of 2019 and extended to include additional topics such as donations and sponsoring.

Whistleblower system for regulatory violations: the Audi whistleblower and ombudsman systems



External reporting channel
The Ombudsman System of the Volkswagen Group serves as an external input channel. As part of this system, two experienced external attorneys-at-law are designated as neutral ombudsmen. Any employee, business partner or external third party can contact them if they discover evidence of regulatory violations. All reports are treated in confidence and forwarded to the Audi whistleblower system. The whistleblower may choose to remain anonymous. The ombudsmen are subject to the attorney's duty of confidentiality. The following procedural principles, among others, apply here:

Internal reporting channel
Establishing an integrity-based corporate culture also calls for vigilance on the part of all employees, along with their readiness to report possible regulatory violations where they have substantiated suspicions. A central component is the Audi whistleblower system. It helps identify and put a stop to erroneous behavior – and in particular serious regulatory violations – at an early stage. Internal and external points of contact are provided for reporting breaches of the law and of internal regulations by employees in respect of Audi. The main point of contact within the company is the Audi Investigation Office. In 2019, 694 reports of possible regulatory violations were received. The number was considerably lower in the previous year with 215 reports.

Whistleblowers are protected and their statements are treated confidentially. Their identity is not published if so desired and legally possible. They should feel fairly treated. Any instances of discrimination, intimidation or hostilities toward whistleblowers will not be tolerated.

Whistleblowers who experience discrimination on account of their report can contact the Audi Investigation Office, which will take up the case, evaluate it in accordance with the whistleblower process and clarify it.

Persons concerned, in contrast, must be protected from unlawful accusations. Such persons are always presumed to be innocent until the opposite is proven. In addition, they have the right to be heard and to representation and to be advised and supported during an investigation by a member of the employees' representative body responsible. In this context, the right of AUDI AG to define the time schedule for the investigation remains unaffected.

The costs of legal representation are borne on principle by the person concerned. Within the scope of the investigation, the persons concerned are given the opportunity to present a statement on the allegations made. The statements are duly taken into account.

If, in the course of the investigation, no regulatory violation can be identified, then the Investigation Office will support the person concerned in informing his or her employment environment. The primary objective is to protect the reputation of the employee. Reports of regulatory violations are checked for plausibility by the Audi Investigation Office, categorized, and in the event of initial grounds for suspicion, assigned to a suitable investigating body in the Company or outside it to resolve and conclude the matter.

How to contact the whistleblower system:

Personally
The Audi Investigation Office
I/GC-C5
AUDI AG
85045 Ingolstadt

Postal address
AUDI AG
Whistleblower system
85045 Ingolstadt

email
whistleblower-office@audi.de

Hints can also be submitted anonymously. In the process, the identity of the whistleblower is not revealed to Audi. The following channels are available for submission of anonymous hints:

Online reporting channel
www.bkms-system.com/audi

The 24/7 hotline of the Volkswagen Group's whistleblower system:
+800 444 46300 (free of charge)
+49 5361 946300 (subject to charges, internationally accessible)

Ombudspersons (external lawyers)

http://www.ombudsleute-der-volkswagen-ag.de

http://www.ombudsmen-of-volkswagen.com

› honest behavior at AUDI AG and its subsidiaries.

The compliance functions ensure that systematic misconduct is prevented and company-related criminal acts and loss of reputation are avoided. They reinforce compliant behavior by the Board of Management, managers and employees and fulfill a preventive and independent advisory function in this regard. Key topics include anti-corruption, money laundering prevention and human rights.

To raise the level of awareness among managers and employees for compliance topics and, in particular, for the Audi Code of Conduct, the whistleblower system (page 27) and anti-corruption (page 26), communication and training measures were developed in 2019 in line with a risk-based approach and were carried out and documented accordingly (this page).

Programs and processes

The Compliance Management System established at Audi affirms the principles, measures, processes and structures at the company to assure lasting compliance with laws and internal regulations through corporate bodies, employees and third parties acting on behalf of the company. An integral element of CMS is Integrity Management, which contributes in particular to the long-term safeguarding of value-oriented behavior within the company.

The Compliance Organization uses the CMS implemented at Audi to steer all compliance measures and processes to ensure adherence to compliance requirements within the company.

Within the Audi Group, we have defined compliance focal areas which need to be observed in order to protect our brands. These are permanently tracked and implemented through the annually updated compliance program.

A Group-wide compliance risk analysis was carried out in the year under review to systematically identify risks. Standard compliance measures were developed and rolled out to reduce potential risks; moreover, this analysis is repeated on a regular basis. Audi's participation is supported in an advisory capacity within the scope of a coaching model.

The effectiveness of the Compliance Management System is regularly reviewed and refined if necessary. The aim is to achieve continuous improvement in all elements of the CMS. In pursuit of this, the appropriateness and effectiveness of the individual compliance measures are systematically evaluated. The same applies to the effectiveness of the Risk Management System, which is monitored by the Supervisory Board's Audit Committee.

Diesel issue marks watershed

Resolving the diesel crisis again accounted for a significant portion of the Supervisory Board's work in 2019. Accordingly, the Supervisory Board dealt in detail with this topic, for which it was kept informed continually by the Board of Management, both in writing and orally, over the last fiscal year. For further information on the tasks and issues addressed by the Supervisory Board, please refer to pages 104ff. of the Audi Financial Report 2019.

The diesel issue marks a watershed at Audi. At the same time, it is triggering a transformation that will make the company stronger and more viable in the future. This transformation goes way beyond compliance by placing the spotlight on integrity, responsibility and added value for society. For instance, in light of the diesel crisis AUDI AG, as a subsidiary of Volkswagen AG, temporarily suspended its membership in the UN Global Compact effective November 12, 2015. Irrespective of the temporary suspension of its membership, the company is committed to the principles of the UN Global Compact.

On its way out of the diesel issue, Audi is also receiving ›

Training to reinforce compliance and integrity

The range of training available has more than doubled in the past two years from 11 measures in 2017 to 27 measures at the end of 2019.

Particular emphasis in 2019 was placed on comprehensive mandatory training for the Board of Management and all employees of AUDI AG on the subject of the Audi Code of Conduct as well as the international rollout of the measure to Audi subsidiaries.

Moreover, additional training obligations were imposed (e.g. prevention of money laundering and the financing of terrorism). This more than tripled the number of participants who attended compliance training sessions compared to 2017.

Group-wide training standards are observed in developing Group-wide training measures. In addition, the Compliance/Integrity department introduced a concept development process for quality assurance to further standardize new training measures. Furthermore, a risk-based training and communication concept was implemented that provides for the introduction of mandatory training to identify high-risk groups.

Excerpt of measures implemented in 2018/2019:

Face-to-face training

- Anti-corruption for the Board of Management and top management
- Audi Code of Conduct for the Board of Management
- Whistleblower system for key contact points
- Fraud
- Compliance awareness
- Interaction with public officials
- Workshop offerings on integrity

Web-based training (WBT)

- Audi Code of Conduct
- Prevention of money laundering and the financing of terrorism
- Integrity, culture & compliance
- Outsourcing
- Fraud

› support from Larry D. Thompson, the monitor appointed by the U.S. Department of Justice. Thompson and his team examine and evaluate compliance with the conditions of the settlement agreements reached with the U.S. Department of Justice at the start of 2017. In addition, he recommends new measures to reinforce compliance and control systems and verifies their implementation. Certification by the monitor is a precondition of the settlement arrangements with the U.S. Department of Justice.

Something like the diesel issue must never happen again at Audi. For this reason, the entire Board of Management personally pledges to continue our efforts of recent years with regard to ethics and compliance once the monitorship has come to an end. The members of the Board of Management report to the Supervisory Board on progress.

Sensitizing employees

Motivation and activation of Audi's workforce are of particular importance to ensuring corporate culture based on integrity. Integrity management ensures high visibility of this topic by means of continual communication in employee media as well as dialogue events.

Moreover, in the year under review the company established an organization-wide network of integrity ambassadors. As the interface with Integrity Management, the ambassadors help communicate moral behavior to specific target groups in their divisions and serve as a divisional point of contact for employees on integrity questions. In 2019, over 50 ambassadors in Ingolstadt and Neckarsulm were selected and suitably empowered for their tasks.

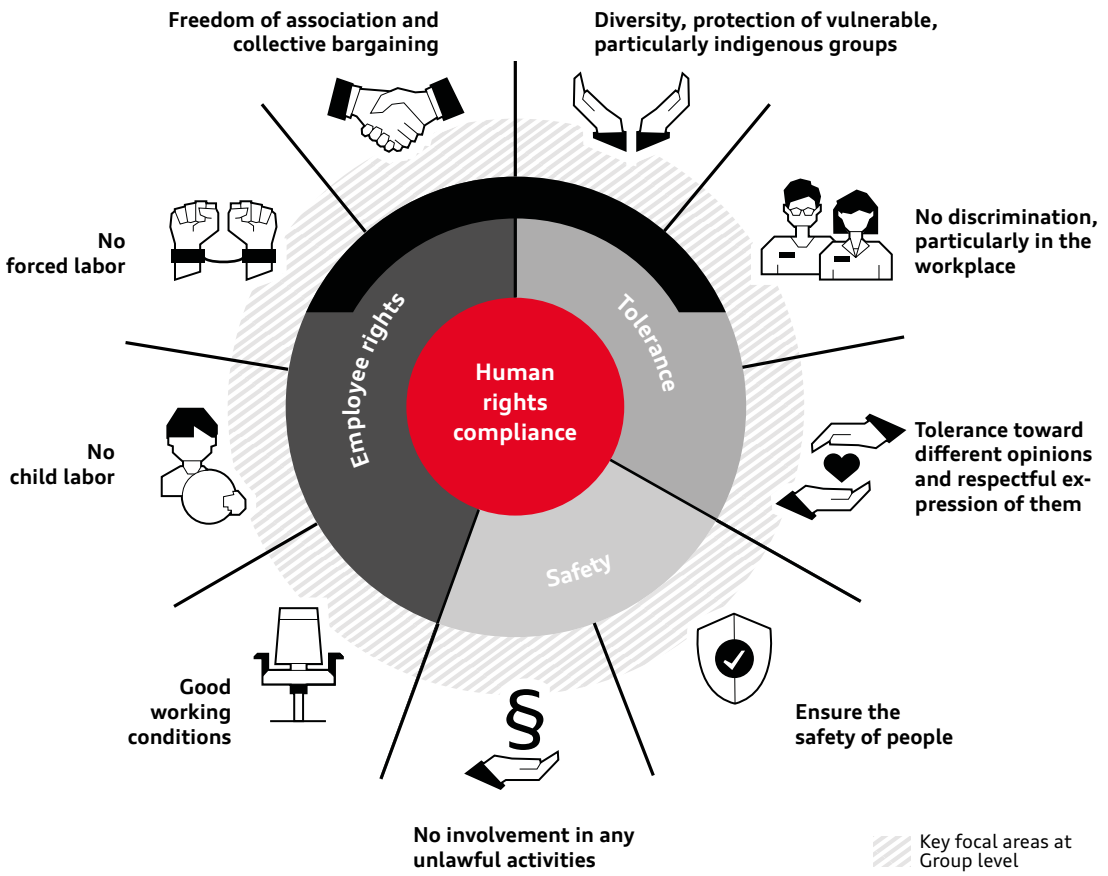
The aim is not only to provide employees with information, but also to qualify them in line with the topics at hand: This is why AUDI AG increasingly relied on training sessions in the year under review.

Increased focus: human rights

It is important to Audi to identify and mitigate possible risks of violations of human rights in its business processes at an early stage. In doing so, it relies for guidance on international parameters and standards to which the company commits itself. This applies both to processes within the company and to collaboration with our business partners and suppliers – i.e. at various levels of the value chain and the supply chain.

Relevant international standards for the subject area of "business and human rights" include, in particular, the United Nations' Universal Declaration of Human Rights, which is codified in the ›

Key focal areas
Business and human rights



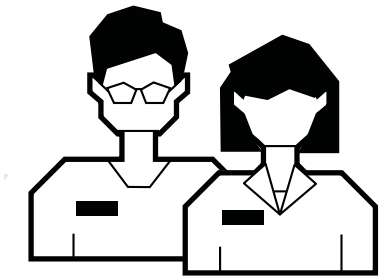
The base and core of sustainability management at Audi are voluntary commitments and principles. Detailed documents are available here.

› International Covenant on Civil and Political Rights and in the International Covenant on Economic, Social and Cultural Rights. Furthermore, the Core Labor Standards of the International Labor Organization (ILO), the Core Labor Standards of the International Labor Organization (ILO) and the OECD Guidelines for Multinational Enterprises are relevant in this regard.

The basis for cooperative work relations characterized by social harmony includes, for instance, Volkswagen Group agreements made with the Group European Works Council and Global Group Works Council (Social Charter). They offer employees certainty as regards their employee and human rights. In essence, this includes their right to freedom of association, their right to collective negotiations and equal pay, and the banning of discrimination relating to employment and profession. The company's values are also entrenched in the Code of Conduct for all its employees and in the Code of Conduct for business partners. Moreover, Audi has a general agreement in place regarding respect for and compliance with human rights.

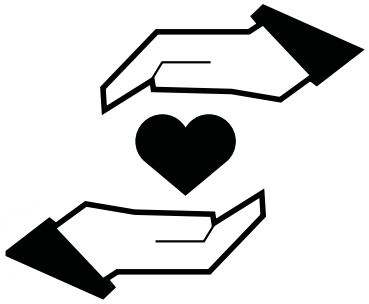
In recent years, a trend toward regulating business and human rights in national laws has been emerging in leading economies. As a global business, Audi also observes national requirements that put international standards in concrete form. One example of national reporting obligations is the UK Modern Slavery Act 2015: Audi meets its transparency obligations every year and publishes a corresponding statement on the corporate website on measures adopted in the field of human rights. In Germany, Audi supports the federal government's National Action Plan (NAP) "Business and Human Rights," for instance by working with other stakeholders (civil society, companies, associations, etc.) in the automotive sector's industry dialogue to find solutions.

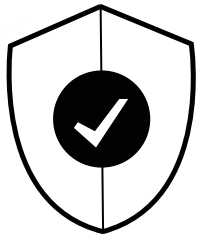
Together with the Volkswagen Group, Audi is working on integrating this subject into its existing Compliance Management System in a structured fashion. The Group-wide work group has defined key points in the sense of the UN guiding principles known as "Salient Business & Human Rights Issues" (page 29) in the field of business and human rights.



Strict compliance requirements

The Audi Group works with a large number of partners in the course of its business operations. The company wants to ensure that its business partners apply the same standard of integrity in business practices that applies to the Volkswagen and Audi Group. For this reason, Audi carries out integrity checks of business partners and suppliers known as Business Partner Due Diligence (BPDD). These checks are part of a risk-based, transparent and proper documentation process. The Group uses a special BPDD tool for risk-based checks on whether existing and potential new direct business partners act with integrity and comply with all relevant laws, rules and regulations in their business. If a business partner does not meet our compliance requirements, risk-mitigating measures are taken. In specific cases, these may also lead to the termination of a business relationship.





In addition, there was a revision of the Code of Conduct for Business Partners, in which the Compliance, Procurement and Sales divisions together draw up fundamental expectations of the business conduct and ethical behavior of their business partners for the first time, e.g., on the topics of human rights or the prevention of corruption.

Traveling safely on the data highway

Audi owners expect digitally networked vehicles and services. In the process, customers rely on their personal data being secure at all times – whether inside the vehicle, in the cloud or on Audi servers.

Digitalization offers immense opportunities. Not only does it enable new services and useful functions; it also makes mobility smarter and more personal. Data and information are necessary to develop these solutions and help us understand customers' wishes even better. The focus here is on the principles of transparency and data minimization. In addition, we understand premium to mean that we protect our customers' data and devote full attention to data security from the outset.

In future, the primary objective will not be to collect as much data as possible but to offer the maximum added value with our customers' data. Throughout recent years, Audi has demonstrated this in a variety of research projects and concept cars. One example of this is the personal intelligent assistant – better known as "PIA." Using artificial intelligence methods, "PIA" connects all kinds of data – sensor data derived from the car and knowledge of the driver, traffic reports and forecasts and additional information sourced from the Internet. "PIA" responds to voice input, for instance, "learns" continually and communicates independently and adaptively with the user thanks to individually tailored algorithms. A similar approach is being followed by the concept car AI:ME. It provides an insight into how the car of the future will become a very personal mobility partner, with systems that think ahead and in sync with the user and are capable of continual learning. This enables them to respond proactively and with empathy. The basis for generating this genuine added value is the ability to know the user, his or her needs and influential marginal factors as well as possible.

High data protection standards

The Audi Intelligence Experience project was presented at the Consumer Electronics Show 2020 and combines functions adopted from various research projects. It describes a future scenario of the "empathic vehicle." The car analyzes which functions and settings its user prefers – such as the seat position and massage options, media use, navigation, interior illumination and temperature or fragrances for the car's interior. If desired, it can also orient itself toward the user's present state of mind and feelings. To do so, the system interprets the style of driving or vital functions such as the driver's skin temperature and pulse as recorded by sensors inside the vehicle. This makes it clear that huge volumes of data are gathered and processed in real time. The generic term for this is digitalization.

Audi therefore regards conscientious use of data as an integral part of its corporate responsibility and embeds this principle in the Corporate Policy on Data Protection. It complies fully with applicable national laws on personal data, data protection and personal rights to privacy. The emphasis is on transparency and self-determination of how data is used. Audi informs customers in a suitable way about how their personal data is handled. In particular, this includes what data is collected and processed, for what purposes data is used and whether certain data is transmitted to third parties. Transparency also means providing customers with information on exactly what personal data on them exists at Audi. Data secrecy applies to such information. ›

Thematic goals of Agenda 2030

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The goal is to establish a resilient infrastructure, to promote inclusive and sustainable industrialization and to support innovations.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

In the process, the digitalization of mobility and vehicles helps achieve the transition toward an economic and social lifestyle that is better for the planet and for each individual.

› **Encrypted communication**
Protecting the vehicle and back-end infrastructures is essential at Audi, as is secure data transmission. Audi uses encryption routines of the kind used, for example, for online banking, both when connecting from the car and from a smartphone to the Audi Backend. Data storage on Audi servers is likewise encrypted. It goes without saying that administrative intervention is documented in a plausible manner.

High data security
Data protection enjoys high priority at Audi as early as the development stage of products and services. Audi protects sensitive data using recognized and proven embedded security mechanisms and standards. When developing new functions, the company enhances security mechanisms to meet or exceed the respective state of the art in data protection. The latest technical and organizational measures ensure optimum security in the car.

Further information on data protection and data security is available at Audi.de

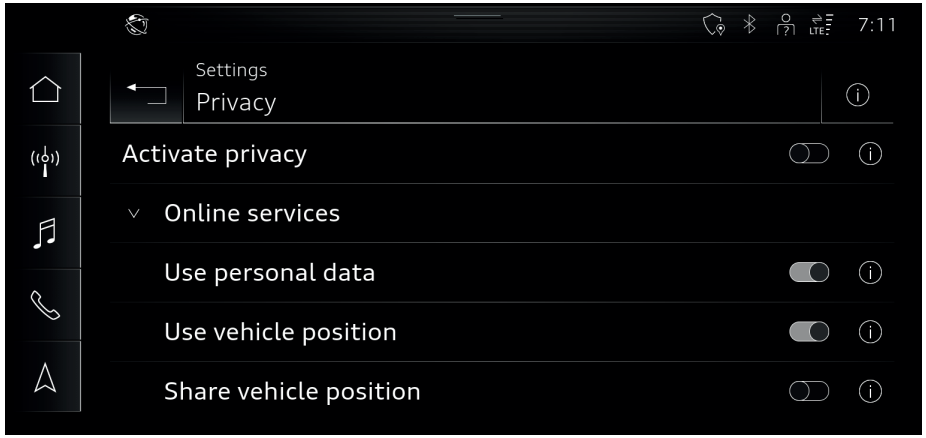
Data privacy? Yes, please!

"Our growing range of digital services is also increasing our responsibility. We need to communicate with our customers on data use and data privacy in a manner that is easily understood," explains Konstantin Willmann. The function developer in the Audi connect area is responsible for implementing these principles in the vehicles. "That's why – and also due to the EU General Data Protection Regulation (EU GDPR) – we have developed a menu with data privacy settings for our Audi models," adds the developer. What this means for customers is that while in the car, it only takes a few clicks for them to reach their "privacy settings" in the MMI user menu. There they can activate or deactivate their personal online services based on their data use, and make targeted decisions on data collection options.

Since model year 2018, customers can use settings in their vehicles to decide whether or not they principally agree to data processing. Since model year 2020, customers can use these settings in a detailed manner in almost all new Audi models. In the privacy settings of the MMI, customers can deactivate online services if they do not wish for their data to be collected and used. Thus, they can repeatedly decide if they would like to share a GPS position (using the precise vehicle location), if this should even be displayed to other users (sharing the vehicle location) or if they do not wish to release any data at all (activate privacy). Any user can customize the settings in the vehicle. Online functions of relevance to safety or required contractually or by law – such as "Audi connect emergency call" or the "Audi connect stolen vehicle tracking system" – cannot be deactivated in the privacy settings. These services exclusively exchange the data governed by contract or the statutory extent if actively used/commissioned by customers.

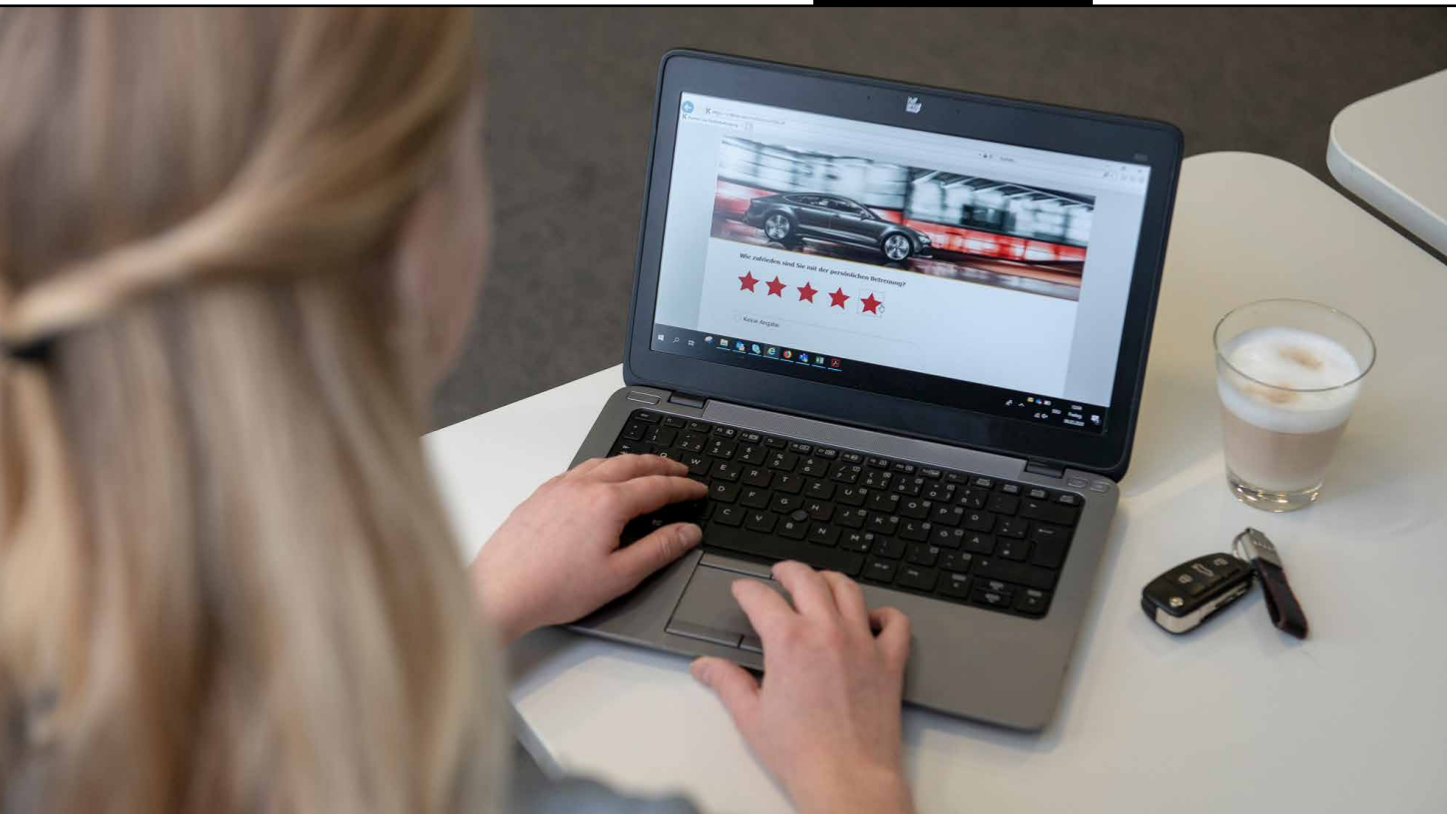
Settings which a user has activated inside the car cannot be changed outside the vehicle; here top priority is given to the user's privacy in the vehicle. The person referred to as the "main user" of an Audi can additionally restrict the services portfolio of his or her vehicle in all models as of model year 2019 that feature an MMI system with a touch screen. To this end, the main user can deactivate nearly each individual service via the myAudi web portal. These services are then no longer available to any user of the vehicle and cannot be reactivated from inside the car.

On the myAudi portal as well as in the data privacy information in the vehicle, customers can also find details for every single service about the data processed by it.



Audi MMI: Customers decide with just a few clicks

* Users can find information on which generation of MIB is installed in the vehicle or how certain service settings can be modified and selected in their vehicle's instruction manual, from their Audi partner or Audi's central customer service team.



Benefiting from customer experiences

When developing sustainable products and services, Audi relies on long-term relationships with its customers. Thanks to a brand-differentiating customer experience (CE), the company intends to become number one for customer experience. Comprehensive CE management is a key instrument to control and measure customer satisfaction worldwide.

The ideal customer experience is becoming an increasingly significant enthusiasm driver and distinguishing feature of a brand, thus making it a key criterion for a purchasing decision. This is why it is important to develop new products and services sustainably, while focusing on customers and their specific needs.

Audi redefines the pledge "Vorsprung durch Technik": It is no longer solely about what is technically possible. Instead, it is about focusing consistently on the wishes of customers.

To this end, a comprehensive customer experience management system is in place at Audi. It serves as a control instrument and enables customers to experience a consistent and seamless customer journey that ranges from the classic sale to virtual advisory services.

Dialogue with customers

A prerequisite for this is to engage in much more intensive dialogue with customers from the outset to identify their product and service development needs and to establish and measure the key interaction points within the customer journey. This enables optimization processes to be triggered in good time, including interactions such as the handover and collection of the vehicle. The fundamental question to ask is what exactly do customers want and need – right now and in the future.

To spark people's overall enthusiasm for Audi and make them loyal fans of the brand, the Company needs to offer them user-friendly products and digital services that enable them to easily get in touch with Audi by means of analogue and digital channels. These can be digital services such as the myAudi app, which enables all digital solutions at Audi to be booked, managed and used via a single intuitive user interface. Or they can also be central service stations or dealers via which customers interact with Audi. ›

› What does an ideal customer journey look like? It generally begins with initial contact being made without any commitment. Potential customers perceive Audi as a possible provider of mobility solutions and are interested in finding out how the company can satisfy their mobility needs. Online, Audi offers them advisory services on its website, via the mobility needs analysis and the configurator. Offline, on-site advisors at automobile showrooms use their expertise and digital tools to assist customers in making their decisions. Interested customers can then log in using the myAudi app and book a test drive online or directly with the Audi dealers on site.

Audi also advises and accompanies its customers individually after they have purchased their vehicles, establishing even more touchpoints for customer contact in the course of Audi's customer experience management measures along with intensified personal relations. While waiting for delivery, customers can thus obtain information on their orders placed and, if necessary, advice on alternative mobility solutions. Of course, Audi also maintains contact with its customers after delivery and offers intelligent recommendations, tutorials, invitations to exclusive events, original accessories and individually tailored offerings in addition to its classic vehicle and customer service.

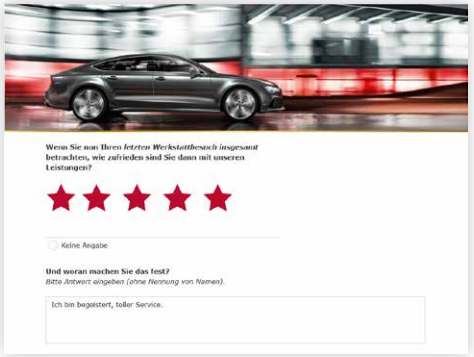
Sustainable customer relationship management

In the interests of sustainability and long-term customer relationships, within the scope of its customer experience management (CEM) program the company relies on online surveys and evaluation tools as control instruments for gauging customer satisfaction. Customers should be able to interact with Audi quite individually and talk with the company about their specific experiences. The CEM Sales, CEM Service and, in some markets, CEM Used Cars surveys measure the degree of customer satisfaction with conventional retailers. As part of the CEM Sales survey for purchases of new cars and under the CEM Used Cars survey, customer satisfaction with the sales process is determined using a brief online questionnaire – depending on country-specific implementation, this survey is taken 48 hours to two weeks after vehicle collection. The CEM Service survey follows 48 hours after a service appointment to assess the customer's most recent workshop experience. Customers can answer four questions pertaining to the respective event.

As many as 82 markets are currently taking part in the Audi CEM study. Therefore, Audi's survey generates about one million interviews each year, with around 15,000 users at the businesses accessing the CEM portal with the latest customer feedback, amounting to 2,300 logins each day. The participation quota averages around 30 percent, which shows that customers certainly are quite willing to pass their feedback on to the businesses. In the future, Audi also plans to publish the CEM evaluations on dealer and sales websites, thus providing even more added value for customers.

Starting in 2020, a new question on satisfaction with the product was integrated as the final aspect of the CEM survey. In around 80% of all CEM interviews, respondents provide additional voluntary feedback about the product. These Product Reviews are a valuable source of information for those with product responsibility at Audi. Customer satisfaction measurement beyond the CEM is supplemented by evaluations derived from the app portals on digital offerings.

All satisfaction measurements are based on the 5-star ratings frequently used in online surveys. This uniform approach serves as the basis to continue delivering premium services and thus consistently aligning activities to the future of mobility, a strategy that is beneficial to customers, dealers and Audi alike.



Audi listens! Strategic customer relationship management

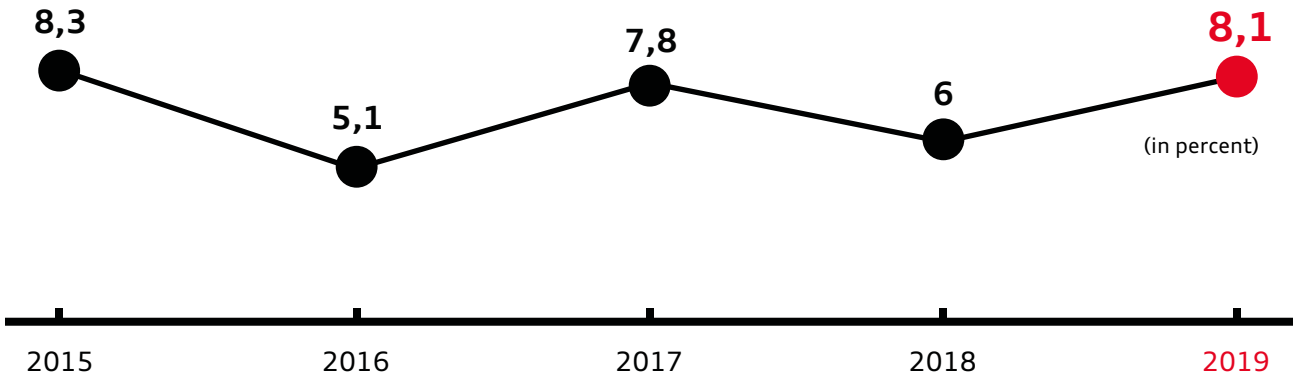
Audi's goal is to become the leading provider of sustainable premium mobility. In doing so, the company focuses its attention on customers' needs. To inspire customers and be successful, not only does a company need to understand its clientele; it must also shape the future even more intensively together with them. This is why sustainable and digital products and services are one of Audi's top priorities.

In the interests of all stakeholders

The Audi Group not only wants to secure its own competitiveness over the long term; it also aims to act in a values-led and viable way, in the interests of all stakeholders. In this context, Group-wide risk and compliance management systems provide guidance for the company's economic stability – especially in times of transformation processes such as digitalization and decarbonization.

Operating return on sales 2019 [100]

Reflects the ratio of operating profit to sales and stands for profitability. The operating return on sales of 8.1 percent means that Audi generated an operating return on sales of around 8 cents on each euro turned over.



In the wake of responsible and values-oriented corporate governance, the primary focus is on profitable, sustainable growth. Growth that is not measured by volume, but by the key figures of operating return on sales and return on investment after CO_2. Audi takes a holistic view of sustainability – in its economic decisions the company always also takes account of ecological and social aspects in order to ensure long-term competitiveness and therefore uphold its responsibility as part of society.

The Audi Group invests in future technologies. Areas of focus include investment in the field of digitalization and alternative drive technologies. For the period 2020 to 2024, we thus envisage research and development activities as well as capex amounting to some EUR 37 billion. Current plans reflect a considerable improvement in investment and cost discipline along with a strong bias toward investing in electric mobility – of the total of around EUR 37 billion, EUR 12 billion is earmarked for electric mobility. Audi also continues to develop the worldwide production network, taking account of sustainability aspects.

Sustainable operations thanks to ESG
Aspects that have become increasingly established on the capital market, such as Environment, Social and Governance (ESG), also contribute to the company's economic stability. Investors have realized that economic success and sustainable commitment are complementary and not contradictory.

ESG is therefore a specific expression of the paradigm change currently unfolding in business and society. This means a symbiosis that no longer focuses on short-term success, but on long-term, healthy interaction which benefits both sides – companies and society overall. The consideration of ESG aspects is not only active risk management; it also serves as the basis for long-term economic success – especially in this day and age, when society's values are undergoing lasting change. Established business models are being replaced. New, sustainable products ensure growth. Companies managed according to ESG criteria operate more successfully, securing precious market share.

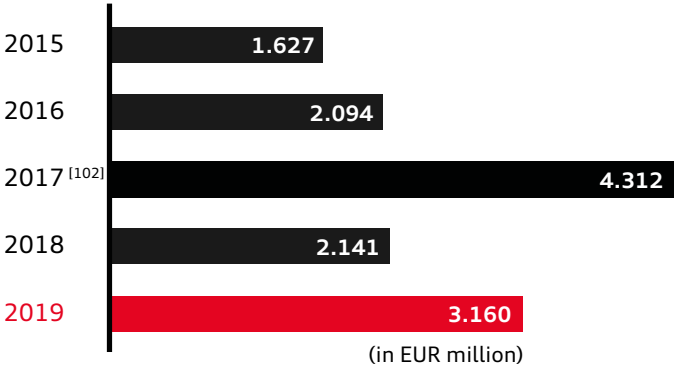
Just how massive the impact of ESG performance can be on corporate value is something that Audi can assess thanks to its own experience: The diesel crisis adversely impacted the company in many respects. And all employees are aware that something like the diesel crisis must never be allowed to happen again at the company.

A challenging fiscal year
Return on investment (ROI) reflects how effective our business activities are, by considering the return achieved on ›

EUR 55,680 million

Revenue in 2019 [100]

This comprises all revenue generated by the Audi Group in the past fiscal year. In particular, these are proceeds from the sale of vehicles, engines and original spare parts.



Net cash flow [100]

Cash flow is the sum total of all incoming and outgoing payments recorded as part of Audi's business activities. This key figure is evidence of financial strength – and thus illustrates the company's economic health.

EUR 4,509 million

Operating profit 2019

This is the result achieved by Audi after deducting the cost of goods sold, distribution and general administrative expenses, taking into account the other operating result. Operating profit is the basis for calculating Audi's profit share.

12.7 percent

Return on investment [100]

The profitability of an investment is reflected in the return on investment (ROI). This key figure describes the percentage-based ratio of operating profit after tax to the company's invested capital.

› the capital employed over a given period. Return on investment already takes account of CO_2 compliance measures and can therefore also be understood as return on investment after CO_2.

While Audi successfully mastered a challenging fiscal year 2019 with substantial operationally adverse factors, the company is pressing ahead with its transformation, aiming to generate a significant increase in corporate value in the long term. The Four Rings will strictly focus on customer-oriented innovations, further developing its business model profitably and realizing synergies both within the Volkswagen Group and in external partnerships.

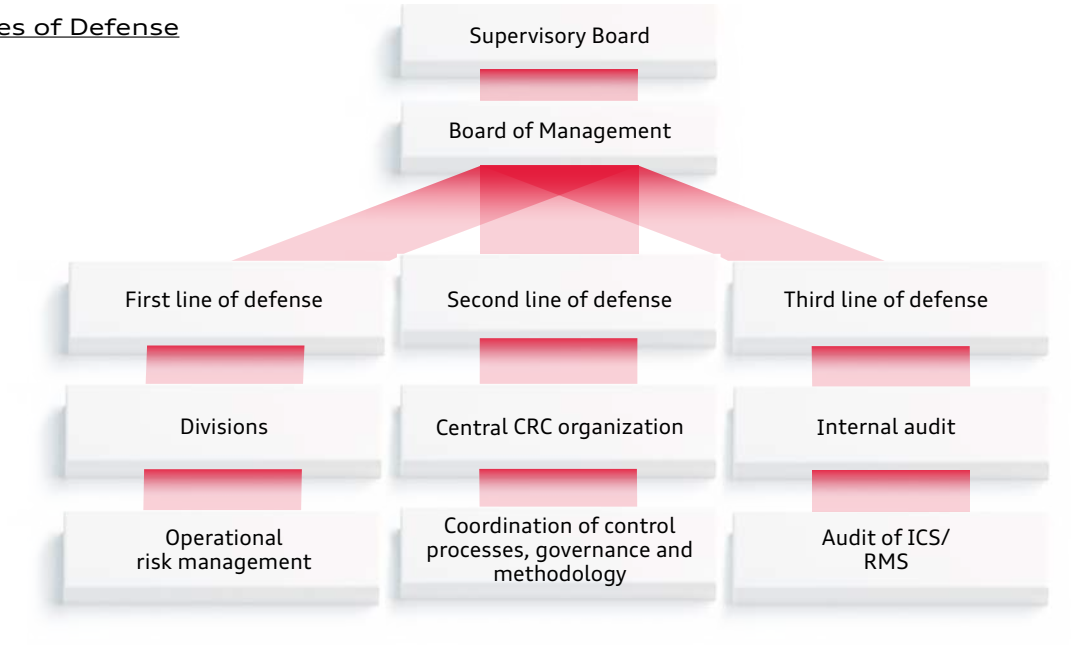
Electric mobility as a business model
Achieving a healthy mix in terms of return and carbon footprint requires the necessary matching product portfolio. In 2025, electric cars like the e-tron will account for around 40 percent of all Audi models worldwide. This why it makes sense that the portfolio of the 2025 brand comprises some 30 electrified models, including 20 fully electric ones. While the electric mobility business model entails risks, it also offers numerous opportunities. Electrification of the vehicle fleet is a necessity to lower fleet CO_2 emissions. In the course of this long-term transition to electric mobility, what was referred to as the classic business model – namely the sale of premium automobiles with combustion engines – can help support the new business model in financial terms. This is why Audi has currently chosen to rely on both combustion-engine technology and e-mobility. There must be a healthy balance between the fields of economy, ecology and society, as an imbalance would lead to the imminent risk of economic instability.

Future financial success will be underpinned by two programs. First: the Audi Transformation Plan (ATP). It is aimed at fast-acting aspects of change. The ATP was successfully launched in fiscal year 2018 and is expected to generate some EUR 15 billion for future projects in five years (2018-2022). Specific measures have already been identified for 80 percent of them.

Second: Audi.Zukunft. The program is aimed at making the company structurally fit and competitive by 2029. This agreement will produce a cumulative effect on earnings of around six billion euros by 2029. Both programs have paved the way for Audi to once again achieve an operating return on sales in the strategic target corridor of 9 to 11 percent in the medium term.

Identifying opportunities, assessing risks
As an automotive group with a global reach, Audi constantly operates in a dynamic environment and is continually confronted with a wide variety of opportunities and risks. For the company, sound corporate governance revolves around a constructive dialogue and transparent handling of opportunities and risks. Apart from meeting statutory requirements, the particular purpose of an effective Risk Management System and Internal Control System (RMS/ICS) is to validate the entrepreneurial goals as well as long-term viability and competitiveness. The Risk Management System is based ›

Three Lines of Defense



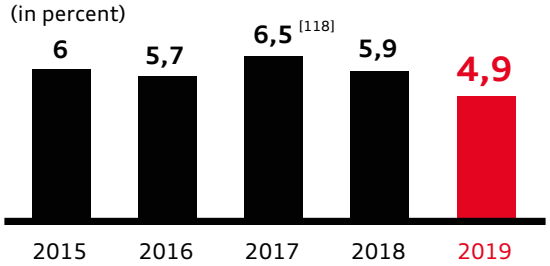
7.9%

Research and development expense ratio 2019

This figure indicates the percentage of sales invested in research and development.

Ratio of capex 2019 [100] [101]

Investments in property, plant and equipment, investment property and other intangible assets according to the cash flow statement in relation to revenue.



› on the internationally recognized standard defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Audi uses a system comprising corporate and operative risk management. By way of a systematically designed risk management architecture, Audi adopts the “Three Lines of Defense” model (see diagram), with its clear separation of tasks and functions.

The Risk Management System helps to identify and minimize potential risks and, where possible, to avoid them altogether. To ensure this, latent and recurring risks for the Audi Group arising from its business activities are recorded each year within the scope of the Governance, Risk & Compliance (GRC) process, including the countermeasures and control activities adopted. Risks such as the potentially inadequate anchoring of sustainability aspects in products and processes or possible risks arising from extreme weather events are also taken into account.

The annual GRC process has been supplemented by a further regular process, namely the Risk Quarterly Process. The goal here is to record, evaluate and continuously monitor short-term, operative risks across all divisions and production companies.

Moreover, AUDI AG consistently further develops the Risk Management and Internal Control System. The Internal Control System within the Volkswagen Group and the Business Continuity Management System are currently being extended.

In order to learn from risks that have occurred and avoid them from happening again, a concept was launched to implement a systematic cause analysis and lessons-learned process in 2019.

Further corporate risk management tasks at Audi include execution and ongoing development of risk management tools, training courses and interactive training programs as well as advising the operating units.

Further key financial figures are available in the Appendix.
For detailed information on the impact and the current situation as regards resolving the diesel crisis as well as on action taken, please refer to the Audi 1019 Financial Report, on page 104f.

Appreciation, openness, responsibility and integrity: Illustration of the Audi values

Who we are and how we want to be

How a company's employees behave and which rules they follow in the process are firmly anchored in the corporate culture. Values and standards reveal a lot about identity. Appreciation, openness, responsibility and integrity are the corporate values of Audi.

These values illustrate that the Audi Group relies on teamwork, embraces new challenges and embodies diversity. In addition, Audi has set itself the goal of being a company that bears responsibility – for the environment and society. Mistakes should not be concealed, but rather addressed. This is a matter that concerns us all, particularly in the wake of the diesel crisis. It is also the only way to improve and constantly progress. Our corporate culture needs to be enhanced and put into practice.

Why change is important

To raise awareness for other and new governance principles and promote understanding for the need for a cultural change in the working world, as part of the "KulturZeit" project, Audi organized a panel discussion in October 2018. It centered on "The Silent Revolution," a movie documenting the process of rethinking in the business world. The change is demonstrated using the Upstalsboom hotel chain as an example. As a second part of the series of talks entitled "BE INSPIRED," visitors to the Audi Forum Neckarsulm not only had the chance to see the movie, afterward they were also able to talk to guest speakers such as Kristian Gründling, the director of the documentary. The goal was to encourage new ideas and provide impetus for people's day-to-day lives. ›

A scene from the film "The Silent Revolution" The movie documents cultural change in the working world.

› **How culture works in everyday situations**
The Code of Code of Cooperation and Volkswagen Group Essentials serve as guiding principles to ensure that corporate culture is consistently put into practice during everyday work at Audi. These principles describe how the brands in the Volkswagen Group intend to work together, and they serve as the foundation that connects all 600,000 employees. At the same time, this also constitutes a pledge to customers, shareholders and business partners. The focus is on the attributes "genuine," "straightforward," "open-minded," "as equals," "united" and "trust."

Audi has considered its own leadership behavior in depth since 2013, and drew up the Audi leadership principles with the involvement of managers, employees and the Works Council. These were gradually implemented in the HR tools. Participants have studied the ten principles in depth in a series of workshops. After anchoring the new leadership principles in all divisions and at the international sites in 2016, Audi has established an organizational unit for Leadership and Collaborative Culture since 2017. Employees should rely on these principles for guidance.

Specific measures for successful collaboration
Nobody is perfect. Ensuring that this adage becomes part of the culture requires pioneers who frankly and honestly discuss matters that did not go well. This is precisely why Audi organized a series of events: "try.fail.learn" is intended to encourage employees to embrace new challenges, take risks, fail once in a while and stand up again, only to reflect and learn from it. Participants share their own stories of failure, how they handled the situation and what opportunities arose as a result thereof.

Such an exchange between employees requires flat hierarchies. Distances need to be dismantled first before people can learn from one another. The "Role Model Program 2.0" shaped the year 2019. It comprises an entire package of measures to enable Audi managers with leadership functions to improve the corporate culture together with their employees. For instance, in "A Week in the Life of….," they became better acquainted with the tasks of a manager: What exactly does a member of the Board of Management actually do? And what does their typical workweek look like? The special "Blind Date" format gives random lunch partners the opportunity to exchange their views. The "Culture Catalog," a crowdstorming initiative by employees for employees, also encourages the exchange of views. The catalog gathers and shares ideas on new forms of collaboration.

Clear values, clear course

The principle of employee participation is the basis of Audi's corporate culture. At all Audi sites and at the subsidiaries worldwide, the employees are organized into independent trade unions and employee representative bodies. On the Supervisory Board of AUDI AG, the employees' elected representatives perform duties such as monitoring executive management, approving important corporate processes and appointing the members of the Board of Management.

The Audi Works Council plays an active role in shaping the future at Audi. For example, all works agreements are reached jointly with the employee representatives at AUDI AG. The latter also oversee compliance with the laws, directives, accident prevention regulations, wage agreements and works agreements reached in favor of the employees. At the quarterly works meetings, the employees are informed of the activities of the Works Council and the current situation of the Company.

There are also elected youth and apprentice representative bodies as well as disabled employee representatives at AUDI AG who specifically take up the concerns of the employee groups that they represent.

The main topics in the period under review were – in addition to the projects described in the chapter "Employees & Society" regarding the handling of the digital transformation as well as co-determination and corporate culture at Audi – the reduction of stress factors and risks at work that impact physical and especially mental health, increasing the overall quality of time spent at the company (modifications to office design, ergonomic measures in production) and, in particular, the negotiations on the general agreement "Audi.Zukunft." In addition to adjusting production capacities for Ingolstadt and Neckarsulm, agreements were concluded on socially responsible job cuts along the demographic factor, for development and production of innovative and environmentally friendly premium vehicles, on extending co-determination rights pertaining to the vertical range of manufacturing, service and development in the company and for the common creation of master plans for sustainable and strategic development of domestic factories by the management and employee representatives.

Stimmungsbarometer

How is the general mood in the workforce? The regular employee survey is another way in which Audi promotes employee participation. This survey gives employees a means of voicing their opinion anonymously on various matters and highlighting potential improvements.

40,886 (2018: 42,173) employees took part in the AUDI AG "Stimmungsbarometer" in 2019. The results are presented in the individual organizational units and discussed with the employees.

GRI 102-41

Operations and Integrity

The Audi Sustainability Program combines strategic goals in the area of sustainability with concrete measures. It is divided into the four core topics “Operations and Integrity,” “Products and Services,” “Value Creation and Production” as well as “Employees and Society.”

Goal	Measure	Date	Comparison of SDGs
9 to 11 percent operating return on sales by no later than 2025	Implementation of the Audi Transformation Plan and the Audi Strategy	Continuous development	8
21 percent return on investment (ROI) by no later than 2025	Implementation of the Audi Transformation Plan and the Audi Strategy	Continuous development	8
5.0 to 6.0 percent research and development ratio by no later than 2025 [6]	Implementation of the Audi Transformation Plan and the Audi Strategy	Continuous development	8, 9
5.0 to 6.0 percent ratio of capex by no later than 2025 [7]	Implementation of the Audi Transformation Plan and the Audi Strategy	Continuous development	8
Self-finance the transformation to provider of sustainable, individual premium mobility	Implementation of the Audi Transformation Plan and the Audi Strategy	Continuous development	8
EUR 15 billion measure potential through the Audi Transformation Plan 2018-2022	Programs already set up with Project Management Office (PMO) and work packages from the Board of Management. Flanked by ongoing monitoring and control.	2022	8
Reinforce Group-wide compliance and integrity	Implementation of the Group-wide compliance and integrity program Together4Integrity in all companies through 2025	2025	8, 16
	Accompanying communication campaign Together4Integrity	2025	8, 16
Global protection and responsible handling of personal data	Definition of data processing principles applicable worldwide	2020	16
	Establishment of a data protection organization within the Audi brand group	2020	9, 16
	Binding measures in the Audi brand group, e.g. maintaining a procedure directory, internal reporting processes for data protection violations, ensuring the rights of parties concerned or establishing an appropriate risk management system	Continuous development	9, 16

Which technology is truly sustainable?

From all perspectives: Maximilian Purfürst, Kristin Blum, Thomas Schenk and Mathias Baumann (from left to right) analyze an accident.

Better safe than sorry

The AARU (Audi Accident Research Unit) carries out important work in the field of accident prevention. Its findings help improve traffic safety. A day with the team.

The Audi A5 approaches the intersection. The stop sign tells the driver to stop – but the A5 does not slow down. It enters the intersection without braking. The driver of the Audi A1, who has the right of way, doesn't stand a chance – she cannot stop in time. She swerves to avoid the other vehicle, but the collision is inevitable.

This accident* happened a few weeks ago, but in the virtual world it takes place again and again from many different angles – from an aerial perspective and from the view of the two drivers involved in the accident. The 3D animation of the accident reconstruction is repeated several times so that all the spectators in the room can get an accurate idea of what happened. On this Friday in November 2019, around 20 experts from various fields are sitting in a meeting room at Technical Development in Ingolstadt. The AARU, Audi Accident Research Unit, has invited the experts to an interdisciplinary case review. In addition to Audi employees from Product Analysis, Data Analysis and Driver Assistance Systems and from the specialist department Vehicle Safety, the participants include employees from the cooperation partner, University Hospital Regensburg. They are all working to make mobility in general and cars in particular safer by investigating the circumstances of accidents.

Psychologist Karen Tschech and her team interviewed the two people involved in the accident several weeks ›

*The scenario of this accident was changed to protect the personal rights of the people involved.

› prior to the meeting. Their goal was to investigate the psychological aspects of the accident: Was distraction an issue? From the viewpoint of everyone involved, how did the accident happen? Of course, to get answers to these questions, those involved must agree to the survey. This cannot always be taken for granted, but when the people involved in the accident hear that their case may help prevent similar accidents, they tend to consent to these interviews.

24 hours a day, seven days a week

When an accident occurs, things often have to happen fast. This is why the team receives accident reports via the AARU hotline from all police departments in Bavaria that support the accident investigators. During office hours, this hotline is answered by the AARU team assistants and, at night, by the duty officer from the medical team, thus the police can call 24 hours a day, seven days a week.

When accidents are being analyzed, the physicians' input is also important. Dr. Katharina Angerpointner works in the trauma surgery department at University Hospital Regensburg, where she treats people who are injured in accidents. When it comes to accident research, she becomes an analyst – and she is well prepared: With her team, she analyzes the injuries of the people involved in the accidents and explains to the Audi technicians which body parts of the passengers had contact with the interior and what injuries were caused by this. This is valuable and important feedback for the developers. Have all the passive safety systems functioned as required? What could be improved? All the findings are sent to the development department, and ultimately they make the next generation of Audi models even safer.

Physicians, psychologists and technicians, all gathered around one table. Before they can "dissect" the accidents, they not only need preliminary work from the psychologists and physicians; the AARU also prepares the accident occurrence meticulously in the run-up to the meeting. Often, a drone is used to take a lot of photos at the site of the accident, which creates a data cloud of the location. Based on this data, the precise analysis of the accident vehicles and the police reports, it is then possible to recreate the accident down to the smallest detail during the meeting.

This is where Kristin Blum comes in. She works on developing ›

Thematic goals of Agenda 2030

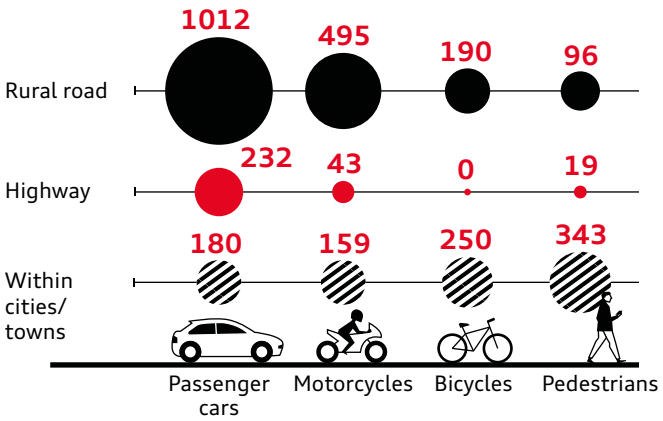
3 GOOD HEALTH AND WELL-BEING

The goal is to ensure that all people of all ages can live a healthy life and to promote their well-being. The results of accident investigations at Audi will also help achieve this vision.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

A resilient infrastructure also includes transportation that enables environmentally friendly mobility. Naturally, all means of transport should enable safe travel.

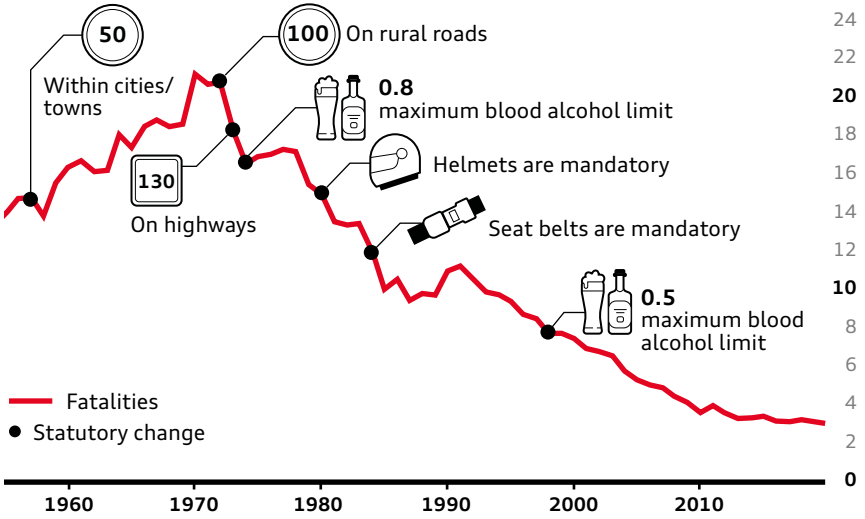
Number of people killed in road traffic accidents by selected type of road use and location, 2018



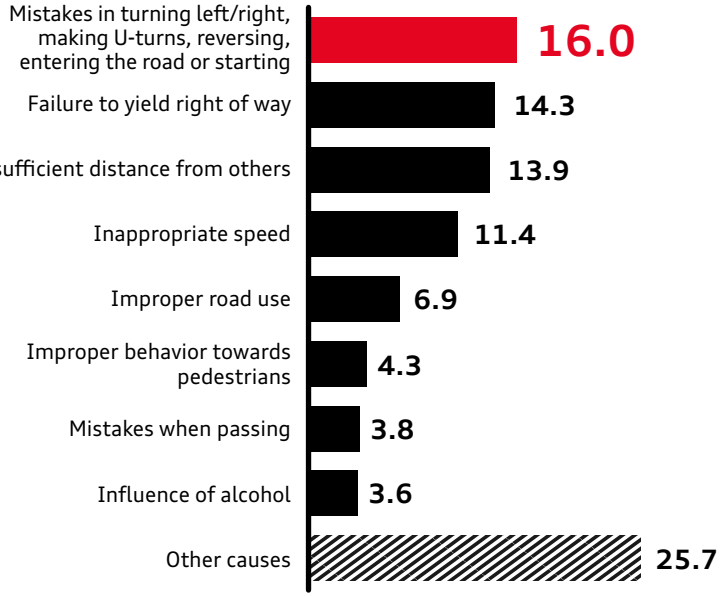
Source: German Federal Statistical Office (Destatis), 2019

Developments in road traffic Fatalities (in thousands)

Source: German Federal Statistical Office (Destatis), 2020



Driver-related causes of accidents involving personal injury in road traffic, 2018 in percent



Source: German Federal Statistical Office (Destatis), 2019

› predictive safety functions. As an automotive engineering technician, she analyzes accidents based on the technical criteria of existing safety systems in Audi models as well as systems that are still in the development phase at Audi. With regard to the crash between the Audi A5 and Audi A1, she is looking for an answer to the following question: Could an assistance system have prevented the accident or at least minimized its consequences for the passengers? Neither vehicle had an emergency braking system with cross-traffic function on board. Could such a system have prevented the collision? And how would the intelligence of the function have to be programmed to classify the approaching vehicle as an accident risk, warn the driver and apply the brakes?

AARU service vehicle

For Blum, the EDR (Event Data Recorder) is a great help in simulating accidents. This system records the five seconds prior to the airbag being triggered. With the accident analyzed here, the initial speeds were about 50 km/h.

Using all the available data, Blum calculates that from the aspect of both cars, an emergency braking system with cross-traffic function would very likely have prevented this accident.

Analysis of the rescue chain

Another accident is being discussed. There is a reason why this case is especially interesting for the Audi technicians: An Audi A3 Sportback e-tron* was severely damaged on impact. In regard to high-voltage vehicles that are involved in an accident, it is of particular interest whether they behave differently from conventional vehicles and whether the rescue chain differs. This case shows that the work of the AARU does not end with a pure analysis of the collision. “The focus is also on the rescue measures after the actual accident. This is especially important with high-voltage vehicles, as the rescue workers should know how to handle electric vehicles so as not to put themselves at risk.” Audi can help here, too.

For more than 20 years, the AARU has investigated and assessed almost 1,500 accidents. Thomas Schenk has been in this business for a long time. He is a true professional when it comes to the on-site investigation work. And one thing is very clear to him: The feedback from the AARU helps improve general traffic safety – for the passengers in an Audi and for everyone else involved. The AARU thus makes an important contribution towards ensuring that all road users get from A to B safely.

Crash tests with the power of water

In Norway, Audi and Volkswagen recently moved into a carbon-neutral data center near Oslo, which operates 100 percent with hydroelectricity. At the end of 2019, the data center had approximately 2,800 servers, which will be increased to a maximum of about 5,600 in the long term.

Vehicle developers use its computing power of up to 2,750 kilowatts for computation-intensive projects, such as virtual wind tunnel trials and simulated crash tests.

Annual savings? The plant in Rjukan saves more than 5,800 metric tons of CO_2 annually compared with a conventionally operated data center.

* Audi A3 Sportback e-tron: Combined fuel consumption: 2.0–1.9 l/100 km; combined electric power consumption: 12.7–12.2 kWh/100 km; combined CO_2 emissions: 46–43 g/km.

Final check of the new Audi e-tron* and Audi e-tron Sportback* in the Brussels plant.

Full of power ✓

Audi is pursuing the full spectrum of electric mobility. For example, the brand offers pure electric cars and is committed to developing the charging infrastructure. Plug-in hybrids also contribute towards electrifying internal combustion engines; with mild hybrids, Audi is helping increase efficiency. Here are the most important key parameters and projects from the 2019 drive strategy.

"Unleash the beauty of sustainable mobility:" To achieve this goal, Audi adopts a broad-based approach. After all, one thing is certain: In the near future, there will be more than just one drive system. In addition to electric mobility, Audi is working on other options for potential carbon-neutral driving and is also continuing to optimize conventional drive systems to make mobility more environmentally friendly.

By 2025, Audi plans to introduce around 30 electric models, which would correspond to approximately 30 to 40 percent of worldwide deliveries.

Latest e-tron developments

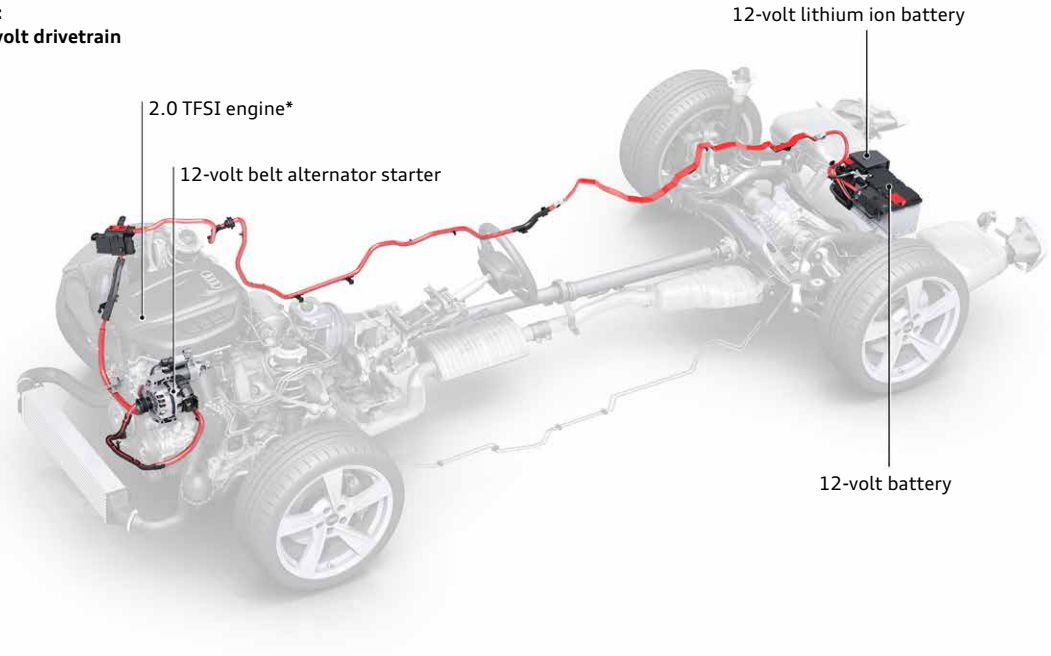
The Audi e-tron* and e-tron Sportback* demonstrate that Audi is winning people over with its first purely electric cars. In 2019, the e-tron was awarded the Golden Steering Wheel in the large SUV (C-SUV) category. As a BEV (battery electric vehicle), it beat the competition with internal combustion engines. This makes the fully electric e-tron the new benchmark in the C-SUV category. More e-tron models will be introduced during 2020 and the following years.

Latest hybrid developments

In electric mode, plug-in hybrids are already ideal for local emissions-free driving over short distances, such as in the city, but with efficient internal combustion engines they also offer full long-distance capability. At Audi, the focus is on hybridizing its models with gasoline engine drive systems. In the future, especially with plug-in hybrids, the focus will be even more on electric mode; in most cases, the internal combustion engine will be used only rarely to cover longer distances. Developments in the modular strategy in the Volkswagen Group allow Audi to offer suitable drive solutions for different requirements, even for hybrid drive systems. This also applies to plug-in hybrids in different performance classes.

* Audi e-tron: Combined power consumption in kWh/100 km: 24.3–21.0 (NEDC); 26.6–22.4 (WLTP), combined CO_2 emissions in g/km: 0
Audi e-tron Sportback: Combined power consumption in kWh/100 km: 23.9–20.6 (NEDC); 26.3–21.6 (WLTP), combined CO_2 emissions in g/km: 0

Electric Audi A4:
Mild hybrid 12-volt drivetrain



Advances in conventional engines

By 2025, Audi plans to electrify all core model lines. To achieve this goal, measures and technical modules that reduce the fuel consumption of internal combustion engines and lower CO_2 emissions will be pooled in a modular e-drive concept. The persons responsible for the respective product lines will evaluate these technical modules and implement them where appropriate.

In this way, efficiency-enhancing technologies will be integrated gradually into the model series in the form of product improvements and at model changeovers. A good current example is the mild hybrid system, which recovers energy during deceleration. Depending on the vehicle type, it is possible to save fuel and reduce CO_2 emissions. This is done with the integrated lithium ion battery, which can store a significant proportion of the braking energy. The energy recovered is used to support the combustion engine when operating under unfavorable loads.

The successes achieved in the area of conventional engine development show that Audi is on the right track. For instance, in 2019, Audi received the "International Engine of the Year" award for the 2.0 TFSI in the category of engines with 150 to 250 metric horsepower. According to the jury, the four-cylinder engine is "one of the most flexible and versatile engines ever developed – in short, it's an all-rounder." It is used not only as a pure gasoline engine, but also as a plug-in hybrid drive and for operation in Audi g-tron models. At Audi, the 2.0 TFSI currently powers many models from various product lines. In 2019, the Q5 was added as a plug-in hybrid. It is also used in mid-range g-tron models.

Diesel engines will continue to be an important element in Audi drive concepts in the future. The company is working on reducing emissions even further. In this context, Audi is focusing on efficiency and performance as key properties of diesel engines and their use in the midsize to full-size class segment.

Thematic goals of Agenda 2030

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The goal is to establish a resilient infrastructure, to promote inclusive and sustainable industrialization and to support innovations.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The transformation toward a form of economic system and lifestyle that respects the natural limits of our planet can succeed only if people change their consumer habits and production technologies.

13 CLIMATE ACTION

Immediate action is required to combat climate change. Local commitment is also needed.

* Audi A4 2.0 TFSI: Combined fuel consumption in l/100 km: 6.0–5.7 (NEDC); 7.4–6.5 (WLTP); combined CO_2 emissions in g/km: 136–128 (NEDC); 168–148 g/km (WLTP)

Latest h-tron developments

In 2019, there was less focus on fuel cell technology (h-tron) than on electric drive systems. Audi sees fuel cell vehicles as a special form of electric drive – and from a technical aspect, both drive systems (e-tron and h-tron) have parallels and complement each other. The first testbed vehicles from the latest h-tron generation will enter the trial phase.

One option for the future is a plug-in hybrid with a fuel cell, which combines low-emission mobility and the ability to cover long distances.

Electricity from the VW brand "Elli"

Electric mobility will become practical and consistently sustainable only when the electricity is also generated sustainably. In 2020, an entry-level wall box should be available with which customers can charge their cars 100 percent emissions-free. It will be offered in cooperation with the Group's electricity provider Elli (Electric Life).

Fuels from renewable sources

Various manufacturers have introduced new processes to produce fuel from renewable sources (bio-based or power-to-X). Audi is monitoring these developments very closely and investigating the compatibility of these fuels with current and future engines.

Charging infrastructure & IONITY

Electric mobility will succeed only if the network of charging terminals for electric cars is dense enough. To reduce range anxiety among customers, Audi and the IONITY joint venture are building an efficient fast-charging network.

At the end of 2019, 130 stations were operating along Europe's main transport arteries and highways. The target for 2020 is to have 400 charging stations throughout Europe. The system uses the open European standard Combined Charging System (CCS). e-tron models can charge at these stations with 150 kW, which gets them ready for the next stage of a long-distance trip in just 30 minutes. IONITY is pursuing the goal of using as much renewable energy as possible and is working in a targeted fashion with local energy suppliers. The Audi e-tron Charging Service enables drivers to charge their vehicles in different countries with just one card. The network already encompasses 24 European countries with more than 145,000 charging points.

Fast-charging station from IONITY: Audi e-tron Charging Service

Fleet emissions

According to official testing by the European Commission, average CO_2 emissions from new Audi vehicles registered in the European Union in 2018 were 129 g/km. Based on provisional calculations, the average CO_2 emissions of newly registered Audi vehicles in the European Union are expected to be around 131 g/km in 2019. Fleet fuel economy in China (FBU) in 2019 was 5.9 l/100 km (2018: 7.5l/100 km).

The successful introduction of the fully electric Audi e-tron was not able to completely make up for supply and demand-related shifts in the model portfolio. A lower diesel mix in combination with a higher SUV share resulted in increased CO_2 emissions in the 2019 fiscal year.

In 2020, AUDI AG is predicting significant reductions in fleet emissions, primarily through the much higher availability of fully electric models and PHEVs, but the new A3 is intended to contribute to $C0_2$ reductions as well.

* Audi e-tron: Combined power consumption in kWh/100 km: 24.3–21.0 (NEDC); 26.6–22.4 (WLTP), combined CO_2 emissions in g/km: 0

Integrated and well thought out

Thinking consistently from start to finish: The life cycle assessment of a vehicle shows where its environmental footprint arises. This analysis helps Audi develop measures to move forward quickly towards carbon-neutral mobility.

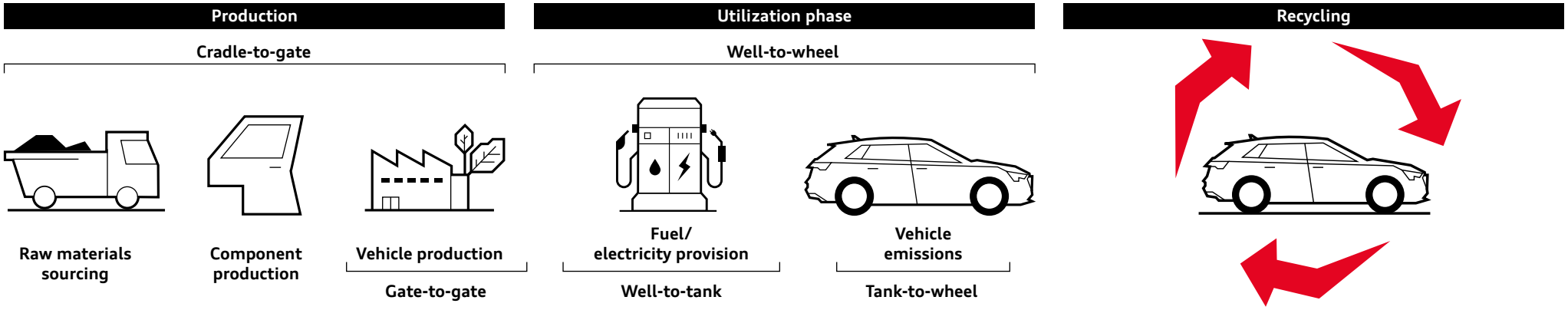
While the general public tends to assess the sustainability of cars on the basis of their fuel consumption, Audi considers much more than just the CO_2 emissions created during driving. In order to be a role model with regard to the environment, the company aims to offer everyone mobility that has as low an impact on nature as possible. This is why Audi is working towards making its products and services environmentally friendly throughout all areas of the value chain and across the entire life cycle of a vehicle.

Ecological tire print
Audi has set itself the goal of reducing environmental impact across the entire life cycle. In order to evaluate this objectively, the company prepares a life cycle assessment (LCA) at the production start of a new vehicle model. This assessment is a standardized, systematic analysis of the environmental impact of a product across its entire life cycle in accordance with the international ISO 14040 ff. series of standards. The life cycle includes all conceivable impacts, from the required raw materials to logistics to production, from the first to the last kilometer on the road, from de-registration to recycling.

Cradle to grave
In order to prepare a complete life cycle assessment, the life of a car is divided into three phases: production, utilization phase and recycling (see infographic). Production has three sub-categories for which data is recorded: raw material sourcing, component production and vehicle production. The utilization phase is divided into the provision of fuel/electricity and vehicle emissions. At the end of its life, the vehicle is recycled. For many of the raw materials used, this is the start ›

The life of a car

Cradle to grave: When carrying out a life cycle assessment (LCA) of a car, the experts distinguish between three phases



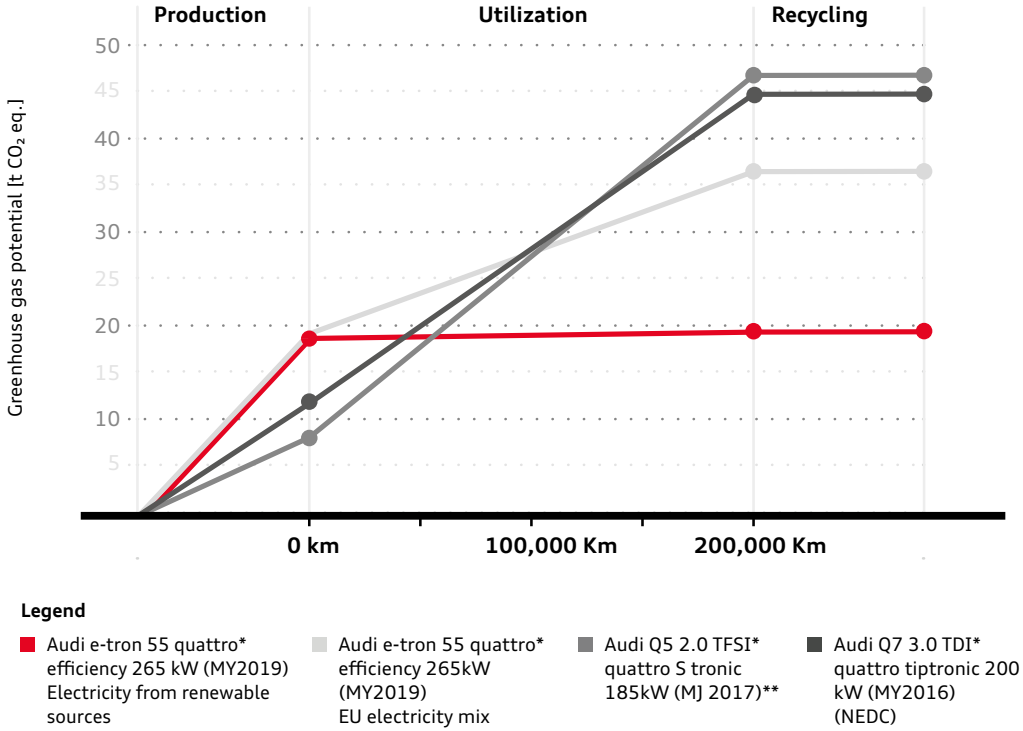
› of a new product life – whether in a new vehicle or in other products (page 62).

Complex and time-consuming analysis
But how is a life cycle assessment prepared? Modern vehicles comprise 3,000 to 5,000 components – and LCA experts analyze each of these based on the bill of material and the material data. This means that all the work steps required in production are recorded, as are the environmental impacts. This information is used to create a huge database that can be accessed to prepare the life cycle assessment. A look at this database shows just how complex the analysis can be, even of simple components: For example, with tires, the electricity consumption used in their manufacture is also recorded – thus the electricity mix at the tire production location makes a big difference.

The result of all the calculations, with approximately 40,000 process steps, is the LCA model, which allows vehicles to be compared with each other and also answers the question: Does the new model have a lower environmental impact than its predecessor?

Comparison of carbon footprints:

Although CO_2 emissions produced during the manufacture of an Audi e-tron are twice as high as during production of a comparable vehicle with an internal combustion engine, they are amortized after about half the total mileage.



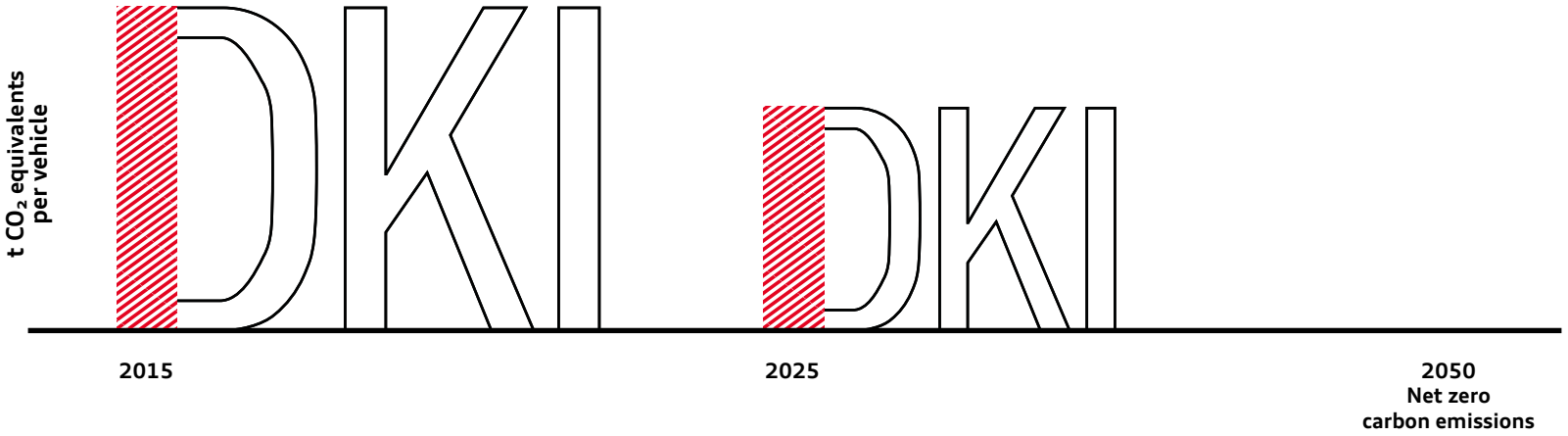
Fast identification of optimization requirements
An LCA quickly indicates optimization potential not just for vehicles with conventional drive systems but also for electric cars. Once Audi knows where the hot spots are – these are the components or processes that experts know have a particularly high impact on the environment – it is easier to set priorities. For instance, one result of the life cycle assessments is the knowledge that the production-related environmental impact is reduced if green electricity is used consistently in battery production. Audi is also very much involved in the complex area of recycling instead of leaving it to external companies. In the spirit of the life cycle principle, the life of vehicle components continues after the vehicle's utilization phase. Every Audi contains valuable raw materials, which, with smart processing concepts, can be reused. The goal is to create a circular economy. For this to succeed, the recycling phase must be taken into account as early as the development of a new vehicle.

Market leadership in sustainable mobility
The effectiveness of all the actions taken to reduce CO_2 is reflected in the life cycle assessment of a vehicle, but not just there: It is also included in the DCI – which stands for decarbonization index. This index is very important throughout the Group, since it is a key performance indicator for the "Together 2025" strategy – the vision of the Volkswagen Group to become the world's leading provider of sustainable mobility (page 15).

* Audi e-tron: Combined power consumption in kWh/100 km: 24.3–21.0 (NEDC); 26.6–22.4 (WLTP), combined CO_2 emissions in g/km: 0. Audi Q5 2.0 TFSI (model year 2017 // NEDC) and Audi Q7 3.0 TDI (model year 2016 // NEDC): Vehicles are no longer offered for sale. Fuel/electric power consumption and CO_2 emission figures for current models can be found on page 110

** In an earlier version of this article, the model name Audi Q5 2.0 TFSI* quattro tiptronic 169 kW (MJ 2016) was listed. In fact, it is the Audi Q5 2.0 TFSI quattro S tronic 185kW model (MY 2017). This was corrected in June 2020.

Volkswagen Group: DCI targets



On the road to carbon-neutral mobility, the decarbonization index (DCI) serves as a helpful resource for all of the Volkswagen Group brands. It measures the effectiveness of all measures carried out by the Volkswagen Group to reduce CO_2 emissions. Measured against 2015, the DCI is expected to fall by 30 percent Group-wide by 2025.* The Volkswagen Group aims to achieve net zero carbon emissions by 2050.

The great challenge of decarbonization

Those wishing to travel in a more environmentally friendly manner need more than just a car with low fuel consumption, since sustainable mobility is highly complex and encompasses far more than just that particular aspect. This is why the key word in the sustainability strategy is "decarbonization."

The term literally means the reduction of carbon, or more precisely, refers to the practice of shifting to an economic system that sustainably reduces climate-impacting emissions (measured in carbon dioxide equivalents, or CO_2 equivalents). The long-term goal is to create a carbon-neutral world, which Audi also intends to help bring about. After all, the Group is committed to the goals of the Paris Climate Agreement and is making a contribution to limiting global warming to less than two degrees Celsius. Audi is pursuing the long-term vision of being a provider of carbon-neutral premium mobility and aims to achieve net zero carbon emissions throughout the company by 2050.

The Group has developed a tool to measure its progress throughout this process – the decarbonization index (DCI). This is the Group's key performance indicator and is used to summarize and evaluate all measures aimed at reducing CO_2 throughout the entire life cycle. The DCI factors in the entire value chain – from the extraction of raw materials (manufacturing, supply chain) and production (manufacturing, Volkswagen Group) to the provision of fuel and electricity and vehicle emissions (utilization phase) to recycling.

* Compared with the reference year 2015 and over the entire product lifecycle

All for one and one for all

It is the future software powerhouse within the Volkswagen Group: The Car.Software organization. From 2020, the new independent business unit brings together all the participations and subsidiaries in the Group that develop software for use in the vehicle and for the digital ecosystems.

This is aimed at benefiting customers in particular – because Audi will have more resources to focus on customer-facing functions. In the first phase, around 3,000 digital experts from the participations and subsidiaries will work together.

The Car.Software organization will be rooted in Audi Electronics Venture GmbH; additional German sites include Berlin, Bochum, the Ingolstadt and Stuttgart regions, and Wolfsburg. The software organization's international locations of include Seattle (United States) and Beijing (China).

Competencies to be pooled
Over the past years, there has been an enormous increase in the proportion of software in cars. This area now constitutes a large part of the added value and has significant effects on vehicle performance. In addition, expenditure for software development is rising constantly. Two-thirds of the costs are used for developing "basic functions" that are required by all the brands. On the other hand, brand-defining "functions that customers experience directly" account for just one-third of the costs. This is why the platform and module concept is to be fine-tuned – in the future, there will be one standard software platform that will be used for all brands and in all markets. The Volkswagen Group aims to increase its share of in-house software development for the use in vehicles from less than 10 percent today to more than 60 percent by 2025. The Car.Software organization will play a key role here.

The organization develops cross-brand software in five domains: Connected Car & Device Platform, Intelligent Body & Cockpit, Automated Driving, Vehicle Motion & Energy and Digital Business & Mobility Services. The goal is to establish a standardized software architecture across the Group and bring together hitherto parallel development pathways of the brands. There are clear advantages for Audi: This will create synergies and generate economies of scale, and therefore cut the software costs per vehicle for all brands. Furthermore, the pooled competencies also make the entire Group more forward-looking and competitive. In other words: Well equipped for digitalization and the technologies of the future.

Audi on the web – up close and personal

No time to visit an Audi location? Not a problem! Customers who want to see what's happening at the Four Rings production plants and interactively experience the location and highlights live and online from the comfort of their home have the opportunity to do just that – thanks to the AudiStream service that was launched in 2019.

Livestream
With the online service, visitors can have guides take them on a virtual journey through selected production locations and experience the plants live. From parts production to quality tests, AudiStream gives visitors exclusive insights into the production process.

But there's more: With AudiStream, departments such as Audi Design provide fascinating glimpses of their work and explain to visitors: "What makes an Audi an Audi?"

www.audi.stream

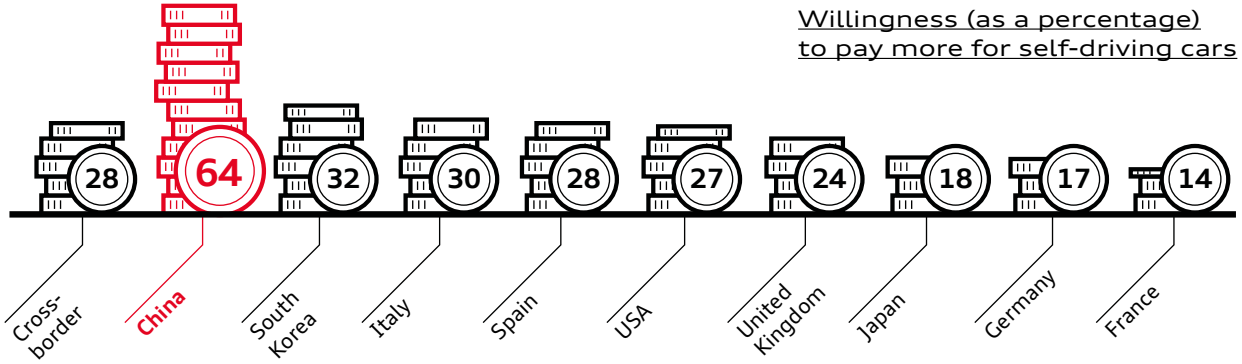
Audi connect – new functions in 2019

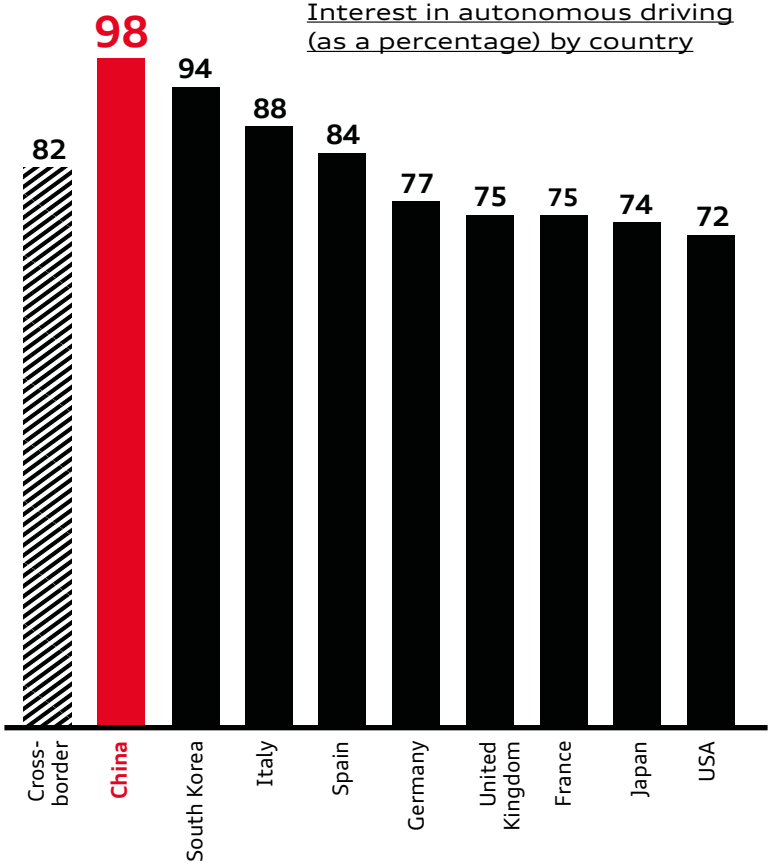
The many new and extended connect functions introduced for connected vehicles illustrate the innovative strength of AUDI AG in the year under review of 2019. Internationalization is quickly becoming evident here.

* Rollout for existing vehicles.
** ECE: in selected regions within Europe

Audi connect function	Markets
Audi connect remote & control / Emergency call & service*	Other countries within ECE** Internationalization: USA, CAN, MEX, JP, KOR, SGP, MYS, TWN, HKG, AUS, NZL
Digital assistant* (Amazon Alexa)	ECE**
Traffic light information online in selected cities	ECE**, USA, CAN
Online navigation map update	CHN

Are you ready to let go?





Audi is a driving force in the field of driver assistance systems – but what do most people think about technological leaps in automated driving? A study from Audi provides clarity.

Are you worried when the pilot switches on the autopilot in a plane? In the distant future, a feature that is well established in aviation and rail traffic will also be common in cars: conditional automation. But are people ready to let go of the steering wheel?

In a large-scale online study, Audi investigated the readiness of 21,000 people from nine countries on three continents. Many of the results were surprising, even to insiders. The study, called "The Pulse of Autonomous Driving," also defined five profiles of different users (see next page) of autonomous driving.

"The study is more than just a welcome addition to our knowledge of the autonomous driving phenomenon," says Dr. Luciano Floridi, Professor of Philosophy and Ethics of Information and Director of the Digital Ethics Lab at the University of Oxford. Floridi is a member of the scientific network of the "&Audi" initiative, which provided the framework for carrying out the study. "The study is a necessary step for any policy and law-making decision and every R&D and business strategy that intends to be proactive and informed in contributing to a better world," says Floridi.

After all, autonomous driving is the subject of many highly charged debates. Getting into a car that takes passengers to their destination on its own? Some people are frightened of this idea, while to others it sounds like the ultimate vision of free mobility. But one thing is certain: Audi has been working on autonomous vehicle technology for many years.

The Audi AI:ME and Audi AI:CON illustrate impressively how this could work and what it could look like in the future. They belong to the family of concept cars that began in 2017. Each of the visionary ›

› vehicles is designed specifically for its clearly defined area of use: The Audi AI:CON combines exclusive comfort with sophisticated technical features for its occupants during a long journey. The Audi AI:ME is an autonomous, fully networked "well-being" lounge for the mega cities of the future.

A great deal of curiosity – little knowledge

The survey "The Pulse of Autonomous Driving" discovered that, while there is great anticipation with regard to self-driving cars, many people also have concerns. On the one hand, in various countries there is a lot of interest (82 percent) and a high degree of curiosity (62 percent) regarding autonomous driving. Those who were surveyed see potential for individuals and society in the new technology – from easier access to mobility (76 percent) to greater comfort (72 percent) to increased safety (59 percent). More than half of the respondents would like to try autonomous driving. But on the other hand, many people are clearly concerned, mainly about loss of control (70 percent) and technically unavoidable residual risks (66 percent). Forty-one percent of those surveyed do not trust the technology and around a third are afraid (38 percent). However, the respondents appear to have little knowledge about autonomous driving: Only 8 percent feel able to explain the subject.

Another interesting fact is the differences between the countries that were investigated, which the survey renders comparable with the Human Readiness Index (HRI). The HRI combines knowledge, interest, emotions and a willingness to use autonomous driving to produce a numerical indicator on a scale from –10 to +10, and shows us how attitudes to autonomous driving are linked to sociodemographics. The results show that the younger respondents are and the higher their levels of education and income, the more they are positively disposed toward autonomous driving. With an HRI of +5.1 the Chinese lead the ranking, while drivers in Germany and France are more reserved, with an HRI of -0.7.

More information about the survey "The Pulse of Autonomous Driving" can be found at www.audi.com/pulse-of-autonomous-driving

Survey "The Pulse of Autonomous Driving": What are the user types for self-driving cars?

Suspicious drivers prefer to take the wheel themselves and would like to keep the status quo. They would not consider autonomous driving until it is fully established. As fans of safety, they are fundamentally critical of the unknown – including new technologies.

HRI -8.4 | **14 percent of all respondents**

Safety-oriented reluctants tend to be reserved about autonomous driving. In general, they attach little importance to cars. Safety is the key point for them, and they are less likely to look for adventure. They believe that self-driving cars should be tested for years before being approved.

HRI -2.8 | **24 percent of all respondents**

Open-minded co-pilots have a positive attitude to autonomous driving, but still always want the option of intervening. They see the advantages of the technology and want initiatives from business, science, and politics to make sure that cars are launched on the road safely. They also expect the technology to result in greater safety.

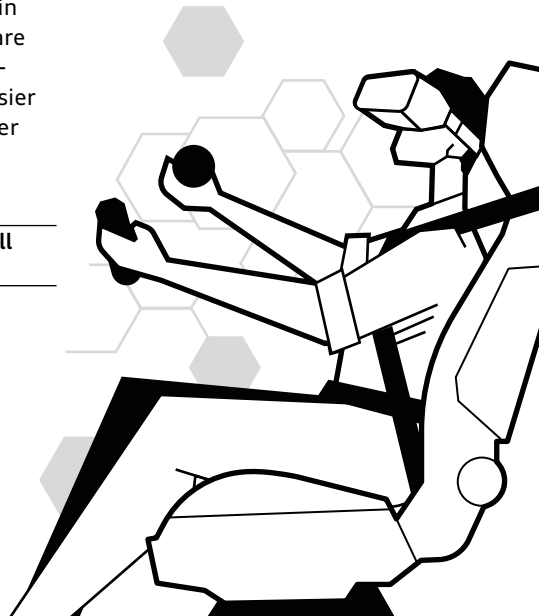
HRI +1.3 | **30 percent of all respondents**

Status-oriented trendsetters can demonstrate their progressive life styles with a self-driving car – and they find this exciting. In search of excitement and adventure, they love new technologies. They are convinced: Autonomous driving technology will prevail if reputable manufacturers develop it.

HRI +3.3 | **16 percent of all respondents**

Tech-savvy passengers would ideally like to get in a self-driving car today, are not afraid and trust technology. They hope for easier access to mobility, greater comfort and, above all, more safety on the road.

HRI +8.4 | **16 percent of all respondents**

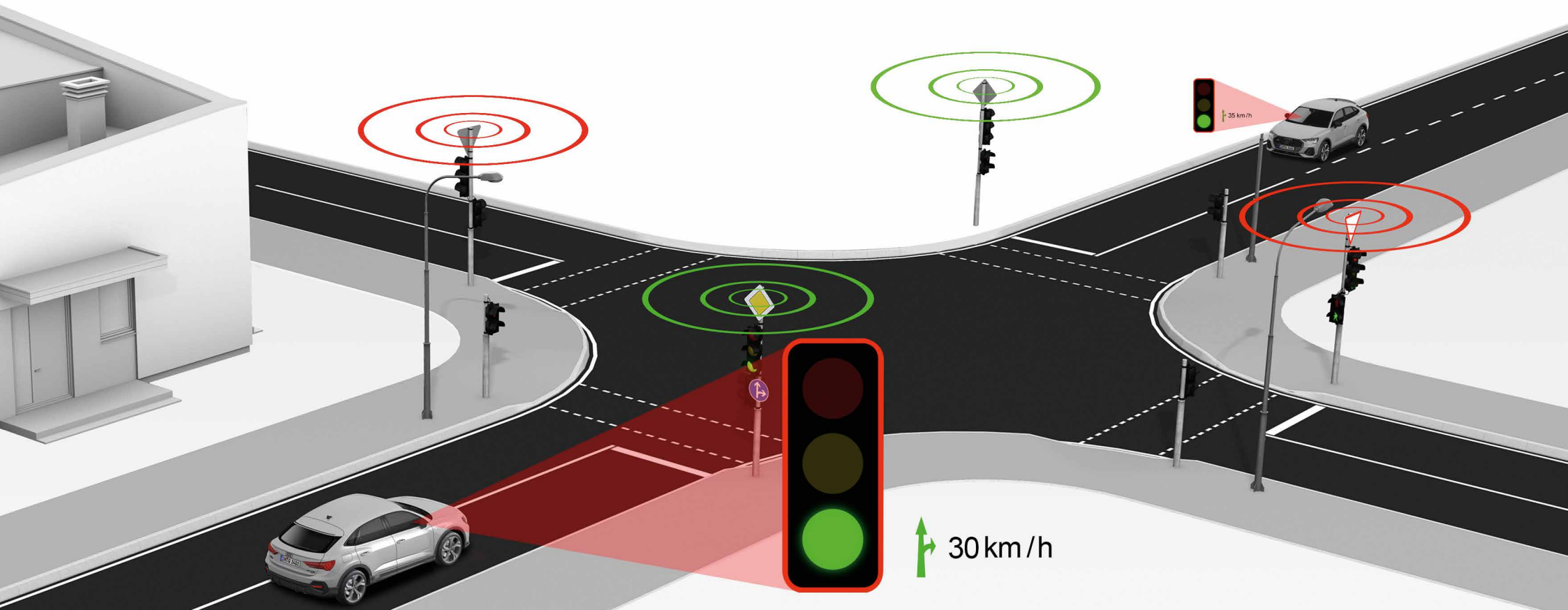


Imagine all the lights are green!

Driving through the city on a green wave? Audi is working with cities around the globe to make this vision a reality – for example, with the Audi traffic light information service. This vehicle-to-infrastructure (V2I) service increases efficiency, convenience, and safety in traffic.

Review, July 2019: In the German city of Ingolstadt, Audi is working with the office for traffic management and geo-information to optimize traffic flows with the aid of digital tools. How? By having traffic lights and vehicles communicate directly with each other. To do this, Audi networks many of its vehicles with the infrastructure. After just a few months, 94 of the 160 traffic lights in the Ingolstadt city area habe already been integrated into the V2I service. The remaining intersections will be included by 2022 so that, thanks to the service, drivers should be able to cruise through Ingolstadt on a green wave and, ideally, reach their destinations without having to stop at all.

Audi traffic light information includes two main functions: Green Light Optimized Speed Advisory (GLOSA) and Time-to-Green. GLOSA calculates the optimum speed for a green wave. Should a stop at a red light be unavoidable, the second function, Time-to-Green, displays a countdown with the seconds remaining until the next green phase begins. ›



In the cockpit, drivers see not only the current speed limit but also how fast they must drive to reach the green light.

› Audi plans to integrate more European cities into the smart services in 2020. This is already happening in the US, where V2I was launched in Las Vegas in 2016. The service is now available at more than 10,000 intersections in North America, with around 2,000 of those in Manhattan in New York City and more than 1,600 around the US capital, Washington, D.C. Audi is also the first car manufacturer worldwide to connect its series-production models with traffic lights in cities.

This is how it works: Audi and its project partner Traffic Technology Services (TTS) have developed a complex analysis algorithm that uses three sources to calculate accurate forecasts: The respective control program of the traffic lights; real-time data from traffic management systems, a combination of motion sensor cameras, induction loops in the road, bus and streetcar messages and pedestrian crossings; and historical data. The forecasting algorithm continuously improves and learns, for example, how vehicle density changes in the morning during commuter traffic and in the afternoon when kindergartens and schools close.

Drivers see the information in the Audi virtual cockpit or on the heads-up display and know when the next traffic light will change to green. This allows them to slow down in good time – which has a positive effect on fuel consumption, CO_2 emissions and, last but not least, drivers' stress levels. "With Audi traffic light information, we want to improve convenience for drivers, increase traffic safety, and encourage a foresighted, economical style of driving," says Andre Hainzlmaier, who heads development for Apps, Connected Services and Smart City.

But that's not all: In return, Audi provides the traffic management system with anonymized data. Traffic planners see, for example, whether vehicles have to stop frequently at certain intersections or average waiting times are comparatively long. As a result, traffic lights can be switched more efficiently and traffic flows better. "Ingolstadt is the first city in Europe in which we are connecting our series-production models with traffic lights. This shows how rigorously the city is investing in a digital traffic infrastructure and how important a close partnership is. The service will help improve traffic flows so that everyone in Ingolstadt benefits," says Achim Heinfling, a plant manager at Audi in Ingolstadt.

In the long term, traffic in all cities worldwide will benefit from this. For instance, in the future, traffic light information could be linked with smart navigation, and "green waves" could be incorporated into optimum route guidance. It is also conceivable that Audi e-tron models will increasingly use braking energy to charge the battery as they slow down when approaching a red traffic light. And, of course, it would be practical if connected traffic lights could respond situationally to current traffic density. In the not too distant future, young drivers could be asking, "What was stop-and-go again?"

Requirements for Audi traffic light information‘
Models: Audi e-tron, A4, A5, A6, A7, A8, Q3, Q7, and Q8 manufactured from the middle of 2019 ("2020 model").

Equipment package: "Audi connect Navigation & Infotainment" and "camera-based traffic sign recognition"

Products and Services (Table 1 of 4)

The Audi Sustainability Program combines strategic goals in the area of sustainability with concrete measures. It is divided into the four core topics “Operations and Integrity,” “Products and Services,” “Value Creation and Production” and “Employees and Society.”

Goal	Measure	Date	Comparison of SDGs
Reduce CO_2 emissions from the Audi EU new car fleet by 27 percent (base year 2012)	Reduce consumption by using new technologies from the modular efficiency platform	2020	
Reduce environmental impact across the entire life cycle compared with the predecessor model	Prepare product-based life cycle assessments for new vehicle models; validate and certify life cycle assessments; publish the data	Continuous development	
Significantly reduce fuel consumption for every new vehicle compared with the predecessor model	Switch 70 percent of new vehicles sold with combustion engines to mild hybridization or plug-in hybridization [8]	2022	
Expand the range of electric drive concepts	Expand the range of plug-in hybrids to seven Audi models	2020	
	Availability of at least one plug-in hybrid in every core segment from compact class or higher (Audi A3) [9]	2023	
	Forty percent of new Audi vehicles feature an electric drive (availability of at least one battery electric vehicle for each core segment)	2025	
	Extension of the product portfolio to a total of five electric cars	2020	

Products and Services (Table 2 of 4)

Goal	Measure	Date	Comparison of SDGs
Ensure availability of charging systems for private charging to coincide with the market introduction of the first fully electric series-production model from Audi	Provide competitive charging lineup for electrified Audi models for domestic charging, including: – Charging equipment – Smart charging functions, e.g., photovoltaic-optimized charging – Joint projects on home energy management systems (HEMS) – Innovative technologies	2020 [10]	
	Further development of the charging lineup for electrified Audi models in relation to the smart integration of electric vehicles into power grids to promote the compatibility between electric vehicles and the grid, including piloting of services to network the vehicle with the power grids	2020	
Ensure the availability of fast-charging infrastructure along the long-distance transport axes in Europe and the USA to promote long-distance capability of electric vehicles	Infrastructure expansion in cooperation with partners, e.g. IONITY joint venture in Europe and Electrify America in the US, as an incentive for electric vehicles	2022	
Extend the charging infrastructure at the Audi sites	Set up and operate cross-site charging infrastructure at Audi sites for the start of production (SOP) of the Audi e-tron; additional needs-based expansion for processes in the plant as well as providing 10% electrified parking lots for company cars and employee leasing vehicles by the middle of 2022 [11]	2022 [12]	
Conserve resources through new recycling concepts for closing material cycles	Development of a recycling process for traction-battery cells	2019 (completed)	

Products and Services (Table 3 of 4)

Goal	Measure	Date	Comparison of SDGs
Global protection and responsible handling of personal data	Fine-tune the organizational processes to validate privacy by design, privacy by default	Continuous development	
Expand the range to include fuel cell drive concepts under the Audi h-tron umbrella brand	Continue to develop fuel cell technology, introduce a small series with fuel cells to the market [13]	2022	
	Roll out fuel cell technology across the Group brands	2026 [14]	
Provide carbon-neutral energy sources from renewable energy to reduce greenhouse gas emissions	Promote the development of synthetic liquid fuels together with suitable partners. Additional focus on the technology readiness of products within AUDI AG [17]	Continuous development	
	Market introduction of Audi e-fuels and Audi e-power in addition to Audi e-gas	2019 [15]	
	Extend strategic partnerships and cooperation agreements regarding research and development of renewable energies	Continuous development	
	Integrate a CO_2 capturing plant (capturing CO_2 from the air) in a power-to-gas or power-to-liquid plant	2021 [16]	

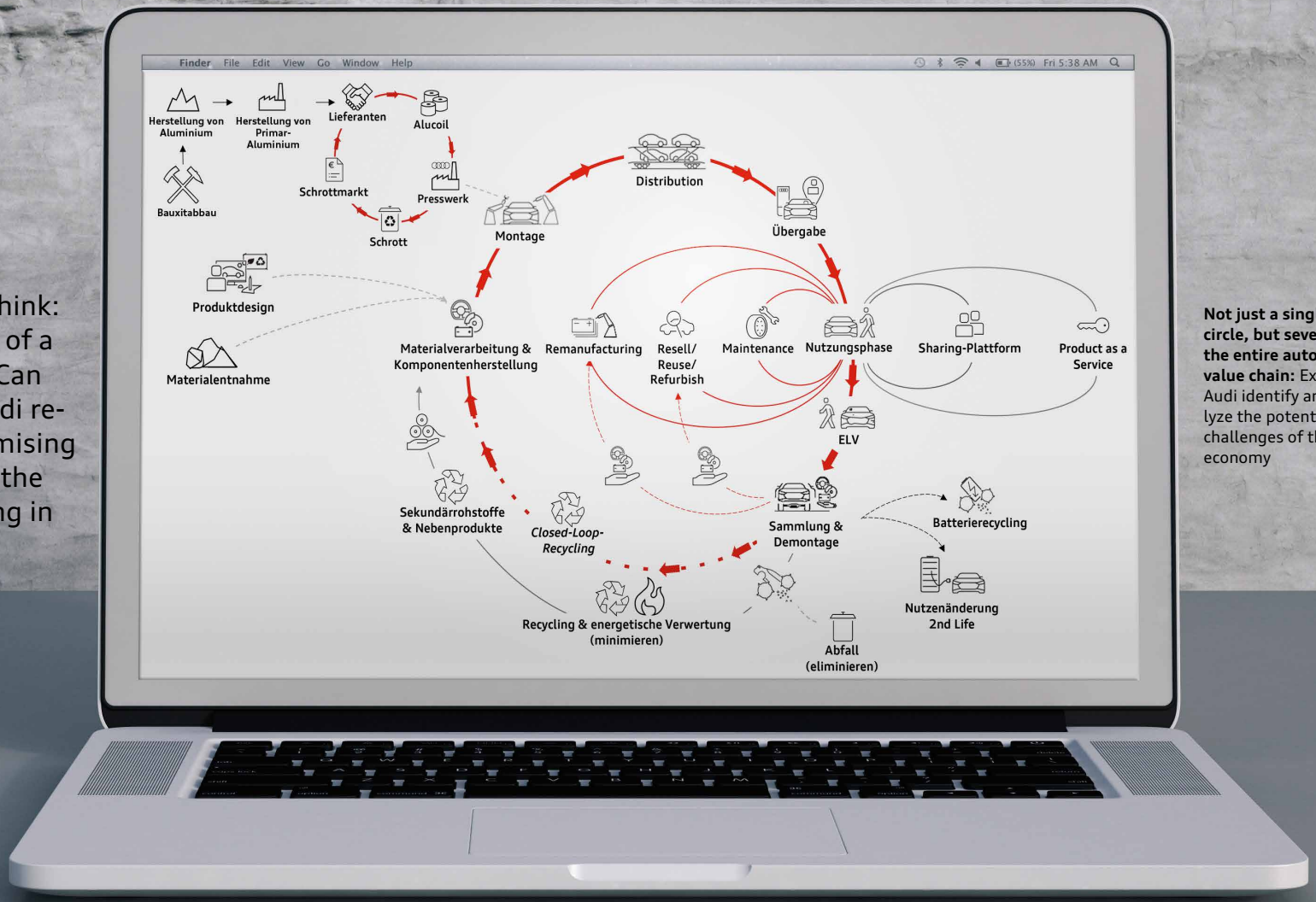
Products and Services (Table 4 of 4)

Goal	Measure	Date	Comparison of SDGs
Responsibility for the safety of customers and other road users	Portfolio of predictive assistance and safety systems	Continuous development	
Enhance road safety	Further development of technologies toward assisted/automated driving	2025	
Develop an attractive mobility portfolio	Develop new business models	2022	

Is “clean” industry even possible?

Audi closes circles

Reduce, reuse, recycle, rethink: Audi is pursuing the vision of a holistic circular economy. Can that succeed? In 2019, Audi researched a number of promising approaches – and came to the conclusion that it is heading in the right direction.



Not just a single closed circle, but several along the entire automotive value chain: Experts at Audi identify and analyze the potential and challenges of the circular economy

Image based on: German Council for Sustainable Development (RNE) in collaboration with Accenture Strategy, 2017, page 16.

When Dennis Christian Meinen talks about his work, those listening quickly get the feeling that he is trying to "square the circle." "One of the key challenges of this century involves decoupling economic growth from excessive consumption of resources – while increasing average quality of life and reducing emissions at the same time." And before anyone can ask, the circular economy (CE) expert adds with a smile: "Yes, the question of how to achieve a circular economy is occupying economic experts all over the world. And it has cost me a few sleepless nights too. But it's worth it – because at Audi we want to find sustainable business models that can be implemented to the ultimate benefit of all stakeholders."

Help in the form of good, new ideas is vital, since the facts have long since shown that something is out of balance. The consumption and behavior patterns that have prevailed since 1971 have led to the world's population consuming renewable resources faster than they can be regenerated and reproduced by the earth and its ecosystems each year.

Closing the cycles

The problem is that an economic system based on growth and continuous and even rising extraction of primary raw materials cannot be sustained on a planet with finite resources. From Audi's perspective, circles need to be closed if a solution is to be found that does not substantially reduce our standard of living and enables continued economic growth and improved social conditions in developing countries. In this respect, the paradigm shift away from the linear economic system offers potential from both an economic and an ecological and social perspective.

"Audi's sustainability strategy evaluates and follows diverse approaches for implementing a circular system in the automotive value chain: from development and material procurement to production and marketing of products, use and reuse," says Meinen. "We primarily devoted ourselves in 2019 to analyzing the topic of CE in its entirety and preparing the next steps." Can the effort pay off? This too is a frequently debated topic among economic experts. Numerous discussions highlight the enormous economic potential of circularity. According to the Ellen MacArthur Foundation, net savings of more than 600 billion US dollars are predicted in the European Economic Area (EEA) through measures such as ecological product design, waste avoidance or reuse – while reducing greenhouse gas emissions at the same time. This will only be possible, however, if all the measures are also actually implemented.

Focus on recycling rates

There are clear laws on the socially important topic of recycling. The German End-of-Life Vehicle Ordinance, for example, requires ›

Thematic goals of Agenda 2030

The transition toward an economic and social lifestyle that respects the natural limits of our planet can only succeed if we change our consumer habits and production technologies.

Measures to combat climate change must be taken immediately. This also requires contractual compliance, international cooperation, and local commitment.

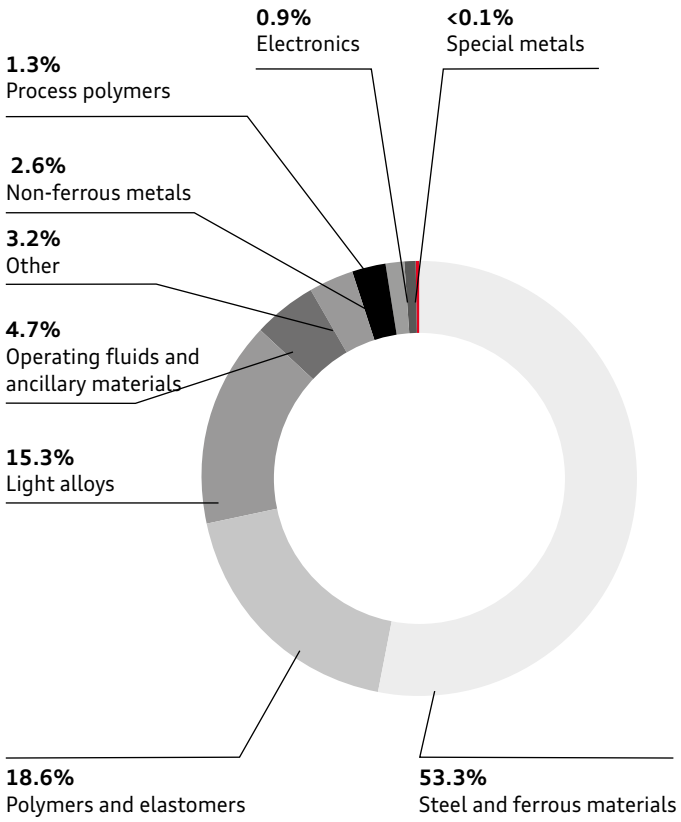
Linear economy

The present business model of car manufacturers – and likewise of companies in other sectors – is based fundamentally in terms of added value and scope of action on the principle of a linear economic model. Vehicles are developed and produced, delivered to the customer, and disposed of at the end of life. Separate industries have generally built up in the past around recycling and disposal.

New power from old cells

Battery recycling is a fundamental part of sustainable electric mobility for Audi. In the year under review, Audi successfully pursued a strategic research partnership for battery recycling. The result: Over 90 percent of the cobalt and nickel from the high-voltage batteries of the Audi e-tron can be recovered. The company is therefore now starting another phase and is testing a closed loop for cobalt and nickel: Together with a partner, Audi is working toward using the raw materials recovered from battery recycling in new battery cells. Audi and Volkswagen are developing a variety of other concepts for handling used high-voltage batteries. When a battery has lost some of its charging capacity after years of use in a vehicle, it can continue to be used outside of a vehicle, for example. Among the many potential applications examined by Audi in this regard, in the year under review the company investigated using such batteries in forklift trucks and tractor units at the main plant in Ingolstadt as well as in stationary energy storage devices at the EUREF campus in Berlin.

Volume of raw materials processed by Audi in vehicles in 2019: 2,855,162 t



Percentage of raw materials processed by Audi in vehicles; presentation based on own analyses

› since 2015 that, of the average net weight of an end-of-life vehicle (ELV), at least 95 percent be subject to reuse or recovery relative to the total number of ELVs in a given year.

In essence then, no part of an ELV is useless. As environmental awareness increases among many consumers – partly due to the rise in public debate on the subject of sustainability – the issues of recycling and reuse have also increased in importance. Audi already has a number of successful projects under its belt in these areas, for example the Aluminum Closed Loop in production (page 65) or the industrial reconditioning of used components to genuine-part quality.

Moreover, Audi is an active member of the Global Battery Alliance, which aims to establish a sustainable value chain for batteries, from resource mining through to sustainable recycling.

Holistic business models

In the year under review, Audi analyzed all conceivable CE business models throughout the entire life cycle of the vehicle from social, ecological, and economic perspectives in order to gain an understanding of the full potential of CE. Based on the findings, scenarios are currently being discussed, for example, for how the classic business model within the meaning of the CE can soon be extended – to the benefit of all stakeholders.

According to Meinen, “Direct, end-to-end product responsibility throughout the entire product life cycle is a basic condition for exploiting all the potential in the spirit of sustainability.” In addition, ensuring the environmental compatibility of the products can also enhance the positive image of the company. “What’s also great about the CE in my view is that it drives innovation and has the potential to encourage further initiatives.”

Audi is playing its part in conserving resources with the Aluminum Closed Loop process

Stronger together

As a large industrial corporation, Audi is mindful of its responsibility toward society and the environment – and uses its impact to meet this responsibility along the entire value chain. Safeguarding sustainability standards in the supply chain is just one example of this.

What does consistently sustainable mean in terms of sustainability standards in the supply chain? "We take responsibility for the footprint we leave in and with our supply chain. Our goal is for the company to avoid a negative impact and to create a positive one wherever possible," explains Marco Philippi, Head of Strategy | Procurement at the Four Rings. "Audi is therefore working toward improving the carbon footprint of its vehicles even before they travel the first few kilometers on the road."

Reducing CO_2 emissions

Reducing CO_2 emissions in the supply chain is one of the action areas set out in the corporate strategy and represents a challenging task: The supply chain is globally distributed, subject to constant change and highly complex due to the wide array of process steps and materials. In addition, it is often not possible to exert influence quickly, since suppliers ultimately are independent companies with their own decision-making autonomy and interests. Furthermore, Audi only has business relationships with direct suppliers, meaning that its direct influence is generally restricted to this first tier. However, a large proportion of emissions are not primarily produced by the direct suppliers, but rather deeper in the supply chain depending on the material and energy intensity of the processing stage.

Pulling together

"Procurement is active in 152 countries around the globe. We are the central interface between AUDI AG and more than 16,000 suppliers," says Marco Philippi. "Both individually and in cooperation with our partners, Procurement therefore has enormous influence, which we want to use in a positive way." Of global CO_2 emissions caused by humans, the Volkswagen Group is accountable for 1 percent through its passenger cars portfolio. To effectively reduce emissions in the production phase of a vehicle's life cycle, Procurement relies on the Audi CO_2 program among others. A recent challenge: The rigorous electrification of the vehicle fleet has caused an increased percentage of the CO_2 emissions created during the life cycle of the car to arise in the supply chain and during production. "We estimate that, due to electrification, this will account for almost one quarter of all CO_2 emissions by 2025," says Philippi.

Great savings potential

Lightweight construction with aluminum has been one of Audi's greatest strengths for decades. The company has special expertise in handling this material, which can be seen in both the vehicle itself and in the production of components. Due consideration is given to the topic of sustainability throughout the different process steps. In the 2019 year under review, the Audi CO_2 program in the supply chain focused on the use of steel and aluminum, since ›

› these materials are especially energy-intensive to manufacture. During more than 30 workshops conducted with suppliers, over 50 measures were developed, which together identify a savings potential of 1.2 metric tons of CO_2 per vehicle. Total savings of 300,000 metric tons of CO_2 on balance were achieved in the 2019 year under review, thanks to the actions taken by Audi in the supply chain.

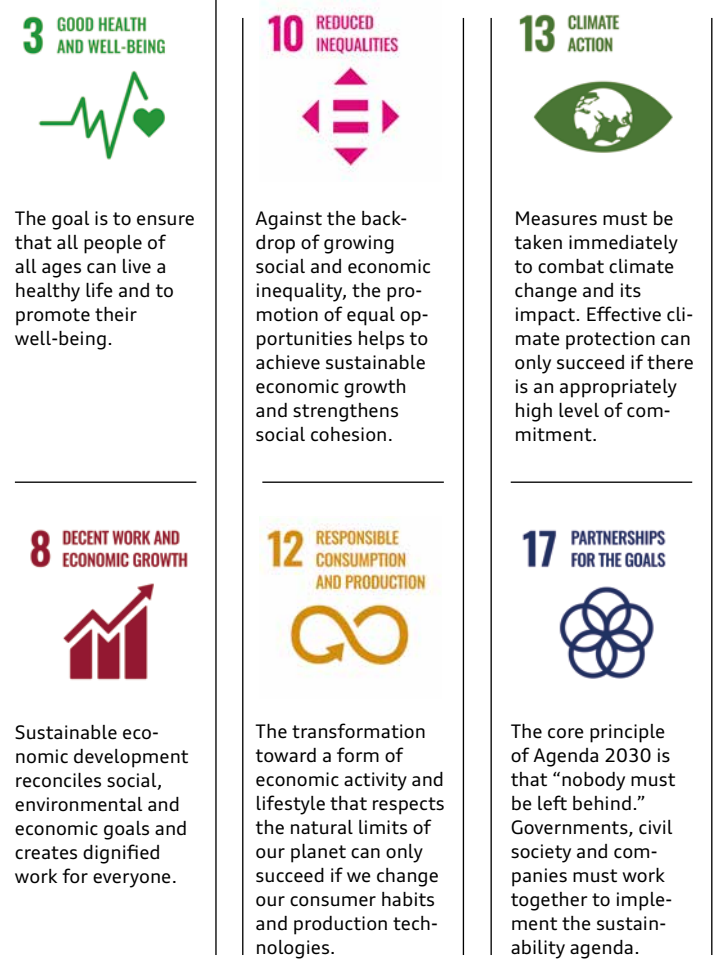
At its Neckarsulm site, Audi demonstrates just how effective close collaboration can be when it comes to enhancing sustainability in the supply chain. “To use even less primary aluminum in manufacturing in future, Audi launched the Aluminum Closed Loop three years ago. This ensures that high-grade aluminum scrap is not sold for profit on the scrap metal market, but is fed back into the material loop. The recycling rate is almost 100 percent,” explains Johanna Klewitz, Team Leader Sustainability in the Supply Chain at Audi. “Compared with primary aluminum, up to 95 percent less energy is consumed during production.” So, how does this work? Excess aluminum offcuts from the press shop in Neckarsulm are returned directly to the supplier. The supplier can recycle the scrap and use it to produce new material that Audi then uses again in the press shop. The Aluminum Closed Loop contributes significantly toward using resources sparingly – and it proves just how well the circular economy can work. In the 2019 year under review, this way alone enabled Audi to save 150,000 metric tons of CO_2 on balance. The Ingolstadt plant joined the Aluminum Closed Loop process in January 2020, and Győr is set to follow in 2021.

Cooperation in initiatives

The work in the deeper tiers of the supply chain and beyond contractual relations requires further involvement from Audi. The company also achieves this through its cooperation in different initiatives. In terms of aluminum, for example, Audi has become a member of the Aluminum Stewardship Initiative (ASI). The ASI has developed a global standard for the handling of aluminum, which lays down environment-related and social criteria along the value chain. In 2018, Audi became the first car manufacturer to receive the Performance Standard certificate from the ASI for its responsible use of aluminum for the battery housing on the Audi e-tron.*

For more information about sustainability in the supply chain and supplier management throughout the Group as a whole, refer to the Volkswagen Sustainability Report

Thematic goals of Agenda 2030



Involvement of suppliers

The Group extends the responsibility for the environmental effects of its vehicles to its suppliers throughout the value chain. The Volkswagen Group has therefore been actively involved in the Carbon Disclosure Project (CDP) Supply Chain Program (SCP) since 2015 and also received a score of A- again for the reporting year there. This corresponds to leadership status. In 2019, the Group significantly expanded the number of suppliers surveyed as part of the SCP regarding responsibility for climate and water to more than 280 suppliers. That is equivalent to more than 79 percent of production-related procurement spending (excluding services, VW Brazil, Scania and joint ventures in China). According to suppliers’ self-assessments, they reduced their overall emissions by a total of 8.05 million tons of CO_2 compared with the previous year. The suppliers put the proportion of renewable electrical energy at 23 percent. Since 2016, the CDP has included science-based targets (SBTs) in the questionnaire: 34 percent of suppliers that responded have set themselves SBTs or intend to do so.

* Combined power consumption in kWh/100 km: 24.3–21.0 (NEDC); 26.6–22.4 (WLTP) combined CO_2 emissions in g/km: 0

Audi suppliers are committed to sustainability

Sustainability plays a major role throughout all of the divisions at Audi. To ensure that everyone takes this responsibility seriously, Audi partners are now also being brought on board. This is where the sustainability rating (S-Rating) and its specific actions come into play.

Greater sustainability and responsibility

"Our goal is to pursue a path toward greater sustainability and responsibility together with our suppliers in a spirit of partnership," says Johanna Klewitz, Team Leader Sustainability in the Supply Chain at Audi. "That is why Audi introduced its sustainability rating in 2017. This sustainability rating, also known as the S-Rating, has been mandatory throughout the Volkswagen Group since July 1, 2019. The sustainability rating is a mandatory criterion for awarding contracts to suppliers of production materials as well as for relevant suppliers in general procurement. Within the contract awarding process, the sustainability rating is on a par with other important criteria such as cost, quality, technological expertise and logistics. Johanna Klewitz: "We are convinced that our suppliers play a key role in the success of the company in the matter of sustainability. For this reason, we only want to collaborate with partners that share our values. Together with our direct business partners, we require that these values are embodied in the deeper tiers of the supply chain, too."

The sustainability rating and its impact

A self-assessment questionnaire (SAQ) standardized for the automotive industry gives Audi information about sustainable operations with regard to social and environmental aspects and corporate ethics at the respective suppliers. In 2019, a total of 12,646 suppliers already provided the Volkswagen Group with information in this way. When necessary, the Group also conducts an additional compliance check. If the SAQ is not satisfactory, an independent sustainability assessor visits the company to carry out an inspection relating to areas such as economical use of resources in production and industrial safety. Such an assessor was deployed on behalf of the VW Group 1,331 times in 2019. Follow-up checks are subsequently performed to ascertain whether the deficiencies identified by the sustainability assessor are actually being rectified. At the end of an S-Rating process, a supplier is assigned a status of either "can be awarded a contract" or "cannot be awarded a contract." There are no gray areas. In other words, price is not the only decisive factor in awarding contracts.

Audi sets high standards for issues such as corporate ethics, sustainability and environmental protection. Audi also expects this from its suppliers. If they are to work together as partners, the two sides need to share the same values and ambitions. Integrity and social aspects, such as corruption prevention and a safe and healthy working environment, are just a couple of examples. The topic of preventing and disposing of waste properly is also addressed. Companies need to draw up official guidelines in this respect, anchor them in their corporate conduct and communicate them to their employees so that they are put into practice every day.

Working together and not against each other

The main objective of the S-Rating is not to exclude suppliers, but more so to enable suppliers to improve their performance if it is not satisfactory. This is the only way in which positive impacts on people and the environment can be achieved. With this in mind, every supplier has the option of undergoing a repeat evaluation following completion of improvement measures.

The S-Rating helps Audi to meet its responsibility toward the environment and society more effectively. For some time now, the brand with the Four Rings has been preparing its business partners and workforce for the rating with information and in events and workshops. A total of 99.9 percent of all Audi procurers completed the web-based training on the topic of "S-Rating" in the year under review.

The sustainability self-assessment calls for guidelines and management systems, for example, which govern the corporate practices of our business partners. To ensure that this does not cause any bureaucratic obstacles, Audi began in the year under review to offer "Sustainability Talks" for companies employing between 50 and a maximum of up to 500 people. These involved workshops in which external specialists demonstrated best practice approaches, which help participants to draw up neat and effective sustainability guidelines. Fifty-five percent of the suppliers who received training were able to improve their S-Rating following participation in the "Sustainability Talks."

Impact through coverage and relevance

Audi is currently collaborating with OEMs (original equipment manufacturers) and suppliers on a common standard for on-site checks, which aims to avoid duplication and achieve broader coverage of the supply chain. This work is being undertaken as part of a working group of the German Association of the Automotive Industry or VDA (Verband der Automobilindustrie e. V.). The plan is that, from 2020 onward, suppliers will only have to be audited once; the results can then be shared with all participating business partners via a central platform.

Ad hoc process

A further aspect of sustainable supply chain management is the managed handling of ad hoc disclosures. These are suspected breaches of the sustainability requirements that occur suddenly. The process of ad hoc case management was revised further and systematized in the year under review.

The breaches that lead to opening an ad-hoc case can, for example, be uncovered through information from third parties or employees in the supplier businesses. In such a case, the relevant ad hoc expert team of the relevant brand or region coordinates the implementation of a catalog of measures with the support of the Group ad hoc expert team, once a plausibility check has been performed by the Group.

If Audi determines that suppliers or sub-suppliers are failing to meet sustainability requirements in such a case, the company asks suppliers to provide a written statement based on a standardized report.

In the Volkswagen Group during the reporting period, Group Internal Audit agreed on measures with suppliers in addition to 27 ad hoc cases that were processed by Procurement. This concerned suppliers where behavior contravening the rules or contracts was identified as a result of information provided or audits carried out. The collaboration was ended or suppliers were blocked for new awards of contracts in the case of a total of 17 suppliers due to the activities of Procurement and Internal Audit.

For further information on dealing with ad hoc cases and other key figures on the topic, refer to the Volkswagen Sustainability Report

We see it as our duty

Audi not only lives up to its responsibility in its relationship with its direct business partners. The company also aims to establish this sense of responsibility together with its partners along the entire supply chain.

Clear rules for business with partners
Sustainability requirements in the supply chain are firmly embedded the "Volkswagen Group requirements regarding sustainability in its relationships with business partners" (Code of Conduct for business partners). They are based, among other things, on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the relevant conventions of the International Labor Organization (ILO). The Code of Conduct is, however, not just based on international standards, but also on objectives, rules and policies of the Volkswagen Group. The Code of Conduct describes the goals and principles of cooperation with partners as well as the scope of application and validity of the regulations. In addition, the different reporting options and contact points for misconduct are also included.

Duty of due diligence for human rights
Respecting and protecting human rights is of the utmost priority for Audi. The company is guided by international requirements in this respect, is involved in various initiatives, and thereby campaigns for the preservation of human and environmental rights in the supply chain together with other partners. In line with the requirements of a risk-based approach, Audi concentrates its measures on the supply chains that are associated with particularly high risks for negative impacts according to its analyses. Among the significant challenges facing electric mobility is the sustainable extraction of the required raw materials.

Yet what does this mean in practice and how does it work? "The topic is multifaceted," explains Marco Philippi. "Our goal is to only use raw materials that have been mined under humane and sustainable conditions. When we consider that an Audi is made up of around 1,600 kg of different raw materials on average, then it is clear that we are facing an enormous challenge in terms of sustainability." The supply chains at Audi can be long and widely distributed.

Some raw materials undergo nine stages before they come into direct contact with the Group. Marco Philippi: "We generally only have a contractual relationship with the direct supplier. This makes it extremely difficult to ensure compliance with all environmental and social standards at every stage. Added to this, supply chains change frequently: companies leave, other providers take their place. This makes it extremely difficult to maintain a current picture of the entire supply chain at all times." Audi has therefore chosen what is referred to as a hot-spot approach to comply with its due diligence requirements in the raw material supply chain.

Responsible sourcing of raw materials
The most relevant hot spot at present concerns battery materials, particularly cobalt. In close collaboration with the battery cell suppliers, the Volkswagen Group is pursuing the objective of creating complete supply chain transparency from mining the raw materials to manufacturing the finished product.

The way the company organizes the responsible sourcing of raw materials is driven by the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This contains guidelines for management approaches, for risk identification and prevention, for checking smelters and for communication and reporting instruments.

The work in the deeper tiers of the supply chain and beyond contractual relations requires further effort from Audi, for example through involvement in industry-wide initiatives. Audi has been an active member of the Global Battery Alliance since 2017. This addresses the protection of human rights and upholding of social standards in the extraction of the raw materials for batteries as well as developing solutions for the reuse of lithium-ion batteries. It is also planned to audit the sustainability performance of the mines in the supply chain in the medium term. At the start of 2019, Volkswagen therefore joined the CERA (Certification of Raw Materials) project, which has committed itself to developing such a standard and will test this on selected raw materials.

Using new technologies to improve the sustainability of supply chains

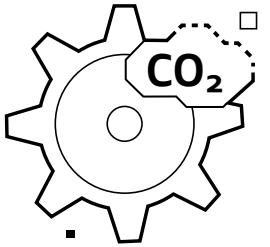
AUDI AG intends to use new technologies also to further increase transparency and traceability in the supply chains. For this reason, the Group is currently piloting the use of blockchain technology, among others, in global and complex supply chains. For example, this will allow greater insight into the provenance of cobalt used in lithium-ion batteries for electric vehicles. Other minerals used in vehicle production can also be tracked in this way. Responsible sourcing of raw materials is a fundamental requirement for enabling sustainable mobility. The pilot projects are the start of a comprehensive development to create more transparency and security in the supply chain.

For more information on the topics of raw materials and commitment, refer to the Volkswagen Sustainability Report

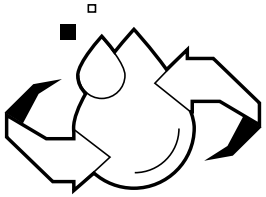
MISSION:ZERO

Scarcity of resources, environmental pollution, and climate change are among the major challenges of our time. Audi is making a sustainable contribution to the corporate strategy "consistently Audi" with its Mission: Zero environmental program.

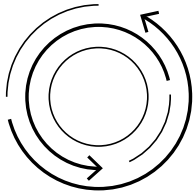
The four action areas and their objectives



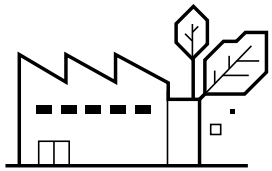
1 Decarbonization
Audi sites will become carbon-neutral on balance by 2025.



2 Water usage
Closed water cycles and wastewater-free production sites.



3 Resource efficiency
Circular economy and effective and efficient use of raw materials.

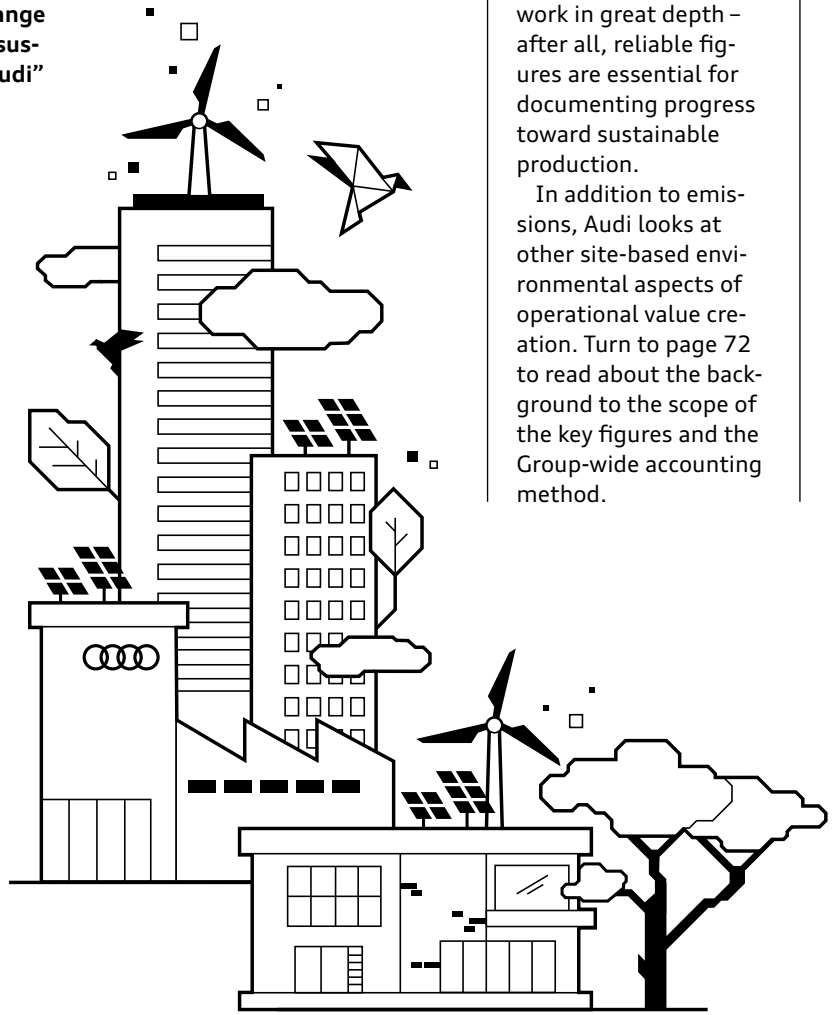


4 Biodiversity
Projects for protecting and preserving biological diversity at all Audi sites.

On the road to consistently sustainable production
The company is in no doubt: Economic success and environmental protection are inextricably linked. The Mission:Zero program therefore focuses on the four action areas of decarbonization, water usage, resource efficiency, and biodiversity. The Sustainable Development Goals (SDGs) of the United Nations act as a guiding principle for the program along with the environmental mission statement of the Volkswagen Group.

In terms of the ecological transformation of Audi's worldwide sites, production and logistics, this means that Audi is transforming itself from a car manufacturer to a provider of carbon-neutral premium mobility. All Audi sites will become carbon-neutral on balance by 2025. In addition, Audi is focusing on the efficiency of its processes and water cycles at its production sites in the face of growing water scarcity and declining drinking water quality in industrialized regions.

Helping preserve biological diversity
Audi not only strives for effective and efficient use and recycling of raw materials in production, the company also plays its part in countering the increasing consumption of land around the world. Moreover, Audi is conducting biodiversity projects at all of its sites to play its part in helping preserve biological diversity.



Environmental management at Audi

Audi analyzes environmental aspects of its worldwide factory network in great depth – after all, reliable figures are essential for documenting progress toward sustainable production.

In addition to emissions, Audi looks at other site-based environmental aspects of operational value creation. Turn to page 72 to read about the background to the scope of the key figures and the Group-wide accounting method.

Taking responsibility

Environmental protection at its production sites plays a decisive role in Audi's Sustainability Roadmap. The most important flagship projects in the four main action areas of Mission:Zero are outlined here:

1 Decarbonization

Audi intends to operate all sites with a carbon-neutral footprint by 2025 to meet its goal of offering fully carbon-neutral premium mobility. Since 2018, the Audi plant in **Brussels** has served as a role model – as the world's first certified carbon-neutral volume production plant in the premium segment.

All production processes as well as all other emissions generated at the plant are covered by the site either through renewable energies (around 95 percent) or through global environmental projects to offset the emissions. The Belgian site focuses on three main pillars. The first pillar is the switch to green electricity. The largest photovoltaic system in the region is installed over a total surface area of 89,000 square meters on the plant's hall roofs. The second pillar is the use of renewable energies to supply heat to the site, also to heat the offices. The plant covers this heating demand by means of biogas certificates. Other emissions that are generated, for example from the operation of company vehicles, are offset by Audi Brussels through carbon credit projects.

Győr in Hungary will become the second Audi site to operate with net-zero carbon emissions in 2020. This is made possible, for example, by a geothermal system for heat supply and Europe's largest photovoltaic roof system, which is installed at the two logistics centers at the Hungarian site. It has a surface area of 160,000 square meters and peak output of 12 megawatts.

2 Water usage

Audi uses efficient processes and a water cycle at its production sites for the sustainable production of its cars. The **San José Chiapa** site in Mexico is an example of a flagship project where Audi produces cars almost completely free of wastewater, the first premium manufacturer to do so worldwide. A water treatment plant collects 100 percent of the wastewater generated here, cleans it, and feeds large quantities back into the water cycle at the plant.

Audi achieved another milestone on the road toward consistently sustainable production of cars at its plant in **Ingolstadt**, where the company commissioned a new process water supply center in 2019. Together with the former treatment plant, a large proportion of the wastewater generated at the site can be fed into a cycle and treated for reuse, thus saving up to 300,000 cubic meters of fresh water each year. The centerpiece of the process water supply center is the membrane bioreactor as a core element of a three-stage water treatment process.

3 Resource efficiency

Natural resources are important production factors and a basis for industrial added value. Audi wants to use resources even more effectively and efficiently and is continuously developing its recycling expertise – and is also adopting an innovative approach when it comes to “land” as a resource.

No new soil sealing: A good example of this is the construction of the new IN-Campus technology site in **Ingolstadt**. Specialized teams are working on remediating a 75-hectare brownfield site on behalf of IN-Campus GmbH, a joint venture of AUDI AG and the city of Ingolstadt. The project is due for completion by the end of 2022. The pollutants in the soil, groundwater and soil vapor arising from its former use as a refinery site have to be removed. The good news for the environment is that no new surfaces will be sealed with the IN-Campus development. IN-Campus GmbH will use 60 hectares subsequently as a commercial and industrial park, while 15 hectares of the total surface area will be restored and designed in accordance with biodiversity criteria.

4 Biodiversity on the plant premises

Loss of biodiversity is one of the greatest challenges alongside climate change. Audi is committed to preserving biodiversity and thus joined the “Biodiversity in Good Company” initiative in 2015.

A very large biodiversity project can be witnessed on the Audi plant premises in Münchsmünster near **Ingolstadt**, where Audi has turned 17 hectares of the total 31-hectare site over to nature. To date more than 110 plant species have flourished there and more than 90 species of wild bees have found a new habitat. Low-yield pasture as well as herbaceous perennial and woody plants are just some examples of what can be found in the biotope-like expanse. Sand heaps, insect hotels, and areas with dead wood, among others, have been integrated into the terrain at the **Neuburg** site. Creating good habitats: Seed mixtures with more than 35 flower species were planted on a number of former lawns at the Audi site in **Neckarsulm** to create habitats and food sources for insects.

Low-yield pastures with native plant species were sown at Audi in **Brussels**.

The company created a green belt around the plant at **San José Chiapa** in Mexico and planted more than 100,000 trees over a surface area of 100 hectares in the neighboring community of San José Ozumba. A Pannonian steppe area typical of the region can be found at the Audi premises in **Győr** (Hungary).

Less is more

Audi works continuously on reducing its energy consumption and emissions.[106] In terms of both products and site-based environmental activities, the focus is on reducing energy consumption and the associated emissions in production.

In addition to the ongoing optimization of processes, Audi also places particular focus on energy-saving measures when planning production and supply facilities as well as buildings. The company's activities also concentrate on generating energy from renewable sources and improving energy efficiency.

Energy intensity of Audi Group [in MWh/veh.]

	2017	2018	2019
Energy intensity[116]	2.65	2.69	2.67

The energy intensity of the Group relating to automotive production including component manufacturing was 2.67 MWh/veh. for the year under review.

As part of energy management, various measures are implemented at the individual sites to secure continuous improvement in energy efficiency.

Background: Environmental management in the Audi Group

Audi carefully analyzes the environmental aspects in its worldwide manufacturing network – with the vision of building its cars in carbon-neutral plants by 2025. Along with emissions, Audi looks at all other site-based environmental aspects of operational value creation.

The basis of environmentally compatible production at Audi is the environmental and energy management systems that the company has gradually introduced since 1995. The environmental management system of the European Union, EMAS (Eco-Management and Audit Scheme), is installed at almost all European car plants of the Audi Group. Six Audi sites in Germany and seven internationally have management systems accredited according to DIN EN ISO 14001[117] or DIN EN ISO 50001.[117]

The Board of Management defines the environmental policy, which is binding for AUDI AG sites. Its requirements are reviewed periodically and amended as necessary.

It applies to all products, services and activities, and is implemented at all levels of the company. The Environmental Protection organizational unit coordinates the Audi Group's activities in the area of ecology and is the central contact for the respective environmental protection bodies of the Volkswagen Group. It develops overarching and strategic regulations and implements these in practice.

Environmental protection at the sites comes under the responsibility of the individual environmental protection officers.

Scope of the key figures

Unless otherwise indicated, the environmental key figures are determined on the basis of Volkswagen standard 98000. This standard defines how operational environmental data is to be determined within the Volkswagen Group and its subsidiaries. The aim is to collect and document all environmentally relevant data from all the plants in a comparable manner. The environmental data is primarily based on measurements and calculations. Qualified estimates or projections are used only in exceptional cases. The environmental key figures for the respective current year are provisional data, which are replaced by the final result in the following year.

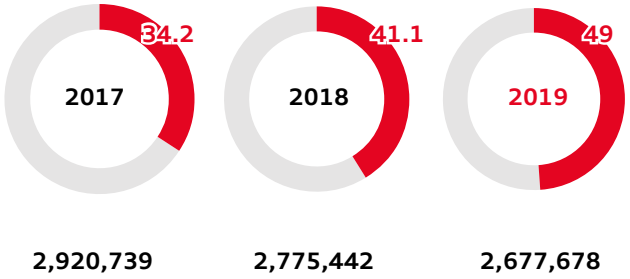
The values for 2019 are provisional in this report. The values for 2018 are year-end figures: This explains any deviations from the figures for 2018 listed in the Sustainability Report 2018, which were provisional at the time.

AUDI AG is currently working with Volkswagen Group Logistics to develop a uniform accounting method to determine the CO_2 emissions of logistics operations. The Group-wide accounting method has been developed in accordance with 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.

The scope of the environmental key figures relates to the production sites of the Audi Group. Unless otherwise indicated, these are the following plants: Ingolstadt, Münchsmünster, Neckarsulm, Brussels, Győr, San José Chiapa, Sant'Agata Bolognese (Lamborghini), Bologna (Ducati) and Amphur Pluakdaeng (Ducati). Only car-producing sites including component manufacturing are considered for the specific key figures. In addition to the environmental data of the Audi Group (including Ducati motorcycle production at Bologna and Amphur Pluakdaeng), the environmental data of the car production locations (Ingolstadt, Münchsmünster, Neckarsulm, Brussels, Győr, and Sant'Agata Bolognese sites; including San José Chiapa) is also shown separately for better comprehensibility.

Energy consumption within the Group in total/by type (in MWh) [107]

■ from renewable energy sources (in percent)



Total fuel use (in MWh)

In the year under review, absolute energy consumption within the organization amounted to 2,677,678 MWh. Compared with the previous year (2018: 2,775,442 MWh), this represents a reduction of around 3.52 percent.

Direct (SCOPE 1) and indirect (SCOPE 2) Greenhouse gas emissions by the Audi Group (in metric tons)

	2017	2018	2019
Total CO_2 emissions	727,294	619,140	572,804
Direct CO_2 emissions (Scope 1) [108]	246,276	202,031	198,418
Indirect CO_2 emissions (Scope 2)	481,018	417,110	374,386

A total of 572,804 metric tons of CO_2 were emitted throughout the Audi Group in 2019. This represents a reduction of 7.48 percent on the previous year.

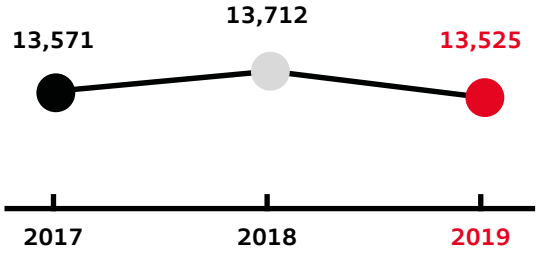
Intensity of greenhouse gas emissions (in kg/veh.)

	2017	2018	2019
Intensity quotients for greenhouse gas emissions (Scope 1 and Scope 2)	660	601	573

The intensity of greenhouse gas emissions relating to automotive production including component manufacturing was 572.99 kg/veh. for the year under review.

The reduction in intensity is due, among other reasons, to the purchase of green electricity in Neckarsulm and Győr. Since January 1, 2020, 100 percent of the electricity taken from the grid by all Audi sites is green electricity.

CO_2-equivalent savings in logistics (in t) [111]



In the 2019 year under review, Audi recorded no major change in general in the total reduction in emissions in the area of logistics from the “green train” with DB Cargo. However, there were deviations in both directions. An increase in emissions savings is primarily attributable to the relocation of production of the A3 Sedan from Győr to Ingolstadt, among other reasons because this resulted in additional transportation of bodies from Hungary to Germany. Counteracting this was a reduction in emissions savings at the Brussels, Ingolstadt, and Neckarsulm plants. The main reason is the sharp-reduction in capacity utilization of the production locations, leading to reduced material and FBU (Fully Built Up) transport. In order to work systematically on cutting greenhouse gas emissions, Audi has been part of the CDP Supply Chain Program via the Volkswagen Group since 2015. Through this program, greenhouse gas emissions are recorded along the entire value chain.

Other air emissions (in t)

	2017	2018	2019
NOx emissions [110]	235	202	191
Sulfur dioxide (SO_2)	1.93	2.14	2.06
VOC emissions [109]	1,425	1,081	916
Total dust (PM)	37	58	41

As well as the CO_2 emissions at the production locations, Audi measures other emissions that are generated by painting work, by the operation of test rigs, or by existing power generating facilities, for example. The reduction in emissions can be explained by a lower production figure since less vehicle surface was painted (VOC and PM).

Freshwater consumption in the Group (in m³)

	2017	2018	2019
Total freshwater consumption	4,207,671	4,159,236	3,428,952

A major issue within Audi's environmental policy is the efficient use of natural resources such as water. In 2019, the Audi Group reduced water consumption significantly in comparison with previous years. One of the main reasons for this was the commissioning of a membrane bioreactor at the Ingolstadt plant.

Total volume of water discharge by destination (in m³)

	2017	2018	2019
Volume of wastewater	2,258,579	2,382,498	1,866,952

Audi meets all statutory requirements on monitoring and permit conditions with regard to wastewater discharges. If necessary, wastewater is pretreated or discharged directly into public sewerage systems.

Recycling waste

Audi closes material loops where possible in order to reduce waste. Group-wide, a total of 107,389 metric tons of waste (excluding scrap) were generated in the year under review. Year on year, the total volume of waste only increased marginally by 0.29 percent.

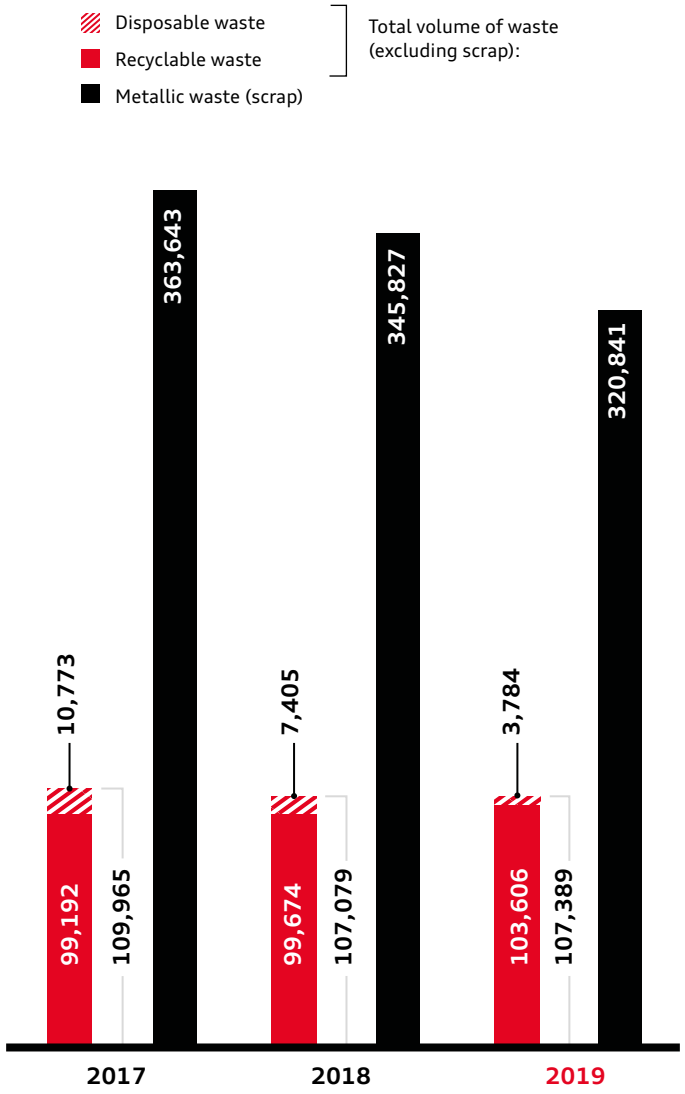
Audi was able to further increase the proportion of recyclable waste Group-wide in the year under review, while reducing the proportion of disposable waste substantially. One of the main reasons for this is the paint shop, where a large proportion of the rinsing agents are recycled.

Audi is aware of the various conditions and local statutory requirements concerning the recycling of hazardous waste (2019: 40,683 t) and complies with them.

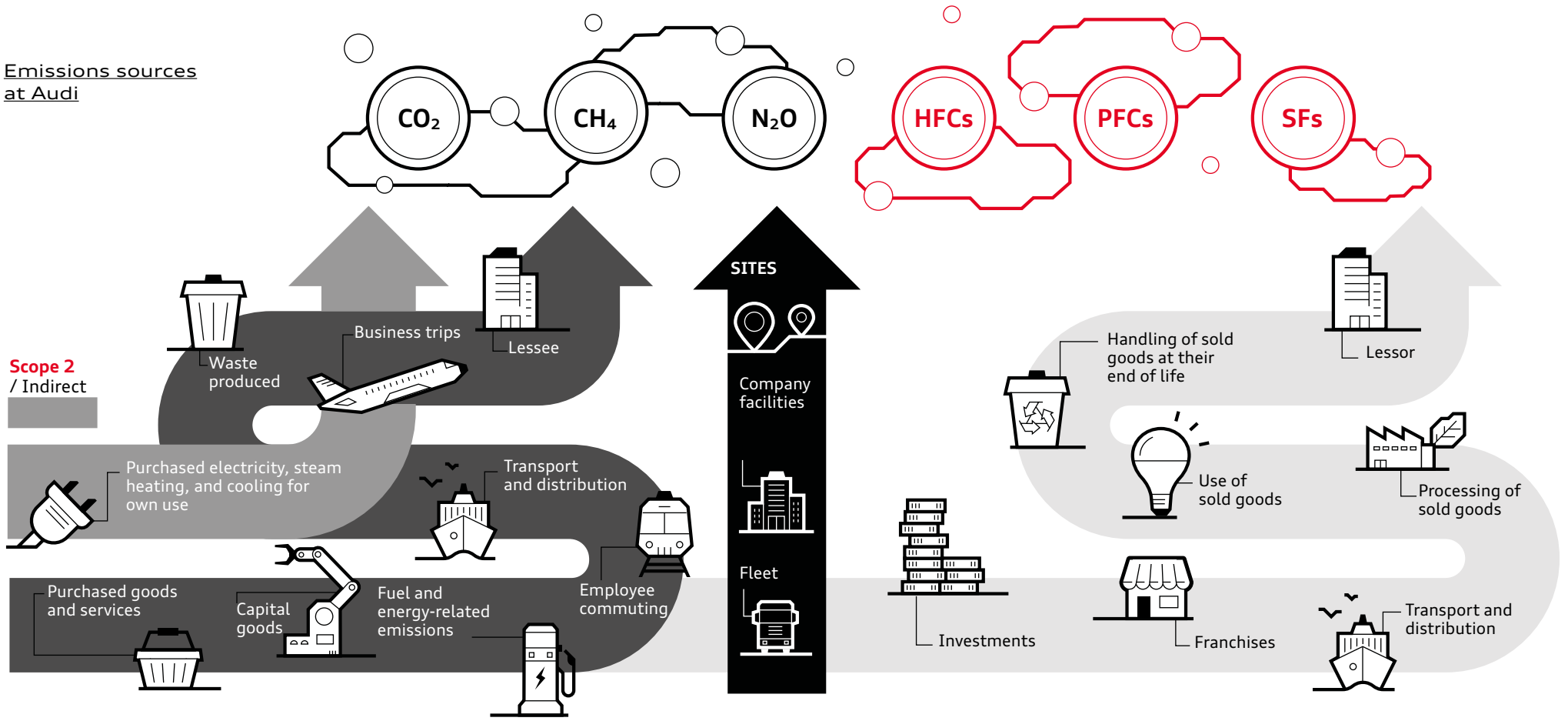
No major discharges of chemicals, oils, or wastes to the environment occurred during the reporting period.

More detailed figures for all topics are provided in the data appendix.

Total weight of waste by disposal method (in t)



Emissions sources at Audi



The Kyoto protocol – United Nations Framework Convention on Climate Change – lists six **greenhouse gases**: Carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O), as well as the fluorinated greenhouse gases (F-gases): hydrogen-containing fluorocarbons (HFC), perfluorinated hydrocarbons (PFC), and sulfur hexafluoride (SF_6)

Scopes are emissions categories defined by the Greenhouse Gas Protocol. **Scope 1** covers direct emissions from combustion processes of stationary and mobile systems, emissions from processes, and emissions from volatile gases.

Scope 2 emissions are produced, for example, from energy sources purchased externally and consumed by the company: These are indirect emissions from purchased electricity and district heating/cooling systems, and from purchased steam.

A distinction is made in **Scope 3** between upstream and downstream activities. Upstream activities relate, for example, to emissions generated on the supplier side (from manufacturing the product from raw materials up to the point of delivery to Audi (cradle-to-gate). Business trips and waste produced are also included in this scope category. Downstream activities include, for example, emissions from transporting products sold and those generated by the end customer in the use phase of sold goods.

Source: GHG Protocol / klimareporting.de / Audi

Experts in quality and big data (from left to right): Dirk Zitterell (Data Scientist), Hans-Jürgen Schweiniger (IT Quality Management) and Rudolf Reinhard (Data Scientist)

Precision counts

When a new Audi leaves production and travels the first few meters on its own four wheels, it is clear on first glance to anyone watching that everything about this vehicle is harmonious. And on second glance? Yes. And third? Yes again. And fourth …? Even if a magnifying glass were used. Every vehicle body is flawless.

The perfectly uniform gap dimensions on every Audi can also be attributed to the work of analysis measurement engineer Ralf Hofmeister and his colleagues Dirk Zitterell and Rudolf Reinhard from the Audi Production Lab. “Our tool ‘Karosseriebau – Prozessorientierte Wirkkettenanalyse’ or ‘K-PoWa’ is for process-driven event chain analysis in body construction,” says Ralf Hofmeister. “It answers the questions: Are there anomalies in the production process in relation to the vehicle geometry, and what impact do they have on the overall result or how do they affect each other? By using state-of-the-art techniques from data science such as anomaly detection, we can perform fully automated statistical process monitoring of the measurement series.” For this purpose, 100 percent of vehicle bodies and their subgroups are measured by Audi at the Ingolstadt plant.

A total of 92 inline measuring stations with 412 sensors are operated in Ingolstadt by the body shop in collaboration with the Analysis Center’s measurement technology unit. Some 1,000 measuring points are recorded for each vehicle model. A measuring point is a defined position on the vehicle at which the body or component is measured in order to determine compliance with default set values and to identify any changes. “We generate vast amounts of data every day with our measurements – about three million records per day,” explains Hofmeister. “We would scarcely be able to monitor this enormous quantity of data completely manually. This is where K-PoWa comes into play. At Audi we use this tool to demonstrate what Industry 4.0 means and how big data can help all of us.”

Use of big data

Humans and machinery generate immense volumes of data in Audi production – with a steeply rising tendency. This data contains a wide array of valuable information and correlations. For production, big data ultimately means a shift toward data-led and therefore highly flexible, but also highly efficient production. This is because the targeted merging, processing and evaluation of data delivers substantial value added for sustainable production. Designing effective processes and avoiding errors ensures that resources and materials are used sparingly and efficiently, while optimized production processes also ease the burden on employees.

Using data correctly

The body shop’s ability to generate three million records is naturally only the beginning. The important thing is to decide: “How can we use the data to respond to questions that arise in the specialist area’s business process?” says data scientist Dirk Zitterell. He and Rudolf Reinhard work in the Audi Production Lab (P-Lab), which supports the creation of many new technologies for production. “In the context of technology development, we collaborate with colleagues from the Production division to develop tools for data analysis in production or planning that are at the cutting edge of research and technology,” says Rudolf Reinhard. “The lab acts as an ›

1,200

patents were registered by Audi in the 2019 year under review.

The number of patents is a good indicator of ability to innovate and innovation management. When it comes to innovation, Audi has been setting records for years.

The company registered more than 1,200 patents in the 2019 year under review. In the area of autonomous driving, for example, Audi came out on top in recent years in studies of car manufacturers conducted by the German Patent Office and the European Patent Office.

Click here to find the studies by the German Patent Office and the European Patent Office.

› interface between innovation and series production, and provides targeted support for employees and planners in production."

Working with agile methods, the K-PoWa team had the challenge of developing a technical analysis tool that records and visually presents relationships in the data records fully and quantitatively. Initial solution approaches were demonstrated during the Audi Smart Factory Hackathon. Meanwhile, the project is now being developed progressively by a project team consisting of employees from P-Lab, the body shop, the Analysis Center and IT. "As a premium carmaker, we set ourselves very high standards. This project is also a good example of this," explains data scientist Rudolf Reinhard, and adds: "Our preventive measurement technology also contributes to greater sustainability in production: It is efficient with respect to reworking costs, effort, and time. In terms of our life cycle assessment, energy consumption is falling and there is less waste."

Audi also benefits from the ingenuity of its employees. The most important figures from the Audi Ideas Program are on page 90

Peter Stechel (Head of the Analysis Center, left), Ralf Hofmeister (Head of the technical center for body measurement technology), and Thomas Reeb (Head of measurement technology, right) examine sensors on an inline measuring station at the Ingolstadt plant.

What is a hackathon?

Audi uses hackathons to drive innovation in a targeted way. The term is coined from the words "hack" and "marathon" and describes a collaborative software or hardware development event.

The goal of this collaborative gathering is always to produce useful and creative software products within a short period of time – sometimes even during the course of an event – in order to find solutions for given challenges and specific use cases.

ABI: Business innovations at Audi

Audi Business Innovation GmbH (ABI), a 100 percent subsidiary of Audi, is also a driver of innovation. ABI's goal is to find answers to current and future customer problems efficiently and sustainably and in this way shape tomorrow's digital business models. As one of four business areas, the Business Innovations division bundles the competencies Service Design, Business Design, and Project Management.

One of the key focal points is business model development in relation to energy and sustainability. ABI develops product ideas together with customers in different Group projects and validates them in terms of willingness to pay and market requirements as well as potential take rates. For this purpose, the company also regularly conducts interviews with fleet managers or tests digital products and services with customers.

Value Creation and Production (Table 1 of 4)

The Audi sustainability program combines strategic goals in the area of sustainability with specific measures. It is divided into the four core topics “Operations and Integrity,” “Products and Services,” “Value Creation and Production,” and “Employees and Society.”

Goal	Measure	Date	Comparison of SDGs
Integrate sustainability into supplier relationships	Training for all procurement employees to raise awareness of sustainability standards in supplier relationships	Continuous development	
	Training for all suppliers to raise awareness of sustainability standards in the supply chain	Continuous development	
	Introduction of a sustainability rating (S-Rating) from mid-2019 with relevant first-tier suppliers	2019 (completed)	
	Sustainability rating (S-Rating) as a mandatory criterion for awarding contracts	Continuous development	
	Involvement in industry standards and Group tools to ensure compliance with environment-related and social standards in the supply chain	Continuous development	

Value Creation and Production (Table 2 of 4)

Goal	Measure	Date	Comparison of SDGs
Integrate sustainability into the supply of raw materials	Development of circular economy concepts for the supply chain (focus: aluminum and HV battery)	2020	
	Adaptation of existing processes through successive implementation of human rights duty of care for critical raw materials in the supply chain	Continuous development	
Successive decarbonization of the supply chain together with suppliers [113]	Performance of CO_2 workshops with selected hotspot suppliers to identify measures with potential to reduce CO_2 emissions [114]	Continuous development	
	Rollout of the Aluminum Closed Loop in other plants	2025	
	Anchoring the use of green electricity in the supply chain	Continuous development	

Value Creation and Production (Table 3 of 4)

Goal	Measure	Date	Comparison of SDGs
Involvement of Sales in implementing Audi's sustainability strategy	Completion of a sustainable conference building (Audi Brand Center) at Munich Airport with an integrated photovoltaic system to generate electricity, ultra-efficient building technology, geothermal building cooling and heating, along with the use of sustainable building components	2019 (completed)	
	Commissioning of an electric charging station at Munich Airport with six charging points (two rapid-charging stations, four standard-charging stations), supported by second-life-battery buffer storage devices. Reuse of the e-tron meteorite as a building for the electric charging station supplemented by sustainable materials	2019 (completed)	
Reduction in disposable waste, freshwater consumption, CO_2 and VOC emissions, as well as overall energy consumption at the production sites by 25 percent per reference unit (base year 2010)	Detailed planning and implementation of site-specific packages of measures for achieving Group-wide reduction targets	2019 (completed)	
For the German sites Ingolstadt and Neckarsulm, we have set ourselves a reduction target of 40 percent for CO_2 per reference unit through 2020 as part of energy supply (base year 2010)	Detailed planning and implementation of site-specific packages of measures for achieving Group-wide reduction targets	2020	
Achievement of the target figure for the environmental impact reduction production per unit (UEP) of 35 percent. The environmental impact reduction production is a vehicle-specific variable. From 2010 through 2025, the development of the five key figures is analyzed: CO_2 emissions, overall energy consumption, disposable waste, fresh water consumption and VOC emissions.	Detailed planning and implementation of site-specific packages of measures for achieving Group-wide reduction targets	2025	

Value Creation and Production (Table 4 of 4)

Goal	Measure	Date	Comparison of SDGs
Expansion and development of measures for reducing freshwater consumption at national and international sites	Realization of water recycling at the Ingolstadt site using a membrane bioreactor; reduction target for freshwater requirements: 30 percent [115]	2019 (completed)	
Systematic reduction in energy consumption	Reduction in overall energy consumption through targets derived from prior-year consumption and the corresponding concrete, implemented and documented individual measures in the operator and planning areas	Continuous development	
All plants CO_2-neutral	Detailed planning and implementation of site-specific packages of measures for achieving targets	2025	
Implementation of the performance standard/chain of custody of the Aluminum Stewardship Initiative (ASI)	Verification of the ASI performance criteria and implementation of the necessary audit to renew the ASI certification of the aluminum components in the Audi e-tron high-voltage storage device	2021	
	Extension of the ASI performance standard/chain of custody to include other aluminum components and production sites of AUDI AG	Continuous development	
Integration of sustainability in the supplier chain and own added value of high-voltage storage devices at Audi	Development of sustainability principles and support of the establishment of standards for high-voltage batteries in the working groups “Circular Economy” and “Innovation” of the Global Battery Alliance, hosted by the World Economic Forum	Continuous development	

Is good work good for everyone?

* Audi e-tron: Combined power consumption in kWh/100 km: 23.9–20.6 (NEDC); 26.3–21.6 (WLTP), combined CO_2 emissions in g/km: 0

Audi embraces diversity

Equal opportunity for everyone: Diverse backgrounds, competencies and skills are what make success possible in the first place. Audi aims to ensure that its employees can optimally unleash their potential – at every level, regardless of cultural background or other characteristics. How well are the Four Rings doing in this regard? Five employees share their experiences:

Roland Degmair

52, Media Design specialist

“The most important thing in a diverse workplace is good communication. We should be able to converse in depth and ask questions without fear. And we should serve as interpreters, mediating between those who speak different languages. That’s my job at Audi as a media specialist. In 2017, for example, I acted as a mediator and co-founded the queer@audi network. Today, this network includes more than 100 employees who feel it is important that people of all gender identities and sexual orientations feel comfortable here. I’m proud that Audi has taken a clear stand on this issue, both internally and externally.”

Gertraud Grünwald

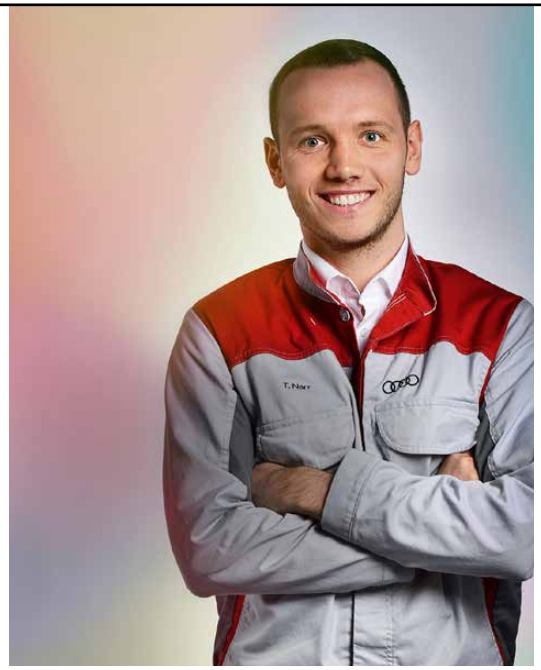
62, Head of Works Council Service

“Different generations can learn so much from each other in our day-to-day work. And I don’t just mean younger employees benefiting from the experience of older ones. It also works the other way around: Young people are often more willing to question established practices – and I find that very inspiring. Personally, I’ve been with the Company since 1974, and for the past 14 years my staff on the Works Council Service and I have been meeting the needs of Audi employees who have problems due to illness. That’s how I know that a personal conversation can be more effective than twenty e-mails. Of course, I am already thinking about the third phase of my life – my own retirement. But until then, I’ll continue to enjoy the diversity of my work at Audi, which presents me with new challenges every day.”

Tiziana Ruiu

36, fuel cell development engineer

“I’m used to adjusting to changes. I grew up in Sardinia, but traveled 800 kilometers to Turin for my master’s degree. Then I earned a doctorate in chemistry, but I soon realized I wouldn’t be able to find a suitable job in Italy. So in 2012, I moved to Stuttgart, where I worked for the German Aerospace Center – until I joined Audi in 2017 to work on basic fuel cell development. My early days in Germany were hard; I had to learn the language and find my way around. But the changes and challenges also motivated me. I feel very respected here at Audi. Every now and then I visit my family in Sardinia. There are many places I call home.”



Tobias Narr

28, maintenance group leader

“Fortunately, I don’t have to keep my favorite hobby quiet in the workplace: My passion is soccer, especially the Bayern Munich club. Admittedly, Bayern fans are in the majority at Audi, but when we discuss the weekend’s professional league games during our Monday breaks, we welcome fans of all clubs. As a group leader, I need many of the qualities that are also important in soccer: I have to be able to motivate others, and I always have to think about the team first while still remaining true to myself. So my hobby is very educational for me, both as a player and as a group leader. I’m also a member of the Audi fan club for the local soccer club, FC Ingolstadt. But I think Bayern Munich will forgive me for that.”

Thematic goals of Agenda 2030

5 GENDER EQUALITY

Promoting gender equality and empowering women is an integral part of Agenda 2030, which seeks to create a diverse and inclusive community where gender makes no difference.

8 DECENT WORK AND ECONOMIC GROWTH

Goals include long-term, inclusive and sustainable economic growth, full and productive employment and dignified work for everyone. Social, environmental and economic development goals should be harmonized.

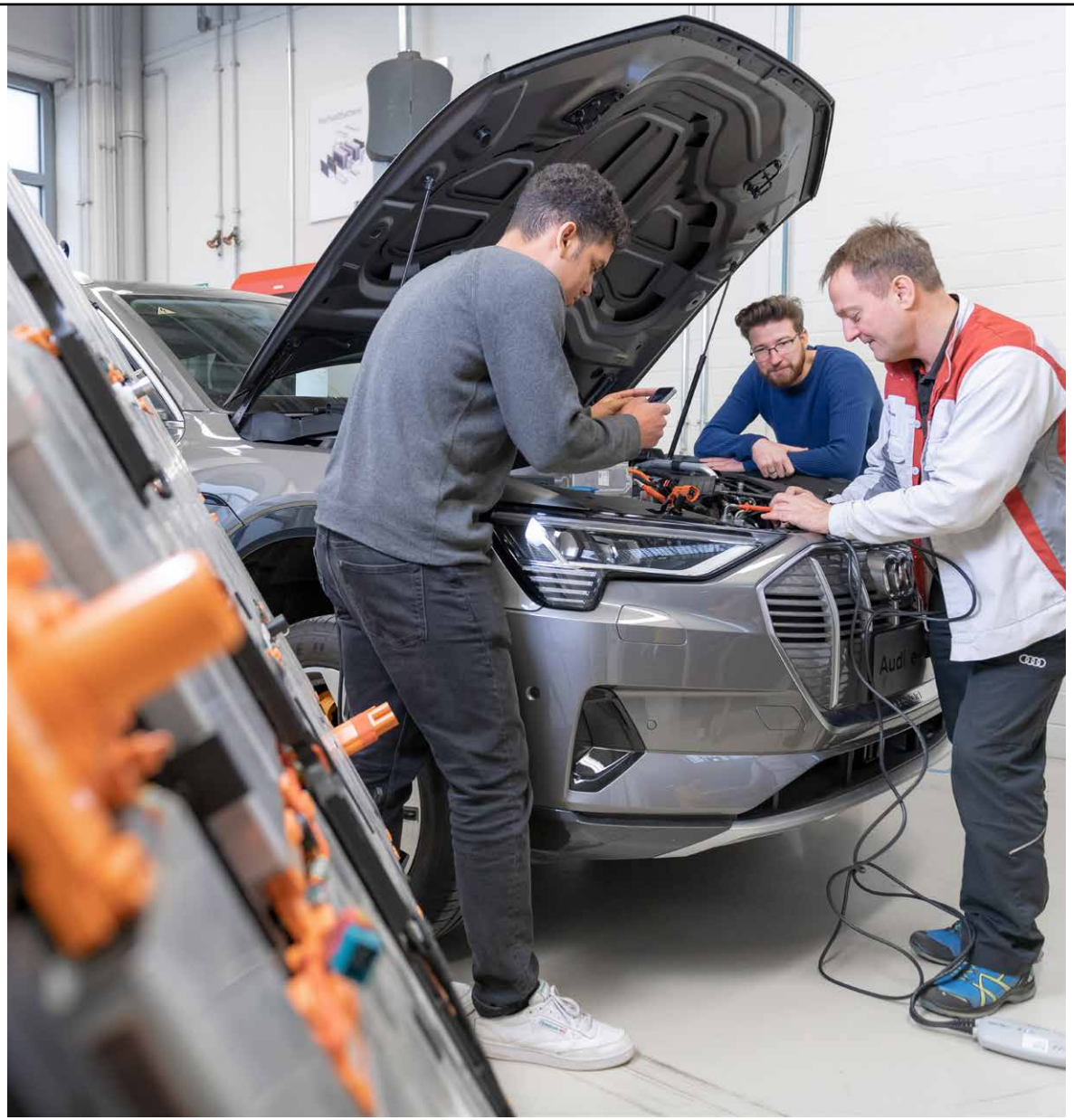
10 REDUCED INEQUALITIES

Promotion of equal opportunity helps ensure continued economic success and reinforces social cohesion. This development goal was born of concern over growing social and economic inequality.

Thomas Hauser

52, IT project manager

“People who fight for diversity and the future should never give up too soon. Sometimes you have to keep going even when all you want is to throw in the towel. For instance, when I was young I really wanted to take up a skilled trade. Then, at the age of 15, I lost my left forearm in an accident and it seemed like my dream was impossible. But now I can say that this difficult situation has made me even stronger. First I completed a classic apprenticeship and then I studied computer science. Since 1996, I have worked in the IT department at Audi, where I have managed many exciting projects over the years. And when problems arise, I still follow the motto: If I have to, I’ll run into a wall 10 times or more – until it eventually gives way.”



Trainer Rupert Kaindl explains to Audi employees Felix Fornoff and Leon Meka (from right) how the Audi e-tron* is disconnected from the battery.

* Audi e-tron: Combined power consumption in kWh/100 km: 24.3–21.0 (NEDC); 26.6–22.4 (WLTP), combined CO_2 emissions in g/km: 0

Flow of knowledge

Audi plans to bring dozens of electrified models onto the market by 2025. That requires expertise – which Audi employees acquire through specially tailored training and development programs. A report

The Audi e-tron is up on the hydraulic lift with the hood open. But the car is not defective; it is just there for illustrative purposes. And for once, no apprentices or training participants are crowding around the car at one of the training workshops at the Audi Academy in Ingolstadt. Today, trainers Rupert Kaindl and Siegmund Singer are teaching their co-workers from Digitalization of Logistics Processes how to de-energize an electric vehicle – and they have decided to transform the training content into a VR training session.

Individual and virtual learning

Apprentices and participants in professional development courses will later be able to practice the necessary steps on an electric car in virtual reality. “The digital world allows us to save real resources. Not only can we share more knowledge with our employees, we can do so in a very individual way. Digital learning opens up new methods and new content both in training the next generation of employees and in offering experienced employees professional development opportunities,” explains trainer Rupert Kaindl.

Audi trains young people worldwide and provides advancement for employees in all life phases by offering appropriate development and qualification options. But e-mobility is not the only field in which Audi employees have been trained for many years.

The Audi Group’s comprehensive range of competence development and qualification programs is bundled at the Audi Academy, where all apprentices, employees and managers can take advantage of them. “With the focus on electric mobility, a new age has dawned for us at the Audi Academy, too,” says Erich Schott, who is responsible for apprenticeships in the area of automotive engineering. “We want to bring Audi employees up to speed with the numerous new activities ›

Thematic goals of Agenda 2030

3 GOOD HEALTH AND WELL-BEING

No exhaust emissions in the air: Electric mobility is meant to benefit everyone's health and well-being.

4 QUALITY EDUCATION

Education is a fundamental human right and key to the sustainable development of society.

8 DECENT WORK AND ECONOMIC GROWTH

Sustainable economic development reconciles social, environmental and economic goals.

Developing and nurturing competences

A transformation calls for new key competences, since competence and qualification requirements change fundamentally. The Audi Academy's qualification programs prepare employees for future challenges. The courses offered are geared to Audi's human resources and competence development needs as well as to the future topics of the industry. Audi will invest more than half a billion euros in professional development between now and 2025.

During the year under review, the Audi Group held 20,694 training events worldwide with 1.7 million participant hours. In Germany, where there were 10,866 training events, over 33,000 employees attended one or more qualification courses in 2019.

For more information and figures on professional development measures at Audi, please see page 107.

› as quickly as possible. There is a huge demand for qualifications in the field of e-mobility. Our workforce needs to feel at home in this field quickly," adds Michael Lobmeier, who heads the professional development program for automotive engineering.

Since 2014, more than 450 young men and women have been trained at the Ingolstadt and Neckarsulm locations as automotive mechatronics technicians specializing in system and high-voltage technology. Apprentices who successfully complete a program with this specialization are then qualified as electricians for automotive engineering. After their apprenticeship, they work in various production areas or in one of the workshops at Technical Development or the Pre-Series Center.

While the occupational profile of automotive mechatronics technician specializing in system and high-voltage technology has been established since 2014, an additional qualification is now being introduced in battery technology, which focuses on the production and quality assurance of high-voltage batteries. The first apprentices will be piloting this additional qualification in September 2020. Ultimately, battery technology will be integrated into the apprenticeship as a fixed module.

Thousands of Audi employees are ready for e-mobility

Professional development measures are designed to take into account the previous knowledge of the employees starting the training. The learning content and qualifications are adapted accordingly. Different qualification paths show which qualification is appropriate for the respective employee. The qualifications are bundled and structured so that they build on each other, enabling employees to start their electric mobility qualifications in line with their individual needs. The more advanced their qualifications, the more freedom they have to work on an electric car. In total, employees have access to over 38 qualifications on the subject of e-mobility. For instance, one newly developed program focuses on the production and quality assurance of high-voltage batteries. It qualifies the participant as an electrician for battery technology with an IHK certificate examination.

Rupert Kaindl, 46, has been a trainer for 20 years. He helps develop the content of training and development measures: "Every person learns differently. We always think about the most efficient way to learn. Our main aim is to provide support and advice. With the help of the digital training world, every apprentice and course participant can learn individually."

Audi spends a great deal of money on the training and, above all, the development of its employees. By 2025, the company will make EUR 500 million available for professional development alone. In 2019, the Audi Academy qualified around 8,000 participants worldwide for electric mobility.

Audi is also looking to cooperate with external training partners. Together with Ingolstadt University of Applied Science (THI), Audi has designed a professional development program for drive developers. Technical and educational experts from the Four Rings ›

› joined forces with THI professors to tailor the in-service qualification to the company's requirements. Thus Audi engineers are now able to broaden their knowledge in THI's lecture halls. The aim is to build up further strategic and technical expertise in the field of electric mobility.

Commercial partners are also receiving electric mobility training. Service technicians in more than 40 markets are taking advantage of a specially developed VR training course to familiarize themselves with the details of the high-voltage battery in the Audi e-tron.

Audi promotes lifelong learning

Training and development play an important role not only in the transition to electric mobility, but also in Audi's overall transformation. The Audi Academy promotes lifelong learning and prepares employees for future challenges in a targeted manner – from vocational education and dual studies to professional development courses. Audi offers vocational training that enables talented young people to qualify in one of 20 vocations. A dual course of study gives students the opportunity to combine theoretical studies with in-house practical phases. Under the "Audi dual" program, various study courses are available to prospective students at the Ingolstadt University of Applied Science and the Technical University of Munich, and also through the partnership program with the Baden-Württemberg Cooperative State University. Those graduating from these courses are guaranteed permanent employment at Audi.

Performance appraisals conducted regularly for all employees at AUDI AG play an important role here. Employees can use these appraisals to discuss their development opportunities. Together with the General Works Council, the management of AUDI AG has agreed on arrangements that enable employees to gain specialized and interdisciplinary qualifications throughout their entire working lives.

German standards worldwide

Whether electric mobility is addressed in vocational training or professional development courses – Audi's international locations are always on board. If necessary, the special training and development programs can be adapted to the particular requirements of each country.

Two experts for electric vehicles: trainers Rupert Kaindl (left) and Siegmund Singer.

"There is a huge demand for qualifications in the field of e-mobility."

Erich Schott, Head of Vocational Training in Automotive Engineering

"With the help of the digital training world, every apprentice and course participant can learn individually."

Rupert Kaindl, trainer at the Audi Academy

Successes of the Sustainability Academy

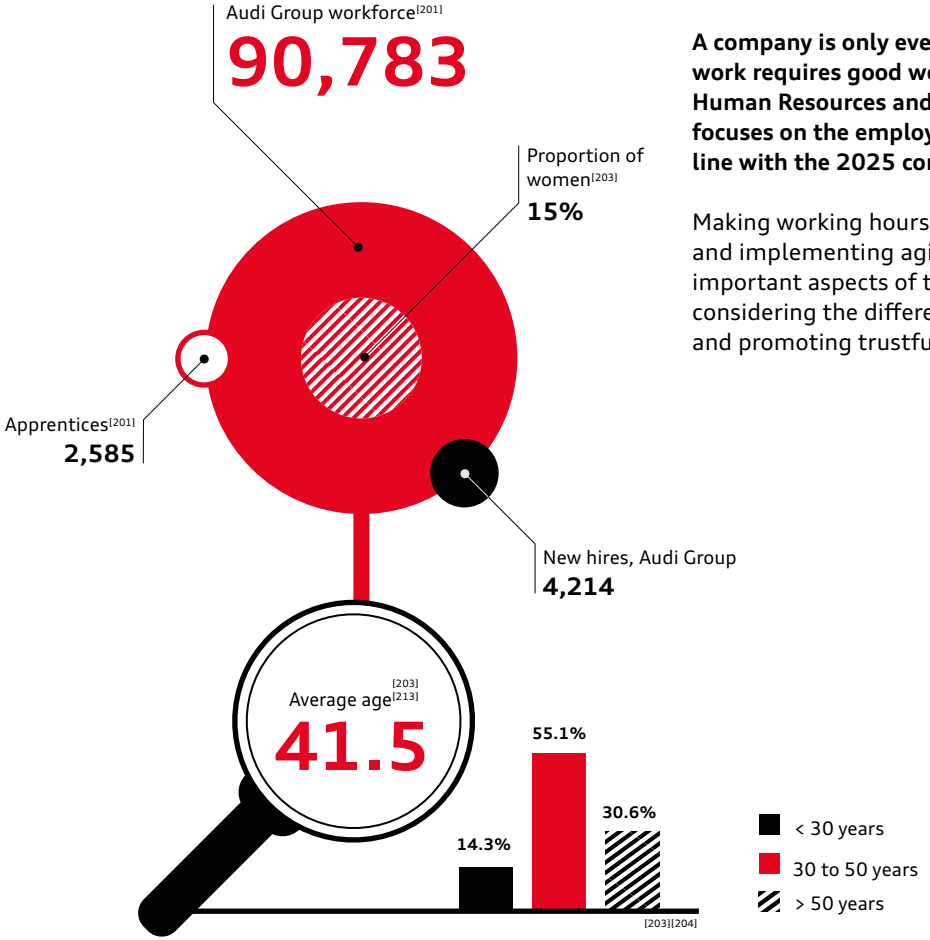
To improve its sustainability performance even more, Audi founded the Sustainability Academy in 2016. All employees and apprentices can take part in classroom training or digital formats such as web-based training (WBT) on the subject of sustainability. The focus here is on an internal transfer of knowledge – from co-workers for co-workers. Around 900 employees attended training courses at the Sustainability Academy in 2019.

Education counts

In addition, other area-specific qualifications exist throughout the company. For example, there are training courses on topics such as procurement and logistics, or environmental protection and energy efficiency in production. A number of sustainability-related Web-based training courses were also introduced in 2019. These formats are intended to create a common understanding of sustainability and raise awareness among employees.

Who we are? We are Audi

Number of employees



A company is only ever as good as its employees. And good work requires good working conditions. That is why the Human Resources and Organization division consistently focuses on the employees and assumes responsibility – in line with the 2025 corporate strategy.

Making working hours and the place of work more flexible and implementing agile structures and processes are important aspects of the Audi Working World. This means considering the different phases of the employees' lives and promoting trustful cooperation.

Lifelong learning
To ensure the future viability of the company, Audi prioritizes the training and development of its employees. Lifelong learning is meant to contribute to the success of the Four Rings. Moreover, the brand has established a strategic resource and competence management system that enables the Human Resources and Organization division to plan personnel requirements for future tasks and develop employees' competences in a targeted manner. In this way, Audi is optimally prepared for the challenges of the future.

The workforce in figures
At the close of 2019, the Audi Group employed a total of 90,640 people (2018: 91,674), with an average of 90,783 employees (2018: 91,477) over the year. This represents a year-on-year decrease of 1,034 employees (year-end figure) or around 0.76 percent (annual average). Of the total of 4,214 (2018: 5,004) employees newly recruited within the Audi Group, 1,310 (2018: 1,628) were taken on by AUDI AG.

Audi fundamentally supports the employment and qualification of local employees. The Group is convinced that these employees are knowledgeable about the region and the local market, and have good networks that are helpful for the further development of their locations. The proportion of foreign nationals[204] at AUDI AG was 8.3 (2018: 8.4) percent in 2019.

Detailed information on employee numbers
48.5 (2018: 48.4) percent of Audi Group employees were in the production area and 48.5 (2018: 48.6) percent in the ›

GRI 102-41

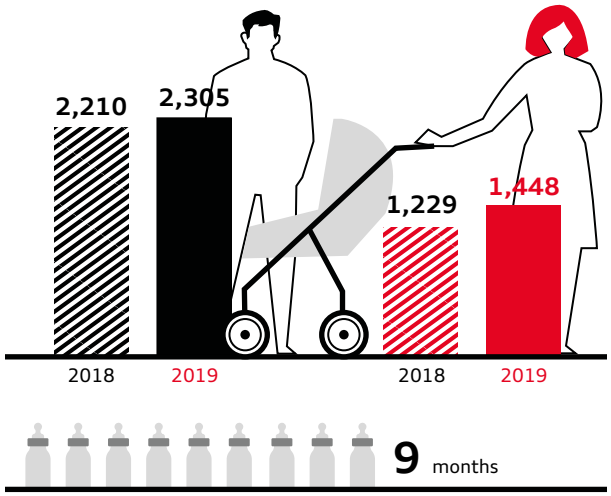
› non-production area at the end of 2019; the number of apprentices was 2,585 (2018: 2,582). Within the employees in the non-production area, the proportion of academics[204] [207] at AUDI AG was 51.4 (2018: 50.9) percent. The number of temporary employees in the Audi Group showed a year-on-year decline to 1,957 (2018: 2,527). The turnover rate[203] [204] at AUDI AG in 2019 was 0.7 percent (2018: 0.9).

Fair conditions for everyone

Through collective bargaining agreements involving the unions and management at all manufacturing sites, Audi undertakes to ensure that part-time and full-time employees receive equitable and fair pay. At Audi, the activity alone determines remuneration.

As an employer, Audi is also aware of its special responsibility toward temporary employees. Based on the collective agreement for the metalworking and electrical industries relating to agency and temporary staff as well as the "Charter on Temporary Work of the Volkswagen Group," an agreement has been reached with employees' representatives on the deployment of temporary workers. As well as extensive qualification options, it offers the prospect of being taken on permanently subject to relevant internal factors.

Men and women on parental leave [204]



Average length of parental leave in 2019

Men on parental leave
Women on parental leave

Self-determined work

Audi creates leeway for various different life phases to take account of employees' needs. The company offers many different working hours models to give people maximum flexibility for their personal path through life. In 2016, Audi's management and General Works Council approved a works agreement that gives employees an entitlement to mobile working if this is compatible with their work task. There is also a drive to make working hours in production more flexible. In 2017, a pilot project was launched at Ingolstadt to create greater flexibility in shifts and broaden the scope for part-time work in shift systems, so that employees can achieve a better work-life balance. As of the end of 2019, there were 4,448 (2018: 3,924) employees at Audi with part-time contracts.

Family and career? No problem!

Audi supports its employees' efforts to achieve a balance between family life and work. Employees can for instance work part-time or take caregiver leave to support family members. Many employees take up the option of parental leave. The company then facilitates their reintegration and gives employees on parental leave additional job training that will make it easier for them to resume their careers. In 2019, a total of 3,753 (2018: 3,439) employees took parental leave, of whom 1,448 (2018: 1,229) were female and 2,305 (2018: 2,210) male. On average, employees took 9 months of parental leave.

Audi restated its commitment to a family-friendly corporate culture in joining the Family Pact for Bavaria in 2017. To actively promote the compatibility of family life and work, the ›

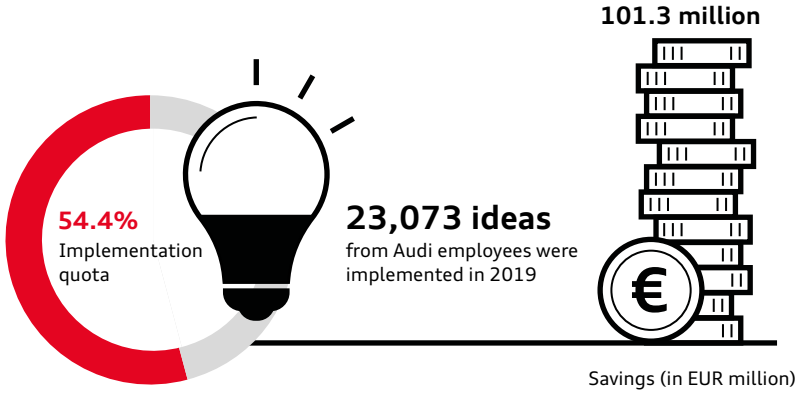
Company benefits in Germany

Audi offers its employees a high level of job security and attractive financial remuneration components. In Germany, employment contracts are drafted on the basis of the collective agreement between the Südwestmetall Employers' Federation, vbm (Bavarian Employers' Associations for the Metalworking and Electrical Industries) and the IG Metall trade union. Thanks to additional company agreements with employee representatives, they are above the agreed level for the industry. In addition, there are collective/works agreements on employee participation in the company's success and collectively agreed gratuities.

Employees in Germany benefit from the company pension scheme, which comprises both defined contribution and defined benefit plans. For the former, the company pays contributions to public or private-sector pension plans on the basis of statutory or contractual requirements, or on a voluntary basis.

Retirement benefit systems are based predominantly on defined benefit plans, with a distinction being made between those benefit systems financed through provisions and those that are financed externally. In addition to a company pension scheme and the possibility of topping up retirement benefits individually through deferred compensation, Audi endeavors to make the transition from working life to retirement more flexible. A works agreement has been reached on the further development of partial retirement, for instance.

Optimal conditions for good ideas



› company has a regular and steadily growing block of places at day care centers in Ingolstadt and Neckarsulm. Audi also has partnerships with day care centers and schools at the international Audi sites in Győr (Hungary), Changchun (China) and San José Chiapa (Mexico). In addition, the company enables employees and their families to handle everyday errands (grocery shopping, postal and dry cleaning services) by using the Audi service lockers directly on the plant perimeters. This saves them time and also helps to ease traffic loads around the plant.

Optimal conditions for good ideas
Audi profits from the imaginativeness of its employees and believes it is very important to encourage employee involvement. The Audi Ideas Program[204] collects suggestions for improving existing processes. In 2019, around 54.4 (2018: 55.5) percent of ideas put forward were realized, producing savings of around EUR 101.3 (2018: 109.1) million.

The regular employee survey is another way in which Audi promotes employee participation. This survey gives Audi employees a means of voicing their opinion anonymously on various matters and highlighting potential improvements. 40,886 (2018: 42,173) employees took part in the AUDI AG "Stimmungsbarometer" in 2019. The results are presented in the individual organizational units and discussed with the employees.

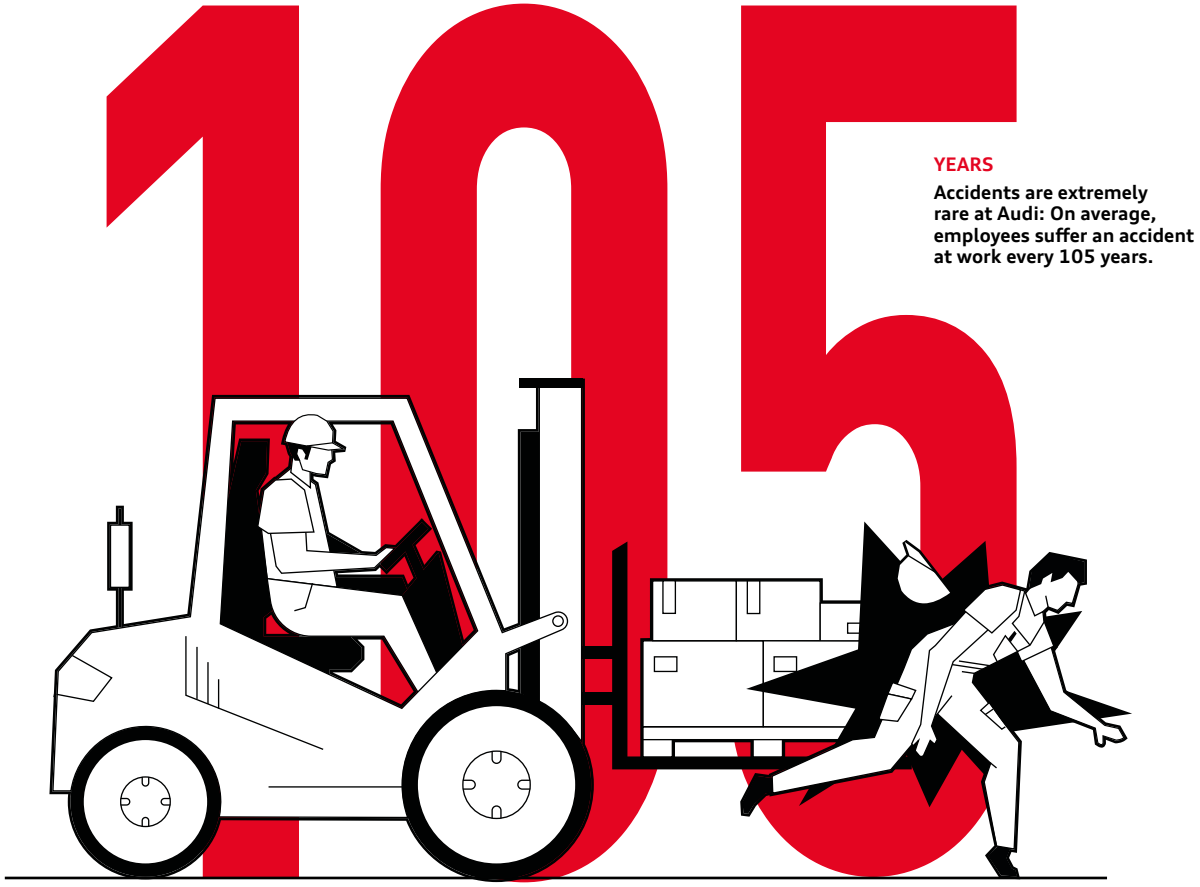
Opportunities and risks of future forms of work
The Audi Works Council plays an active role in shaping the digital transformation and thus the future at Audi. As part of the project "Vision Ingolstadt 2030: Digitalized work and the future of co-determination" initiated by the employee representatives and the IG Metall Ingolstadt trade union, employees, shop stewards and Works Council members conduct a dialogue with start-up ventures, politicians and scientists about the digitalization and humanization of the working world. This project has given the Audi Works Council the opportunity to take part in the EdA project – a joint initiative funded by the Federal Ministry of Education and Research entitled "Empowerment in a digital working world – developing sustainable concepts for digitalization." Specifically, the Audi Works Council was in charge of the sub-project "Developing new concepts for a participation-oriented corporate culture in the digital working world."

The sustained transformation of the automotive industry – digitalization, globalization, electrification, disruptive business models – presents major challenges for co-determination and thus for corporate culture. Both sides of the social partnership have to work on a wide range of structural issues as well as questions of corporate and collective bargaining policy. A new, empowered co-determination culture 4.0 – i.e., one that is open, transparent, participation-oriented and agile – adds direct employee participation to the established form of institutional co-determination. Works Council and trade union members, as well as the management at Audi, are called upon to take action in this area.

In the course of the EdA project, various events took place under the title "Werkstatt Audi." The sub-project "Developing new concepts for a participation-oriented corporate culture in the digital working world" attempted to adapt traditional large-group methods to the respective organizational needs and action areas. Whether fishbowl discussions, BarCamps or world cafés – they all shared a common theme: participation orientation as a means of achieving more personal and responsible empowerment at Audi. During the EdA project phase from 2017 to 2019, the Audi Works Council gathered a wide range of experience and ideas on the topic of employee participation and empowerment in terms of both methods and content. Much of this has since been incorporated into both the Audi corporate culture and the participation culture of the Works Council.

More detailed figures are provided in the data appendix.

United for your health



Audi employs an integrated occupational safety system and comprehensive health management system to minimize work-related accidents and improve the health resources for its workforce. In particular, the company has intensified its advisory services on mental health.

Employees who remain uninjured and untroubled by fears or worries on the job tend to perform their duties quite eagerly and successfully, which is a win-win situation for employees and employers alike. But what exactly can companies do to ensure an optimal working environment – that is, one that protects all employees from accidents and motivates them to do their jobs as well as possible?

Audi's Board of Management and employee representative bodies have jointly developed measures for all day-to-day operations to prevent accidents and health hazards as well as to design safe processes, equipment and products. The Board of Management bears overall responsibility for compliance with the statutory regulations on occupational health and safety. Audi has a works agreement in place for occupational health management, which was extended by an additional worldwide standard for its international sites in 2017.

Safety first

In terms of occupational health and safety, Audi is continuously driving progress both in terms of technological standards and safety-conscious behavior. Employees are thereby encouraged to take an active part in optimizing safety in the workplace. In 2019, Audi set an ambitious target for its industrial safety policy: to establish a safety culture that is characterized not only by compliance with rules and regulations, but also by employees looking out for those around them on their own initiative.

Comprehensive risk assessments and regular training courses are already part of Audi's day-to-day work repertoire, in an effort to prevent accidents and health impairments. All work-related accidents are analyzed jointly by managers and industrial safety specialists. This has proved successful: In 2019, there were just 6.2 (2018: 5.6) work-related accidents per million hours worked at AUDI AG that resulted in at ›

"Everyone has a psyche": Posters from the internal health campaign

Occupational health and safety

Comprehensive health management and an integrated occupational safety system are two of the ways in which Audi seeks to minimize work-related accidents and improve the health resources of its employees while also promoting their physical and mental performance.

Group-wide standards are helpful in this regard. For all day-to-day operations, the company and Works Council representatives have developed measures to prevent accidents and damage to health as well as to design safe processes, equipment and vehicle components. The Board of Management is responsible for compliance with the respective statutory regulations. Furthermore, each manager is responsible for occupational safety in his or her supervisory and functional area. This is also laid down in a company agreement on industrial safety that covers all employees of AUDI AG.

› least one day's work lost. In other words, Audi employees suffer an accident at work about every 105 years on average. The number of accidents involving medical referees or first aid was again reduced compared with the previous year. There were no fatal accidents at Audi in 2019 (2018: one).

Safety at work

The way the workplace itself is designed plays a decisive role in improving safety at work. Audi applies the most modern standards in ergonomics, safety technology and occupational medicine at all of its sites. As part of the Audi ergonomics strategy, the company promotes intelligent work organization along with measures to apply the standards on an international scale, for example. Through targeted consultations, Audi raises its employees' awareness of the issue and encourages them to put forward their own suggestions, thus allowing them to design their own workplace. The ergonomics coordinators at all Audi sites discuss measures and developments several times a year.

Thousands of Audi employees attend checkup

In addition to industrial safety, Audi devotes considerable attention to the physical and mental health of its employees. The Audi Checkup plays a central role here: The individual prevention program can be used by all employees during working hours and helps to identify and reduce health risks early on. Around 10,000 employees took advantage of the Audi Checkup in 2019 (2018: 9934). Audi also offers various fact-finding events and training courses as well as health care and health promotion programs. In the year under review, the company enhanced the "Work and Psychological Health" program and introduced further digital products such as the HR application "e-health," for example.

Open discourse

Audi placed particular emphasis on the mental health of its workforce in 2019. As part of the internal campaign "Everyone has a psyche," the company's health management team urged all employees not to neglect their own mental health. Moreover, superiors, Human Resources advisors and Works Council members were trained to recognize mental health issues among employees at an early stage and to address them in a sensitive manner.

More detailed figures are provided in the data appendix.

Innovation through cooperation

When business and science cooperate with each other, both sides benefit. That's why Audi supports researchers and lateral thinkers – and gives them a at stage conferences where they can share their knowledge. Eight impulses for the world of the future:

Inspired the audience at the "MQ! The Mobility Quotient" summit hosted by Audi: Peggy Liu, chairperson of JUCCCE and expert on sustainability and large-scale development.

"Sustainable mobility means not just low CO_2 emissions. It means zero carbon emissions. More than 30 cities in China will have fully electrified their public transport systems by 2020. We can learn from China how sustainable solutions can be implemented on a large scale."

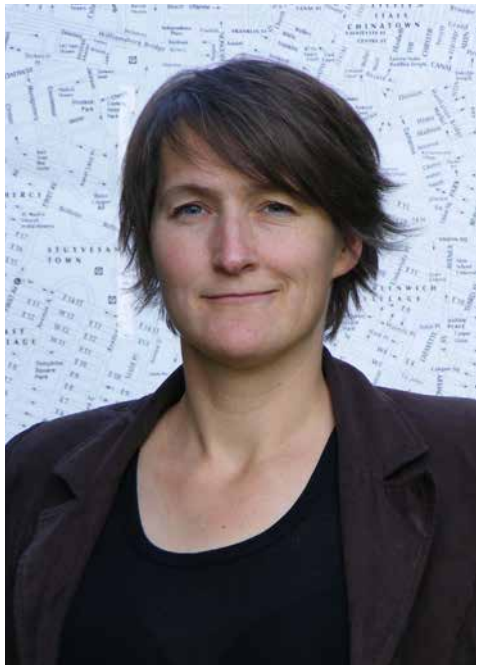
For Audi, cooperating with the scientific community and promoting education are important drivers for a successful future. In this context, it is important to Audi that the transfer of knowledge is mutual. Different forms of cooperation are possible: For example, a number of national and international universities work with the company. In addition to being involved in research projects and giving scientific lectures, Audi employees teach at universities. Audi contributes towards extending research and teaching into new fields through endowed professorships. With all these activities, Audi contributes to society and puts corporate responsibility into practice. Audi sees universities as special partners and is actively involved through various initiatives for a transparent, fair and honest cooperation between industry and academia. For example, a doctoral program enables young scientists to conduct research in technical and non-technical projects for Audi.

Other pillars of Audi's activities are the public lecture series "Wissenschaft im Dialog" (Academia in Dialogue) at the sites in Ingolstadt and Neckarsulm as well as an international, interactive conference on the mobility of the future called "MQ! Innovation Summit." The conference, which took place in China for the first time in 2019, brings together international pioneers, thought leaders and experts from business and science to discuss new approaches to innovation topics and the future of mobility. The main topics of discussion in 2019 were social and sustainable mobility as well as more flexible mobility concepts.

Professor Wolfgang Prinz, PhD
Vice Chair of Fraunhofer FIT, RWTH Aachen University, teaching and research field: cooperation systems

"With regard to the digitalization of services and processes, blockchain technology is of great relevance for many areas of application outside the financial sector, above all independent of cryptocurrencies. In production, but also in administration, there are applications that can benefit from using blockchains for the secure and reliable management of transactions, assets or documents in a network."

Excerpt from the presentation "Blockchain technology: principles, application examples and recommendations for use" (February 2019, Audi Conference Center Ingolstadt)



Professor Stefanie Bremer
University of Kassel, Integrated Traffic Planning and Mobility Development

"In the future, more and more people will live in densely populated areas. Negative impacts between mobility and settlement areas can only be reduced with integrated concepts. Traffic planners, vehicle manufacturers, urban planners, technicians and sociologists must work together. Digitalization creates opportunities to customize apartments, mobility offers or transportation to the needs of different target groups and to implement them in a cost-effective manner."

Excerpt from the presentation "Drive+: The diversity of the mobile future" (February 2019, Audi Forum Neckarsulm)

Daizong Liu
Director of China Sustainable Cities Program, World Resources Institute

"Technology allows people to occupy more space. Only six percent of all cars are actually driving at any given time, which means that most of them are standing around. We could use 80 percent of the available parking space for other purposes. Car sharing, autonomous driving and electrification are all very important."

Daizong Liu, Director of China Sustainable Cities Program, World Resources Institute

Professor Gudrun Sander
Director of the Competence Centre for Diversity & Inclusion, University of St. Gallen

"If it is unclear who contributed how much to a team task, the share contributed by the men is often overestimated and that of the women underestimated. This is especially true where there is no clear information on what each individual has contributed. How do we overcome this attribution bias? By creating and demanding transparency."

Excerpt from the presentation "The treasure trove diversity: new challenges and opportunities for managers" (December 2019, Audi Conference Center Ingolstadt)

Networked world: Audi and One Young World Summit

In 2019, AUDI AG again sent ten young employees from its worldwide locations to the One Young World Summit as delegates. At the Summit, this time in London, they had the opportunity to network with like-minded people, experts and mentors to find solutions to social problems. After each summit, Audi supports its employees in implementing their ideas. Social commitment of this kind is important to Audi. That is why the Audi Environmental Foundation also sponsors 15 other young people from all over the world. Students were able to apply for a scholarship from the Audi Environmental Foundation, which is awarded jointly with One Young World. Through this sponsorship, the foundation aims to create a network between business, science and young thinkers and thereby promote an active transfer of knowledge and ideas for a sustainable future.

Professor Sabine Pfeiffer
Friedrich-Alexander University Erlangen-Nuremberg, Chair of Sociology, with a focus on technology, work and society

"No one can say at the moment what tomorrow will be like. The more important question is: What do we need to design today and how do we want the digital working world to look? This question is not decided in Silicon Valley, but in companies and at the workplace."

Excerpt from the presentation "The digital transformation: Who is actually implementing it?" (October 2019, Audi Conference Center Ingolstadt)

Professor Detlef Stolten
RWTH Aachen University, Institute of Energy and Climate Research – Techno-economic Systems Analysis (IEK-3)

"Renewable energy generated by wind, sun or water is virtually emissions-free during its use and also has a low level of emissions over its life cycle. It's therefore the best tool for making both the energy and transport sectors clean."

Excerpt from the presentation "How do clean drives and renewable power generation fit together?" (September 2019, Audi Forum Neckarsulm)

Audi Environmental Foundation: 10 years of commitment

Audi Stiftung für Umwelt – the Audi Environmental Foundation – is an active supporter of research in new technologies and scientific methods for a livable future. Its aim is to contribute to and raise awareness of environmental protection and to inspire sustainable conduct.

The Audi Environmental Foundation therefore focuses on the promotion and development of innovative, environmentally compatible technologies as well as measures for environmental education and the protection of the natural resources of humans, animals and plants. AUDI AG established the foundation as a wholly owned subsidiary in 2009 with a view to strengthening its social and environmental commitment.

The Audi Environmental Foundation's commitment is multifaceted and of a long-term nature. It ranges from efforts to preserve the natural resources of humans, animals and plants to promoting the use of new technologies for the environment. The latter is based on the guiding principle of "greenovation." The idea behind this concept is to combine traditional environmental protection with new technologies in key projects and to use the knowledge gained to make a valuable contribution to society (open source).

The 2019 reporting year saw numerous successful projects here:

In terms of technology, the Clear Rivers project stands out in particular. Working with Audi Brussels and the Port of Brussels, in March 2019 the Audi Environmental Foundation and its project partner developed and installed a special plastic collecting basin. Referred to as a litter trap, it ensures that plastic does not find its way into the open sea through the canal. The project partners then use the collected waste for an innovative, new purpose. To raise awareness, part of the collected waste is recycled and used to produce eye-catching benches by means of innovative 3D printing technology.

Naturally, the Audi Environmental Foundation also pursued many other projects in 2019, such as promoting young scientists by establishing the SRM Award together with the Technical University of Munich. It also inspired Audi employees to take part in environmental campaigns themselves – for example, with its "Mach Mit!" program or its plogging events. Plogging is a fitness and environmental trend from Sweden that combines jogging with picking up garbage (plocka upp in Swedish).

More information about the foundation's projects and initiatives can be found on the Internet: www.audi-umweltstiftung.de

Clear Rivers project in cooperation with the Audi Environmental Foundation: The floating plastic islands in Brussels are an environmental protection measure.

The collected waste is used to produce benches.

Local commitment

Responsibility means showing commitment. And Audi's employees do so even outside their working hours. With a large number of corporate citizenship projects, they help shape the company's locations worldwide. Here is a small selection from 2019:

How does Audi decide which direction its commitment takes? Every Group site has its own identity and its own requirements. Local corporate citizenship can therefore have various different focal points. Audi has defined global principles for corporate citizenship as an orientation guide. Intended as long-term parameters, they help with the selection and development of targeted location development measures and clarify the common understanding that runs like a common thread through the various measures at the locations.

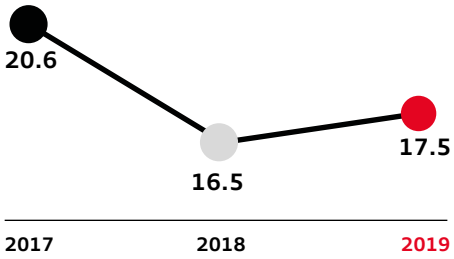
Local activities at the sites are designed to promote the development of the respective region and enhance its attractiveness for businesses, employees and society. Audi stands up for the disadvantaged and supports mobility projects as well as activities that contribute to the education and training of children, adolescents and adults. In the area of technology, Audi backs projects that allow the company to put its know-how to good use.

Equally, Audi employees frequently demonstrate solidarity in various campaigns and calls to raise funds: In the year under review, the Christmas appeal and the "Last Cents" campaign at the sites in Ingolstadt and Neckarsulm raised an amount of around EUR 1.297 million (2018: EUR 1.284 million)[209] [211].

Audi Hungaria

TED x Győr TED talks are inspiring, instructive and entertaining. TED stands for Technology, Entertainment & Design. Originally, the term referred to creative conferences in California, where thought leaders, entrepreneurs, activists and artists presented their projects and ideas in just a few minutes. At the TED x Győr event sponsored by Audi, the audience was particularly interested in one expert: Dr. Hanula Barna, who heads the Audi Hungaria Faculty of Automotive Engineering at Széchenyi István University and who spoke about energy and resources.

Corporate citizenship spending [210] [211] at Audi (in EUR million)



Audi México

Audi Habita Is learning to act sustainably easy? Yes, it is – especially when you do it in a playful way. The Audi Habita project in Mexico proves this. At its production location in San José Chiapa, Audi actively promotes a sustainable future. Specifically, children from the surrounding area learn in simple ways how important it is to treat nature in a sustainable manner. On two project days, 30 students find out what it takes to make the production of cars sustainable. For example, they use magnifying glasses to examine the water from the production site's water purification system. There the kids discover microorganisms that enable Audi to save 100,000 cubic meters of wastewater each year.

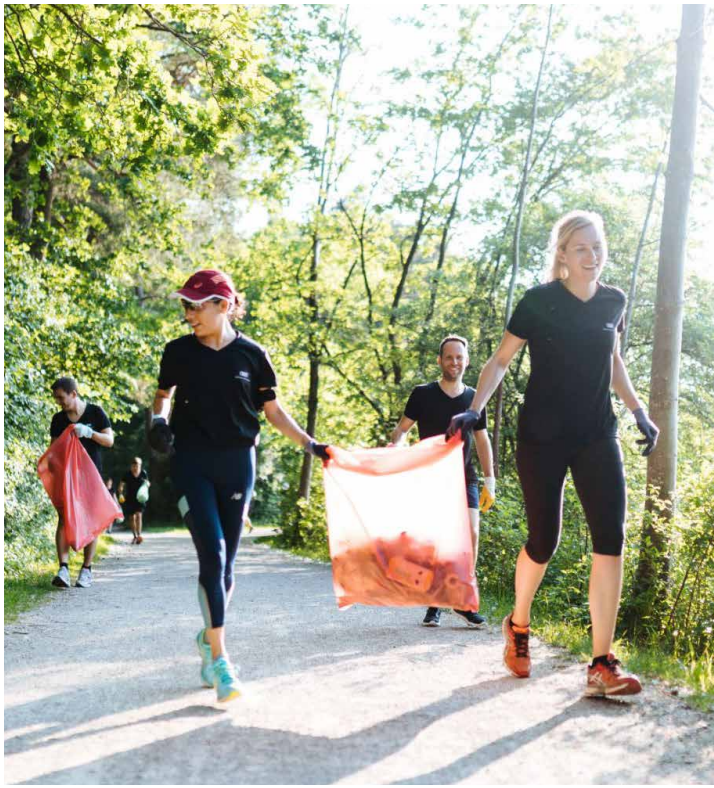
Audi of America

America SCORES Do soccer and poetry go together? Yes, quite well, actually! And the organization America SCORES proved this in 2019 thanks to support from Audi. This non-profit organization works with public schools in low-income communities and offers extracurricular activities for elementary and junior high school students. The students not only play soccer, they also play with words, writing their own poems that they then perform at poetry slams. America SCORES is helping more than 13,000 students from 311 schools in 12 cities. About 85% of the participants live at or below the poverty line.

Audi in Ingolstadt

Team Activities & Volunteer Day Audi Team Activities, which are part of Audi Volunteers, saw employees in Ingolstadt and Neckarsulm supporting charitable institutions throughout 2019. The employees were also encouraged by Audi in their endeavors. The aim is to promote the welfare of children, senior citizens, people with disabilities and all those who need support, whether in small or large ways. A positive side effect: Team Activities simultaneously offer an excellent opportunity for team-building and strengthen the team spirit. Audi Volunteer Day in May 2019 was also a success: More than 300 Audi employees volunteered to help out at 42 social institutions.

Committed Audi employees helped out at a home for the elderly during the 2019 Volunteer Day



Audi in Neckarsulm

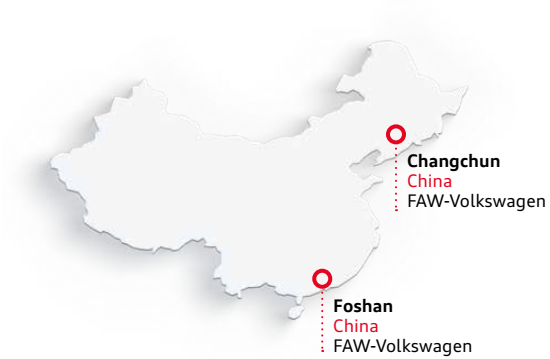
Doing good on the go What is plogging? An environmental fitness trend from Sweden that combines jogging and collecting garbage. The term plogging is made up of the Swedish verb for picking something up (plocka) and jogging.

In 2019, the Audi Environmental Foundation brought the trend activity to Neckarsulm and invited employees and residents of the city to take part in plogging. The aim of the initiative was to raise awareness for environmental protection.

Audi China

Spring Bud project In 2019, FAW-VW Audi entered into a strategic cooperation with the China Children and Teenager Fund (CCTF) to support several social projects. The best-known is a project called Spring Bud, which was launched as early as 1989 by the All China Women's Federation (ACWF) with the aim of promoting women and helping female school drop-outs return to the educational system more easily. However, this is not the only welfare project of the CCTF: The organization also strives to improve teaching conditions in poverty-stricken areas as well as the health conditions of children and adolescents in general. One of the organization's highlights is the Spring Bud Dream Camp, which gives young people the opportunity to delve into research and new technologies.

The figures are impressive: In the 30 years of its existence, the organization has supported more than 3.6 million girls and young women as well as over 1,800 schools.



Audi in Italy

KiSS program Ducati continued its KiSS program in 2019. KiSS stands for "Keep it Shiny and Sustainable." The aim of the program is to raise public awareness of the importance of sustainable conduct at major sporting events such as the MotoGP championship as well as in our day-to-day lives.

Girlstech At Italdesign, the daughters of employees were given the opportunity to explore the working world of the automotive industry. The goal was to increase the number of women interested in the subjects of mathematics, IT, science and technology.

Car pooling Employees at Lamborghini not only work together well, they also often travel to work together. Thanks to a corporate car pool service, the company is able to save carbon dioxide even on the way to work. Another advantage is that employees are less stressed by the journey to work.

Employees and Society (Table 1 of 3)

The Audi Sustainability Program combines strategic goals in the area of sustainability with concrete measures. It is divided into the four core topics "Operations and Integrity," "Products and Services," "Value Creation and Production" as well as "Employees and Society."

Goal	Measure	Date	Comparison of SDGs
Make working hours and place of work more flexible	Establishment of mobile working	Continuous development	
Updating of methodology and content of vocational and advanced training	Extension of digital learning methods	2025	
	Modification of content of vocational and advanced training in relation to strategic future-oriented topics	2025	
	Maintaining vocational training figures and advanced training days at a high level (three-year forecast)	2020	
Promote employee health	Further development of occupational health & safety at international sites	2020	
	Setup of digital offerings as part of company health promotion	2022	
Promote equal opportunity	Increase in the proportion of women in the first management tier below the Board of Management to 8 percent and to 16 percent in the second management tier	2021	
Strengthen cultural diversity	Expansion of the proportion of international managers within AUDI AG, global employee rotation, international young talent programs, intercultural awareness and training	2025	

Employees and Society (Table 2 of 3)

Goal	Measure	Date	Comparison of SDGs
Promote work-life balance	Expansion of childcare	Continuous development	
	Focus on the issue of care as part of employee information events	Continuous development	
	Expansion and development of urban services: offerings and services for daily requirements at the interface between home and work at the Ingolstadt and Neckarsulm sites	Continuous development	
	Promotion of employee mobility by strengthening the provision of job tickets and promoting carpooling	Continuous development	
Further develop voluntary programs	Needs survey through annual events/formats at the Audi sites	Continuous development	
Promote a corporate culture along the lines of the Volkswagen Group Essentials, the Audi corporate values and the Code of Cooperation	Group-wide introduction of a role-model program for managers and supervisors	2019 (completed)	
	Rollout and establishment of the Volkswagen Group Essentials	2019 (completed)	
	Establishment of the team dialogues and the principle indicator to publicize the Volkswagen Group Essentials and to measure the culture progress	2019 (completed)	

Employees and Society (Table 3 of 3)

Goal	Measure	Date	Comparison of SDGs
Increase employer attractiveness	Initiation and promotion of future-oriented events with the focus on corporate citizenship/innovation (e.g. MQ! Innovation Summit or One Young World Summit)	Continuous development	
Provide access to education for the public	Public “Wissenschaft im Dialog” (Academia in Dialogue) events at the Ingolstadt & Neckarsulm sites	Continuous development	
Further develop research and teaching in future-oriented fields at universities	Support of universities through endowed professorships	Continuous development	
Promote mental health	Stage I: Increase in transparency and communication through a destigmatization campaign	2019 (completed)	
	Stages II & III: Expansion of support services and establishment of a physical and mental health network and holistic care structures	2023	
Promote flexible cooperation within the company	Creation and establishment of new cooperation formats, such as: agile process workshop, think tank in Berlin	Continuous development	
Digitalize HR processes	Launch and establishment of an HR app to make it even easier for employees to access personal data (e.g., working hours, calendar, wages, etc.)	2020	
Extend attractive working conditions	Implementation of the extended wage agreement (T-ZUG) with a choice between having the additional wages paid out or converted to paid leave	2020	

Appendix

About the report

AUDI AG has published the Sustainability Report since 2012. The Audi Sustainability Report is published every two years at the time of the Annual General Meeting of AUDI AG. In the intervening years, an update on the key figures and the sustainability program is published.

This report is a complete sustainability report covering the fiscal year 2019 (January 1, 2019 through December 31, 2019). The information in the report refers to the Audi Group. If the report refers to individual companies, sites or brands only, this is noted accordingly. Unless indicated otherwise, employment figures are as of the end of the respective year. Since the Annual General Meeting is being postponed in 2020, this report is being published in advance as an exception so that information on the 2019 reporting year can be made public in a timely manner.

The report appears in German and English, and was released by the full Board of Management. It was prepared in accordance with the “core” option of the GRI standard of the Global Reporting Initiative and confirmed by the organization with the GRI Materiality Disclosures Service. Audi conducted a comprehensive materiality analysis in 2019 to identify material topics.

The editorial deadline was April 30, 2020.

Audi Sustainability Key Figures

Audi uses key figures to make its sustainability activities measurable and present them in a transparent way. The key figures are valid for the relevant calendar year and refer to the Audi Group. If key figures refer to individual Audi Group companies only, this is specified accordingly. Key figures are rounded up or down, which may result in slight deviations from the totals stated. Key figures which have been audited by an independent auditing firm are identified by the "✓" symbol.

→ The Independent Practitioner's Report can be found on pages 116 and 117.

✓ = Key figure for 2019 adopted from the audited 2019 Combined Management Report of the Audi Group and AUDI AG

✓ Key figures 2019 and management approaches verified as part of the assurance engagement on selected disclosures in the Audi Sustainability Report 2019

OPERATIONS AND INTEGRITY

	Unit	2017	2018	2019
Revenue [100] ✓	EUR million	59,789	59,248	55,680
Operating profit ✓	EUR million	4,671	3,529	4,509
Profit before tax ✓	EUR million	4,717	4,361	5,223
Profit after tax ✓	EUR million	3,432	3,463	3,943
Total capital investments ✓	EUR million	5,235	5,552	4,223
Research and development activities ✓	EUR million	3,809	4,178	4,426
Operating return on sales [100] ✓	Percent	7.8	6.0	8.1
Return on investment [100] ✓	Percent	14.4	10.0	12.7
Ratio of capex [100] [101] ✓	Percent	6.5 [118]	5.9	4.9
Net cash flow [100] ✓	EUR million	4,312 [102]	2,141	3,160

PRODUCTS AND SERVICES

PRODUCTION	Unit	2017	2018	2019
Automotive segment ✓	Cars [103]	1,879,840	1,871,386	1,802,073
	Engines and electrical drives	1,966,434	1,955,532	1,969,731
Motorcycles segment (Ducati brand) ✓	Motorcycles	56,743	53,320	51,723

DELIVERIES TO CUSTOMERS	Unit	2017	2018	2019
Automotive segment [104] [105] ✓	Cars	2,105,084	2,081,418	1,853,833
Audi brand [104] ✓	Cars	1,878,105	1,812,485	1,845,573
Germany ✓	Cars	294,544	260,456	271,613
Outside Germany ✓	Cars	1,583,561	1,552,029	1,573,964
Lamborghini brand ✓	Cars	3,815	5,750	8,205
Other Volkswagen Group brands [105] ✓	Cars	223,164	263,183	55
Motorcycles segment (Ducati brand) ✓	Motorcycles	55,871	53,004	53,183

PRODUCT-RELATED CO_2 EMISSIONS	Unit	2017	2018	2019
CO_2 emissions of the European fleet (EU 30) [105] ✓	g CO_2/km	127	129	131
Fleet consumption, China (FBU) ✓	l/100 km	7.6	7.5	5.9

VALUE CREATION AND PRODUCTION [106]

ENERGY	Unit	2017	2018	2019
Total energy consumption [107] ✓	MWh	2,920,739	2,775,442	2,677,678
Automotive segment ✓ (incl. components)	MWh	2,897,174	2,751,234	2,654,047
	MWh/Veh.	2.65	2.69	2.67
From renewable energy sources ✓	MWh	999,572	1,142,833	1,312,213
Automotive segment ✓ (incl. components)	MWh	998,756	1,140,530	1,310,019
	MWh/Veh.	0.91	1.11	1.32
Electricity ✓	MWh	1,686,041	1,666,649	1,577,679
Automotive segment ✓ (incl. components)	MWh	1,670,431	1,650,932	1,562,156
	MWh/Veh.	1.53	1.61	1.57
Heating (incl. district heating) ✓	MWh	874,115	779,967	784,791
Automotive segment ✓ (incl. components)	MWh	866,160	771,475	776,683
	MWh/Veh.	0.79	0.75	0.78
of which district heating ✓	MWh	364,612	340,474	351,292
Automotive segment ✓ (incl. components)	MWh	364,409	340,158	350,820
	MWh/Veh.	0.33	0.33	0.35
Combustion gases for production processes	MWh	360,252	328,345	314,894
Automotive segment ✓ (incl. components)	MWh	360,252	328,345	314,894
	MWh/Veh.	0.33	0.32	0.32
Refrigeration (externally sourced) ✓	MWh	331	482	314
Automotive segment ✓ (incl. components)	MWh	331	482	314
	MWh/Veh.	0.0003	0.0005	0.0003

FUELS	Unit	2017	2018	2019
Total fuel use	MWh	1,202,130	1,092,974	1,066,205
Automotive segment (incl. components)	MWh	1,169,738	1,059,128	1,033,019
	MWh/Veh.	1.07	1.03	1.04
Natural gas ✓	MWh	1,051,055	961,486	946,095
Automotive segment ✓ (incl. components)	MWh	1,020,819	929,858	914,967
	MWh/Veh.	0.93	0.91	0.92
Heating oil ✓	MWh	11,438	8,782	6,813
Automotive segment ✓ (incl. components)	MWh	11,438	8,782	6,813
	MWh/Veh.	0.010	0.009	0.007
Diesel (test rigs)	MWh	39,540	30,753	24,472
Automotive segment (incl. components)	MWh	39,540	30,753	24,472
	MWh/Veh.	0.04	0.03	0.02
Gasoline (test rigs)	MWh	100,097	91,953	88,825
Automotive segment (incl. components)	MWh	97,941	89,736	86,769
	MWh/Veh.	0.09	0.09	0.09

EMISSIONS	Unit	2017	2018	2019
Total CO_2 emitted ✓	t	727,294	619,140	572,804
Automotive segment ✓ (incl. components)	t	722,459	615,009	568,792
	kg/Veh.	660.08	600.57	572.99
Direct CO_2 emissions [108] ✓	t	246,276	202,031	198,418
Automotive segment ✓ (incl. components)	t	242,997	198,564	195,097
	kg/Veh.	222.02	193.90	196.54
Indirect CO_2 emissions ✓	t	481,018	417,110	374,386
Automotive segment ✓ (incl. components)	t	479,463	416,444	373,695
	kg/Veh.	438.07	406.66	376.45
VOC emissions [109] ✓	t	1,425 [119]	1,081	916
Automotive segment ✓ (incl. components)	t	1,425 [119]	1,081	913
	kg/Veh.	1.30 [119]	1.06	0.92
Direct NOx emissions [110] ✓	t	235	202	191
Automotive segment ✓ (incl. components)	t	232	195	186
	kg/Veh.	0.21	0.19	0.19
Sulfur dioxide	t	1.93	2.14	2.06
Automotive segment (incl. components)	t	1.90	2.14	2.06
	kg/Veh.	0.002	0.002	0.002
Total dust	t	37	58	41
Automotive segment (incl. components)	t	37	58	41
	kg/Veh.	0.03	0.06	0.04
CO_2 reductions in logistics [111] ✓	t CO_2 e	13,571	13,712	13,525

WATER	Unit	2017	2018	2019
Total freshwater consumption ✓	m³	4,207,671	4,159,236	3,428,952
Automotive segment ✓ (incl. components)	m³	4,133,952	4,091,377	3,360,283
	m³/Veh.	3.78	4.00	3.39
Freshwater consumption internal catchment ✓	m³	2,557,949	2,609,368	2,057,909
Automotive segment ✓ (incl. components)	m³	2,510,020	2,566,473	2,014,522
	m³/Veh.	2.29	2.51	2.03
Rainwater used ✓	m³	337,343	394,041	165,207
Surface water from lakes, rivers, oceans ✓	m³	663,879	722,499	611,311
Groundwater ✓	m³	1,508,798	1,449,933	1,238,004
Freshwater consumption, externally sourced ✓	m³	1,649,722	1,549,868	1,371,043
Automotive segment ✓ (incl. components)	m³	1,623,932	1,524,904	1,345,761
	m³/Veh.	1.48	1.49	1.36

WASTEWATER	Unit	2017	2018	2019
Volume of wastewater ✓	m³	2,258,579	2,382,498	1,866,952
Automotive segment ✓ (incl. components)	m³	2,235,597	2,357,551	1,842,494
	m³/Veh.	2.04	2.30	1.86
Direct discharge [112]	m³	4,193	11,228	18,529
Indirect discharge [112]	m³	2,231,404	2,346,324	1,823,965

WASTEWATER LOAD [112]	Unit	2017	2018	2019
Chemical oxygen demand ✓	kg	634,543	617,759	241,286
Total phosphorous content as phosphorous (P) ✓	kg	5,631	3,493	1,533
Total nitrogen as nitrogen (N) ✓	kg	35,104	36,026	16,175
Zinc ✓	kg	853	284	107

WASTE	Unit	2017	2018	2019
Total volume of waste (excluding scrap) ✓	t	109,965 [119]	107,079	107,389
Automotive segment ✓ (incl. components)	t	108,585	105,785	106,142
	kg/Veh.	99.21	103.30	106.93
Recyclable waste ✓	t	99,192 [119]	99,674	103,606
Automotive segment ✓ (incl. components)	t	97,870	98,478	102,450
	kg/Veh.	89.42	96.17	103.21
Other recyclable waste ✓	t	57,022	56,538	57,160
Automotive segment ✓ (incl. components)	t	55,774	55,429	56,097
	kg/Veh.	50.96	54.13	56.51
Hazardous recyclable waste	t	35,758 [119]	37,553	40,683
Automotive segment ✓ (incl. components)	t	35,732	37,506	40,631
	kg/Veh.	32.65	36.62	40.93
Non-production-specific recyclable waste	t	6,413	5,583	5,763
Automotive segment ✓ (incl. components)	t	6,364	5,544	5,722
	kg/Veh.	5.81	5.41	5.76
Disposable waste ✓	t	10,773 [119]	7,405	3,784
Automotive segment ✓ (incl. components)	t	10,715	7,306	3,691
	kg/Veh.	9.79	7.13	3.72
Other disposable waste ✓	t	257	289	413
Automotive segment ✓ (incl. components)	t	233	244	381
	kg/Veh.	0.21	0.24	0.38
Hazardous disposable waste ✓	t	10,001 [119]	6,116	3,182
Automotive segment ✓ (incl. components)	t	9,977	6,063	3,121
	kg/Veh.	9.12	5.92	3.14
Non-production-specific disposable waste ✓	t	516	1,000	189
Automotive segment ✓ (incl. components)	t	505	999	189
	kg/Veh.	0.46	0.98	0.19
Metallic waste ✓ (scrap; completely recyclable)	t	363,643	345,827	320,841
Automotive segment ✓ (incl. components)	t	363,081	345,228	320,247
	kg/Veh.	331.73	337.12	322.61

EMPLOYEES AND SOCIETY

WORKFORCE	Unit	2017	2018	2019
Audi Group workforce [201] ✓	Total	90,402	91,477	90,783
Domestic companies [201] ✓	Total	59,448	59,754	60,083
of which AUDI AG ✓	Total	58,493	58,813	58,940
Ingolstadt plant ✓	Total	42,498	42,784	42,904
Neckarsulm plant ✓	Total	15,995	16,029	16,036
Foreign companies [201] ✓	Total	27,904	28,702	27,669
Audi Brussels S.A./N.V. ✓	Total	2,656	2,768	2,922
Audi Hungaria Zrt. [202] ✓	Total	11,888	12,825	13,079
Audi México S.A. de C.V. ✓	Total	6,211	5,682	5,268
Automobili Lamborghini S.p.A. ✓	Total	1,465	1,643	1,788
Ducati Motor Holding S.p.A. ✓	Total	1,240	1,278	1,290
Apprentices [201] ✓	Total	2,618	2,582	2,585
Temporary workforce, Audi Group	Total	3,395	2,527	1,957
Average length of service [203] [204] ✓	Years	17.0	17.5	17.9
Turnover rate [203] [204] ✓	Percent	0.8	0.9	0.7
New hires, Audi Group	Total	6,125	5,004	4,214
New hires, AUDI AG	Total	1,445	1,628	1,310
Average age [203] [213] ✓	Years	40.8	41.2	41.5
Share of production employees	Percent	48.9	48.4	48.5
Share of production employees	Percent	48.0	48.6	48.5

AGE STRUCTURE [203] [204]	Unit	2017	2018	2019
< 30 years ✓	Percent	17.3	15.7	14.3
30 to 50 years ✓	Percent	54.9	54.9	55.1
30 to 50 years ✓	Percent	27.8	29.4	30.6

PROPORTION OF WOMEN	Unit	2017	2018	2019
Audi Group [203] ✓	Percent	14.6	14.9	15
AUDI AG ✓	Percent	15.2	15.4	15.6
of which apprentices ✓	Percent	29.1	27.2	25.5
of which industrial apprentices ✓	Percent	26.3	24.2	22.3
of which clerical apprentices ✓	Percent	80.6	81.1	80.6
Management [212] ✓	Percent	10.1	10.9	11.9
Audi Brussels S.A./N.V. ✓	Percent	6.5	6.7	6.9
Audi Hungaria Zrt. ✓	Percent	12.3	12.8	13
Audi México S.A. de C.V. ✓	Percent	13.3	13.8	14.2
Automobili Lamborghini S.p.A. ✓	Percent	20.3	20.2	20.5
Ducati Motor Holding S.p.A. ✓	Percent	18.3	18.4	19

AVERAGE TRAINING TIME PER EMPLOYEE [214]	Unit	2017	2018	2019
Training time, total	Hours	16.2	13.7	13
Production employees	Hours	11.1	8.6	8.3
Non-production employees	Hours	21.2	18.2	16.7
Employees in management positions	Hours	19.3	21.1	23.8

OTHER STRUCTURAL DATA		2017	2018	2019
Attendance rate [203] [204] [205] ✓	Percent	95.5	95.2	95.3
Frequency of accidents [204] [206] ✓	-	5.0	5.6	6.2
Proportion of academics [204] [207] ✓	Percent	49.9	50.9	51.4
Proportion of foreign nationals [204] ✓	Percent	8.4	8.4	8.3
Proportion of people with severe disabilities [203] [204] ✓	Percent	6.1	6.5	6.7
Contracts to workshops for people with mental disabilities [204] ✓	EUR million	7.0	7.9	7.3

	Unit	2017	2018	2019
Audi profit share per employee [208] ✓	EUR	4,770	3,630	3,880
Employee donations [209] [211] ✓	EUR	1,270,189	1,283,502	1,296,507
Expenditure on corporate citizenship [210] [211] ✓	EUR million	20.6	16.5	17.5
Part-time employees [204]	Total	3,703	3,924	4,448
Employees on parental leave [204]	Total	3,117	3,439	3,753
Number of female employees on parental leave [204]	Total	1,107	1,229	1,448
Number of male employees on parental leave [204]	Total	2,010	2,210	2,305
Average duration of parental leave [204]	Duration	9	9	9

AUDI IDEAS PROGRAM [204]	Unit	2017	2018	2019
Savings ✓	EUR million	108.6	109.1	101.3
Implementation quota ✓	Percent	54.9	55.5	54.4

[1] Fully electric vehicle
[2] Plug-in hybrid drive
[3] Production locations 2019: as at Jan. 30, 2020
[4] The basis for determining and selecting stakeholders is the Stakeholder Engagement Standard AccountAbility 1000 (AA1000SES) and its associated principles of inclusivity, materiality and responsiveness.
[5] Planned for fall 2019, implemented at the start of 2020
[6] Adjustment of the target range of 6.5 to 7.0 percent to 5.0 to 6.0 percent due to the relocation of R&D volumes to the Car.SW Org. and further use of Group synergies.
[7] Adjustment of the target range from 5.5 to 6.0 percent to 5.0 to 6.0 percent due to optimization of the ratio of capex.
[8] Adjustment of the measure due to an additional shift in demand towards PHEV.
[9] European market
[10] Deadline corrected from 2019 to 2020 due to a development delay.
[11] Specification of the deadline for the implementation of the 10%. However, expansion remains an ongoing and needs-based measure.
[12] The planned expansion for 2019 was implemented. Adjustment of the target deadline to completion of the entire measure.
[13] Introduction of a homologated small-series vehicle stopped due to changed planning assumptions; however, further development of fuel cell technology (module/tank development/production technology).
[14] Deadline corrected from 2025 to 2026 due to changed planning assumptions in the Group
[15] The market introduction of synthetic liquid fuels by AUDI AG is currently suspended owing to a change in strategic direction.
[16] Deadline corrected from 2019 to 2021 due to reprioritization of technological supplementary measures at the PtG plant in Werlte
[17] Deadline corrected: The measure “Development and advancement of synthetic liquid fuels under the Audi e-fuels umbrella brand (e-diesel, e-gasoline and e-ethanol)” from the 2018 sustainability report was amended due to a change in strategic direction.

[100] 2019 values influenced by the deconsolidation of multibrand sales companies as at January 1, 2019. Further information on this is included in the Financial Report, e.g. on page 36 f.
[101] The ratio of capex includes investments in property, plant and equipment, investment property and other intangible assets according to the Cash Flow Statement in relation to revenue.

[102] Net cash flow taking into account the transfer of the minority interest in Volkswagen Group Services S.A., Brussels (Belgium), to Volkswagen AG, Wolfsburg, in 2017
[103] This includes Audi models built locally by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China).
[104] This includes delivered vehicles built locally by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China).
[105] The deconsolidation of the multibrand sales companies took place as at January 1, 2019. Further information on this is provided in the Financial Report on page 8.
[106] Figures refer to the Ingolstadt, Münchsmünster, Neckarsulm, Brussels, Győr, San José Chiapa (since 2016), Sant'Agata Bolognese (Lamborghini), Bologna (Ducati), Amphur Pluakdaeng (Ducati) (since 2017) sites. Only car-producing sites including component manufacturing are considered for the specific key figures. The environmental key figures for the respective current year are provisional data, which are replaced by the final result in the following year. In this report, the provisional figures for 2018 were updated with the relevant figures as of year-end 2018.
[107] 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 plant.
[108] Direct CO_2 emissions: This figure is made up of CO_2 emissions generated by the use of fuel at the plant and CO_2 emissions produced by the operation of test rigs.
[109] VOC emissions (volatile organic compounds): This figure is made up of emissions from the paint shops, test rigs and other facilities.
[110] Direct NOx emissions: This figure is made up of NOx emissions caused by the boiler houses at the plant, by paint shops and by the operation of test rigs.
[111] Transportation of vehicles from Ingolstadt to Emden, the port of loading on the North Sea coast; since October 2012, also from Neckarsulm; since 2015, the figure is given in t CO_2e. Since July 2017, rail transport in Germany has been handled by DB Schenker entirely CO_2-neutrally: All shipments from and to the German production locations Ingolstadt and Neckarsulm operated by DB Schenker are CO_2-free.
[112] Direct dischargers: Münchsmünster, San José Chiapa sites; indirect dischargers: Ingolstadt, Münchsmünster, Neckarsulm, Brussels, Győr, Sant'Agata Bolognese (Lamborghini), Bologna (Ducati), Amphur Pluakdaeng (Ducati) sites (since 2017)
[113] The measure "Successive decarbonization of the supply chain together with suppliers" from the 2018 sustainability report was defined as a target for the 2019 program and supplemented by additional measures.
[114] The measure "Analyze CO_2 emissions in the supply chain and derive potential measures for their reduction" from the 2018 sustainability report was defined in more detail for the 2019 program and thus cannot be found under this name. The planned measures for 2019 were implemented.
[115] Percentage decline from 40 to 30 percent due to change in the reference value (increase in freshwater requirements at the Ingolstadt site)
[116] The energy intensity indicated refers to automotive production (incl. component manufacturing). This is calculated by dividing the overall energy consumption of the car and component plants by the number of cars built at the sites.
[117] ISO 14001: Neckarsulm, Győr, Brussels, San José Chiapa, Sant'Agata Bolognese, Bologna and São José dos Pinhais sites; ISO 50001: Ingolstadt, Neckarsulm, Győr, Brussels, San José Chiapa, and Sant'Agata Bolognese sites.
[118] The prior-year figures of certain key financial figures have been adjusted to reflect the first-time adoption of IFRS 9 and IFRS 15 (see also the disclosures on IFRS 9 and IFRS 15 in the Notes to Consolidated Financial Statements)
[119] Changes to figures for 2017 result from retroactive adjustments in 2019, which were due to modified year-end figures

[201] Annual average figure.
[202] With effect from January 1, 2017, the fully consolidated Audi Hungaria Motor Kft., Győr (Hungary), was merged with the fully consolidated Audi Hungaria Services Zrt., Győr, and renamed Audi Hungaria Zrt., Győr.
[203] Excluding apprentices
[204] AUDI AG
[205] The attendance rate is calculated using the formula 100 – (sick days/payment-relevant days) x 100.
[206] The accident frequency figure indicates how many industrial accidents involving one or more days' work lost occur per million hours worked.
[207] With respect to non-production employees
[208] Payment in the following year; until 2016, figure for a specific reference skilled worker; as of 2017, average figure for a skilled worker at AUDI AG
[209] AUDI AG Christmas donation and "Last Cents" campaign
[210] Includes expenditure in the fiscal year in the areas of education, science, foundations; including donations; not including sponsorship and research
[211] Included respectively in the year 2019: Company top-up to the Christmas donation EUR 257,984.00
[212] Excluding leave on partial retirement phase
[213] Excluding fixed-term employees
[214] With respect to non-production employees

Fuel consumption and emission figures

As at: January 2020 (All data apply to features of the German market.)

Model	Combined fuel consumption [l/100 km]	Combined CO_2 emissions [g/km]
Audi A1 Sportback	6.0–4.7	137–107
Audi A1 citycarver	5.5–5.1	124–117
Audi Q2	6.7–4.4	153–115
Audi Q3	7.6–4.7	174–124
Audi Q3 Sportback	7.7–4.7	174–123
Audi A3 Sportback	6.6–3.5	149–43
Audi A3 Sedan	6.5–4.2	148–109
Audi A3 Cabriolet	6.8–5.2	155–119
Audi TT Coupé	7.0–6.0	161–137
Audi TT Roadster	7.3–6.3	166–143
Audi A4 Sedan	6.7–3.7	157–98
Audi A4 Avant	6.8–3.8	160–100
Audi A4 allroad quattro	6.8–5.0	164–132
A5 Sportback	6.8–3.7	158–98
Audi A5 Coupé	6.7–3.7	158–98
Audi A5 Cabriolet	7.0–4.0	163–106
Audi Q5	7.5–4.4	172–46
Audi A6 Sedan	7.4–4.0	170–39
Audi A6 Avant	7.6–4.1	174–108
Audi A6 allroad quattro	7.6–5.8	174–152
Audi A7 Sportback	7.5–4.4	172–40

Model	Combined fuel consumption [l/100 km]	Combined CO_2 emissions [g/km]
Audi e-tron	Current consumption 24.3–21.0 kWh/100km	0–0
Audi e-tron Sportback	Current consumption 23.9–20.6 kWh/100km	0–0
Audi Q7	9.1–6.6	208–64
Audi Q8	9.1–6.5	208–172
Audi A8	8.3–5.7	190–57
Audi A8 L	8.3–5.8	190–57
Audi R8 Coupé	13.1–12.9	298–293
Audi R8 Spyder	13.3–13.0	302– 297

The specified fuel consumption and emissions data have been determined according to the measurement procedures prescribed by law. Since September 1, 2017, certain new vehicles are already being type-approved according to the Worldwide Harmonized Light Vehicles Test Procedure (WLTP), a more realistic test procedure for measuring fuel consumption and CO_2 emissions. Starting on September 1, 2018, the New European Driving Cycle (NEDC) will be replaced by the WLTP in stages. Owing to the more realistic test conditions, the fuel consumption and CO_2 emissions measured according to the WLTP will, in many cases, be higher than those measured according to the NEDC. For further information on the differences between the WLTP and NEDC, please visit www. audi.de/wltp. We are currently still required by law to state the NEDC figures. In the case of new vehicles which have been type-approved according to the WLTP, the NEDC figures are derived from the WLTP data. It is possible to specify the WLTP figures voluntarily in addition until such time as this is required by law. In cases where the NEDC figures are specified as value ranges, these do not refer to a particular individual vehicle and do not constitute part of the sales offering. They are intended exclusively as a means of comparison between different vehicle types. Additional equipment and accessories (e.g. add-on parts, different tire formats, etc.) may change the relevant vehicle parameters, such as weight, rolling resistance and aerodynamics, and, in conjunction with weather and traffic conditions and individual driving style, may affect fuel consumption, electric power consumption, CO_2 emissions and the performance figures for the vehicle.

Further information on official fuel consumption figures and the official 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 cars models," which is available free of charge at all sales dealerships, from DAT Deutsche Automobil Treuhand GmbH, Hellmuth-Hirth-Str. 1, 73760 Ostfildern, Germany and at www.dat.de.

GRI criteria
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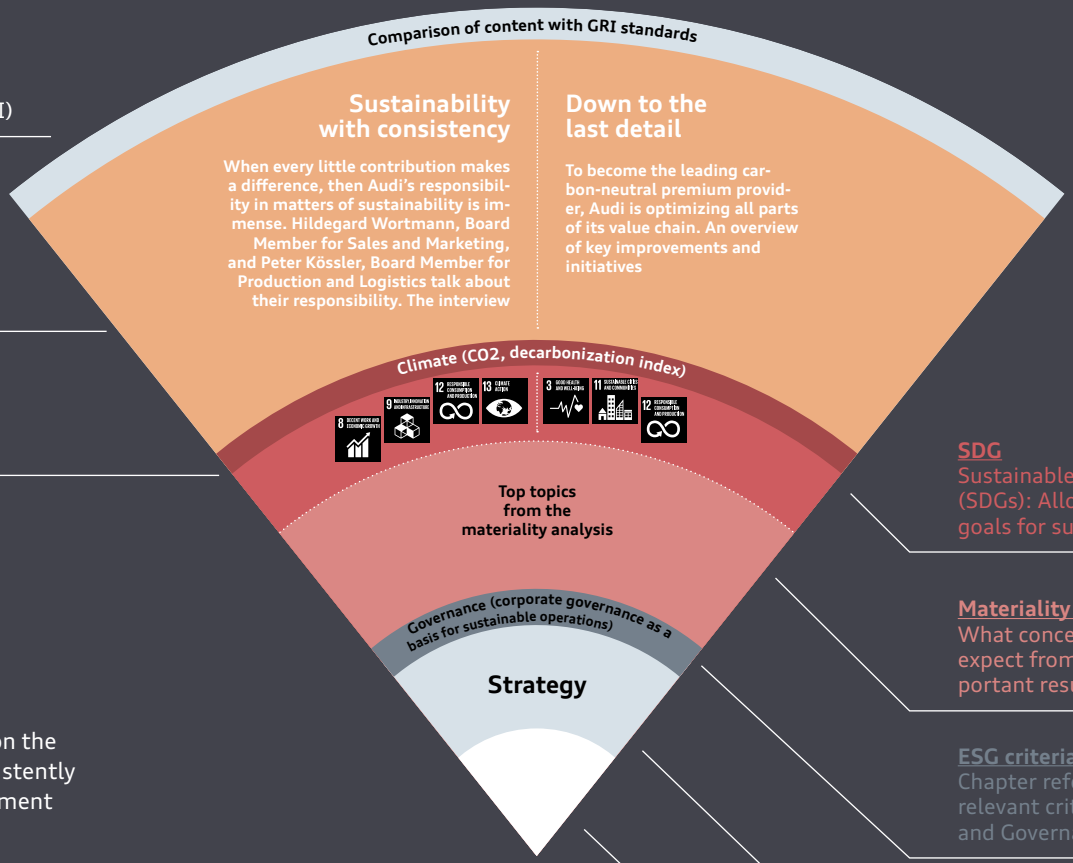
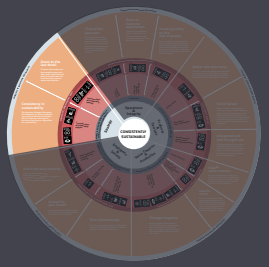
Story that documents the commitment of Audi. For example, the section "Operations & Integrity"

Sustainability Roadmap
Comparison with the targets of the sustainability program





SDG
Sustainable Development Goals (SDGs): Allocation of the 17 global goals for sustainable development

Materiality analysis
What concerns stakeholders, what do they expect from Audi? Selection of the most important results of the materiality analysis

ESG criteria
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Important pillars of the corporate strategy "consistently Audi"

Strategy

In the "Strategy" section, the articles shed light on the corporate strategy newly adopted in 2019, "consistently Audi," and on the background to and the development history of the sustainability report for 2019.

The following four chapters each have the same structure: they start with a "lead story" that addresses the most relevant topic area of this section as defined by the materiality analysis (page 22). Next, there is a second larger story, which delves into one aspect of the value chain (page 10) – always with a view to the electrification strategy of Audi. This is followed by further topics classed as relevant for reporting (page 14).

GRI 102-46, 102-47, 102-48

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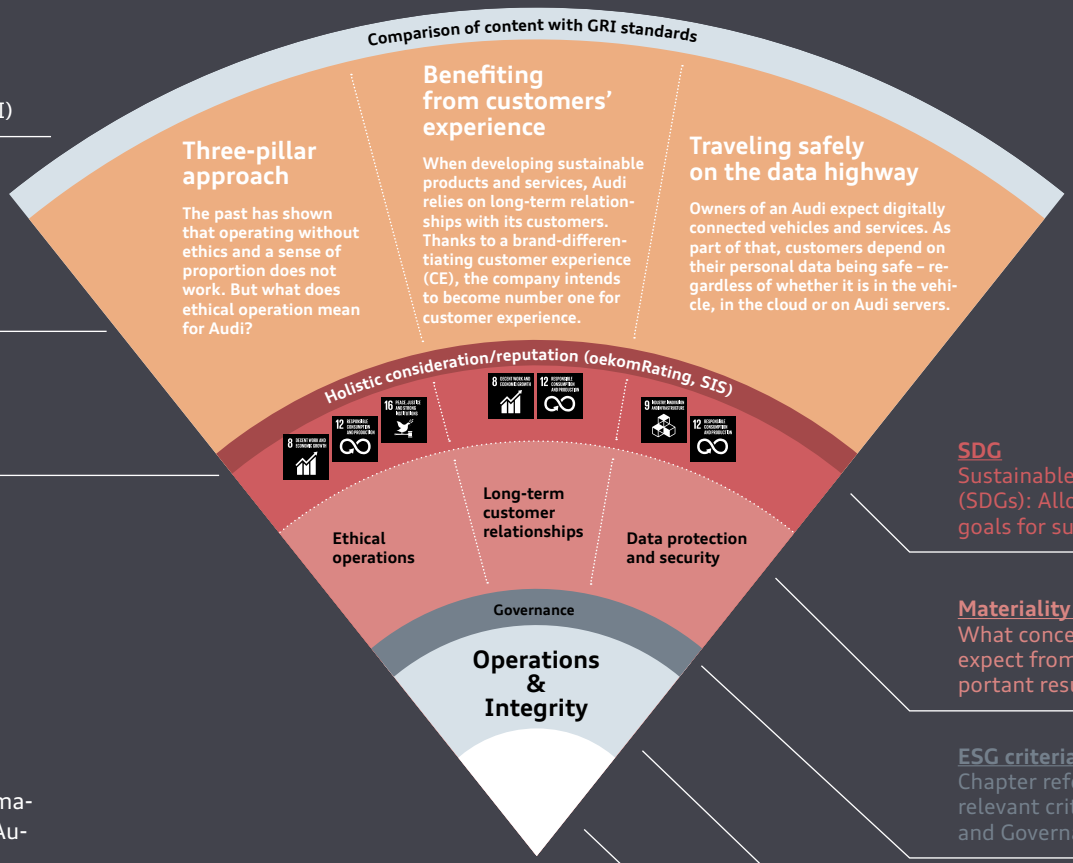

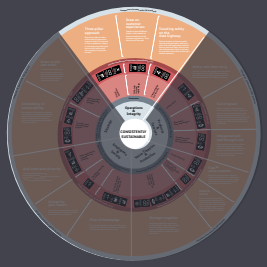

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Operations & Integrity

The materiality analysis (page 22) provides information on the relevance of defined action areas for Audi's stakeholders. For the section "Operations & Integrity," the topics "ethical operations," "long-term customer relationships" and "data protection and data security" were ranked as most important. The corresponding article starts on page 24.

Equally high relevance is also afforded to the topic of "economic stability," which this sustainability report addresses in detail (page 35).

GRI 102-46, 102-47, 102-48

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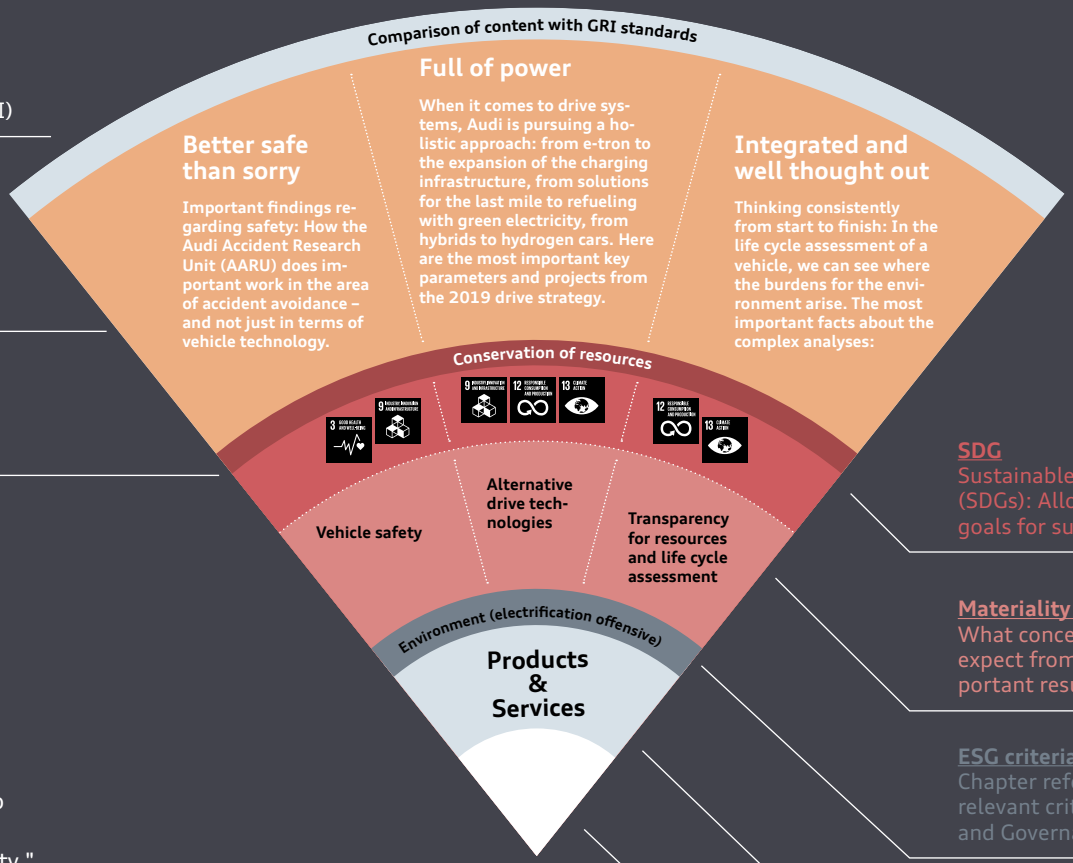

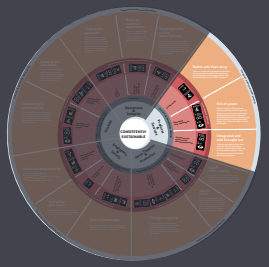

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Products & Services

In the area of "Products & Services," according to the materiality analysis (page 22), the greatest relevance is afforded to the topic of "vehicle safety," followed by "alternative drive technologies" and "transparency with respect to resource conservation and life cycle assessment."

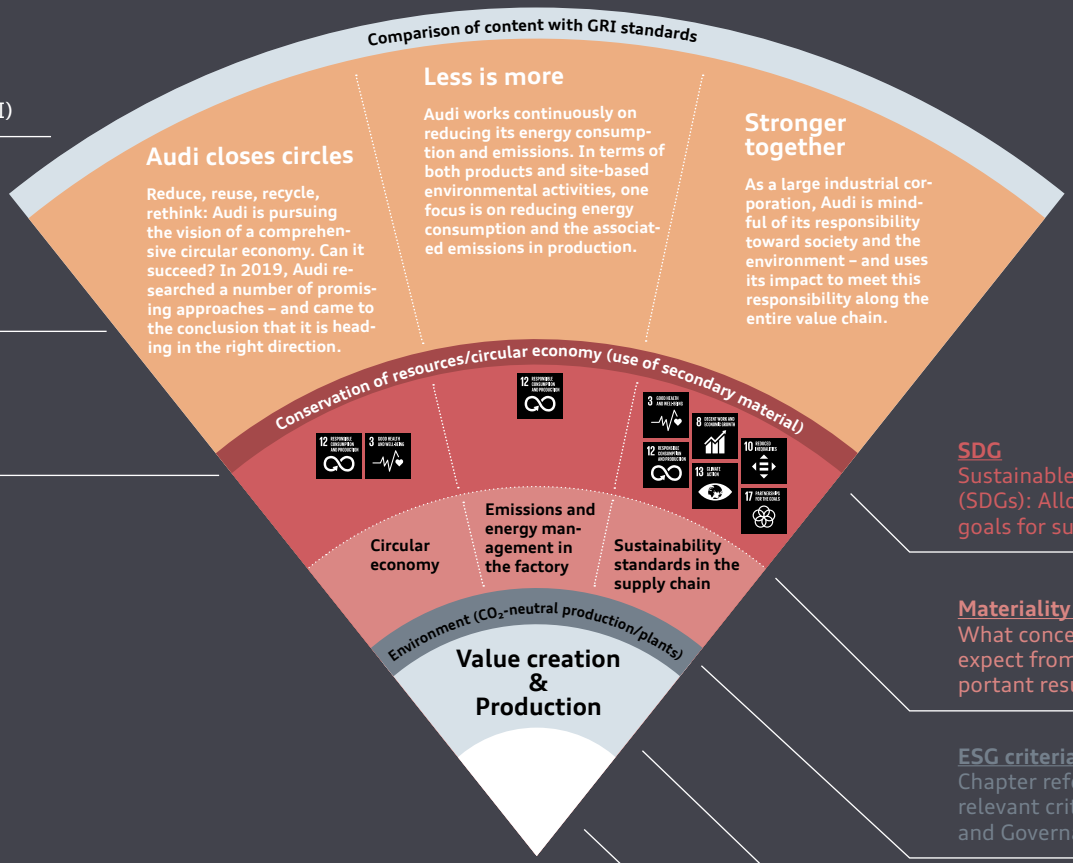
The topics "combustion engines with future viability" and "sustainable system offering," were also ranked highly, which is why these topics play a prominent role in the article on "alternative drive technologies" (page 46).

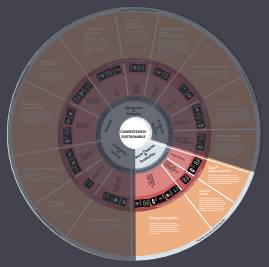
GRI 102-46, 102-47, 102-48

Value Creation & Production

In the section "Value Creation & Production," the following three topics are the most important for Audi stakeholders according to the materiality analysis performed (page 22): "circular economy," "emissions and energy management (in the factory)" and "sustainability standards in the supply chain."

The stories on these topics are featured in the sustainability report starting on page 61.





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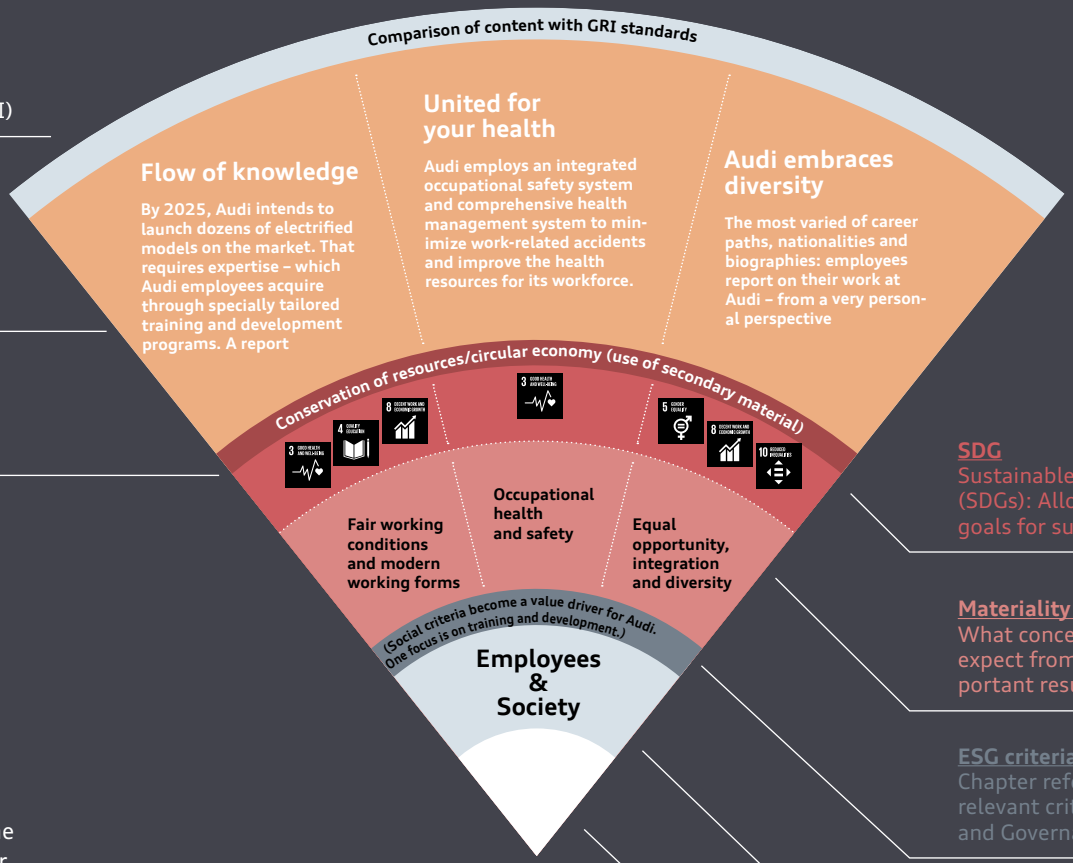

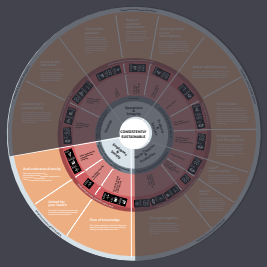

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Employees & Society

According to the materiality analysis (page 22), Audi stakeholders afford the utmost priority in the section "Employees & Society" to the topic of "fair working conditions and modern working forms."

"Occupational health and safety" and "equal opportunities, integration and diversity" were also ranked highly. All three topics are discussed in detail in this report starting on page 82.

GRI 102-46, 102-47, 102-48

Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information[1]

To AUDI AG, Ingolstadt
We have performed a limited assurance engagement on the disclosures denoted with "√" in the table "Audi Sustainability Key Figures" as well as on the management approaches on product-related CO2 emissions and employer attractiveness in the Sustainability Report 2019 of AUDI AG, Ingolstadt (hereinafter the "Company"), for the period from 1 January to 31 December 2019 (hereinafter the "Report").

Responsibilities of the Executive Directors
The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the "GRI-Criteria") and for the selection of the disclosures to be evaluated.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm
We have complied with the German professional provisions regarding independence as well as other ethical requirements.
Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility
Our responsibility is to express a limited assurance conclusion on the disclosures denoted with "√" in the table "Audi Sustainability Key Figures" as well as on the management approaches on product-related CO2 emissions and employer attractiveness in the Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has ›

* PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the Sustainability Report 2019 of AUDI AG and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.
** The Sustainability Report 2019 of AUDI AG presented for the issuance of the Independent Practitioner's Report is available on the webpage of AUDI AG: www.audi.com/sustainability_report. The Company is responsible for its website. Accordingly, we assume no responsibility for any changes in the presentation of content subject to the assurance procedures described in this Independent Practitioner's Report that occurred after the date of this Independent Practitioner's Report.

› come to our attention that causes us to believe that the disclosures denoted with "√" in the table "Audi Sustainability Key Figures" as well as the management approaches on product-related CO2 emissions and employer attractiveness in the Company's Report for the period from 1 January to 31 December 2019 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Assessment of the management approach on product-related CO2 emissions and the management approach on employer attractiveness against the requirements of the GRI Standards pursuant to Disclosures 103-1, 103-2 and 103-3
- Inspection of relevant documents and inquiries of personnel regarding the data collection and consolidation processes of the selected disclosures in the Report as well as the internal control system relating to these processes
- Analytical evaluation of selected disclosures in the Report
- Evaluation of the implementation of central management requirements, processes and specifications regarding data collection through on-site visits at selected sites of the Company:

  AUDI AG, Ingolstadt, Germany
  AUDI AG, Neckarsulm, Germany
  AUDI HUNGARIA Zrt., Győr, Hungary

- Assessment of the aggregation of selected disclosures in the Report on group level
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report 2019 of the Company
- Evaluation of the presentation of the information

Assurance Conclusion
Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures denoted with "√" in the table "Audi Sustainability Key Figures" as well as the management approaches on product-related CO2 emissions and employer attractiveness in the Company's Report for the period from 1 January to 31 December 2019 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

Intended Use of the Assurance Report
We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, 13 May 2020
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüfer
(German Public Auditor)

ppa. Mirjam Kolmar

GRI content index

The Audi Group is reporting on its sustainability performance for the year 2019 pursuant to the international standard of the Global Reporting Initiative (GRI). This report was prepared in accordance with the "core" option of the GRI Standards.

The information in this report was chosen on the basis of a materiality analysis performed in 2019. The report was submitted to GRI for the performance of the GRI Materiality Disclosures Service. GRI confirmed the proper positioning of the materiality-related disclosures (102-40 to 102-49). The German version of the Sustainability Report was used for this service.

GRI Standards	Page	Statement/comment
General Disclosures		
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Organizational profile		
GRI 102-1: Name of the organization	4	
GRI 102-2: Activities, brands, products and services	4	
GRI 102-3: Location of headquarters	4	
GRI 102-4: Location of operations	4	
GRI 102-5: Ownership and legal form	4	
GRI 102-6: Markets served	4	
GRI 102-7: Scale of the organization	4, 88, 107	
GRI 102-8: Information on employees and other workers	88, 107	
GRI 102-9: Supply chain	11, 65ff	
GRI 102-10: Significant changes to the organization and its supply chain	35ff	
GRI 102-11: Precautionary principle or approach	35ff	
GRI 102-12: External initiatives	21	
GRI 102-13: Membership in associations and other interest groups	21	

GRI Standards	Page	Statement/comment
Strategy		
GRI 102-14: Statement from senior decision-maker	3, 6ff	
GRI 102-15: Key impacts, risks and opportunities	6ff, 25ff, 35ff, 62ff	
Ethics and integrity		
GRI 102-16: Values, principles, standards, and norms of behavior	18f, 25ff, 38ff	
GRI 102-17: Mechanisms for advice and concerns about ethics	18f, 25ff	
Governance		
GRI 102-18: Governance structure	18f	
GRI 102-19: Delegating authority	18f	
GRI 102-20: Executive-level responsibility for economic, environmental, and social topics	18f	
GRI 102-21: Consulting stakeholders on economic, environmental, and social topics	20f	
GRI 102-22: Composition of the highest governance body and its committees	FR (p. 66)	
GRI 102-23: Chair of the highest governance body	FR (p. 4ff, 66)	
GRI 102-24: Nominating and selecting the highest governance body	FR (p. 57f)	
GRI 102-25: Conflicts of interest	FR (p. 55ff)	
GRI 102-26: Role of highest governance body in setting targets, values, and strategies	15ff, 18f	
GRI 102-27: Collective knowledge of highest governance body	FR (p. 58)	
GRI 102-28: Evaluating the highest governance body's performance	18-19	
GRI 102-29: Identifying and managing economic, environmental, and social impacts	20f, 22f	
GRI 102-30: Effectiveness of risk management processes	FR (p. 89ff)	
GRI 102-31: Review of economic, environmental, and social topics	22f	
GRI 102-32: Highest governance body’s role in sustainability reporting	22f, 102	
GRI 102-33: Communicating critical concerns	25ff, FR (p. 89ff)	
GRI 102-34: Nature and total number of critical concerns	FR (p. 102ff)	
GRI 102-35: Remuneration policies	FR (p. 69ff)	
GRI 102-36: Process for determining remuneration	FR (p. 69ff)	
GRI 102-37: Stakeholders' involvement in remuneration	FR (p. 69ff)	

FR = Audi Financial Report 2019. Download from:
https://www.audi.com/de/company/investor-relations/reports-and-key-figures/annual-reports.htmlports.html

GRI Standards	Page	Statement/comment
Stakeholder engagement		
GRI 102-40: List of stakeholder groups	20f, 22f	
GRI 102-41: Collective bargaining agreements	40, 89	
GRI 102-42: Identifying and selecting stakeholders	20	
GRI 102-43: Approach to stakeholder engagement	20	
GRI 102-44: Key topics and concerns raised	15ff, 22f	
Reporting practice		
GRI 102-45: Entities included in the consolidated financial statements	FR (p. 201)	
GRI 102-46: Defining report content and topic boundaries	14, 22f, 111ff	
GRI 102-47: List of material topics	14, 22f, 111ff	
GRI 102-48: Restatements of information	14, 102, 111ff	
GRI 102-49: Changes in reporting	14, 22-23, 102	
GRI 102-50: Reporting period	102	
GRI 102-51: Date of most recent report	102	
GRI 102-52: Reporting cycle	102	
GRI 102-53: Contact point for questions regarding the report	20, 126	
GRI 102-54: Declaration on reporting in accordance with the GRI Standards	118	
GRI 102-55: GRI content index	118ff	
GRI 102-56: External assurance	116f	

GRI Standards	Page	Statement/comment
Topic-specific disclosures		
GRI 201: Economic Performance 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f. 25, 35ff, 41, 112	
GRI 103-2: The management approach and its components	25, 35, 41	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 201-1: Directly generated and distributed economic value	35ff, 103	
GRI 201-2: Financial implications and other risks and opportunities due to climate change	6ff, 10ff, 35ff, FR	
GRI 201-3: Defined benefit plan obligations and other retirement plans	FR (page 166)	
GRI 202 Market Presence 2016		
GRI 103-1: Explanation of the material topic and its boundary	4, 14, 22f, 88ff	
GRI 103-2: The management approach and its components	4, 88ff	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 202-1: Ratios of standard entry level wage by gender compared with local minimum wage		The bargaining partners consider the ratio of the entry level wages to the statutory local minimum wage when structuring compensation as part of the collective bargaining process.
GRI 202-2: Proportion of senior management hired from the local community	88	

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GRI Standards	Page	Statement/comment
GRI 203: Indirect Economic Impacts 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 35, 93	
GRI 103-2: The management approach and its components	35, 93	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 203-1: Infrastructure investments and services supported	35ff, 70ff	
GRI 203-2: Significant indirect economic impacts	35ff, 62ff, 85ff	
GRI 204: Procurement Practices 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 62ff, 65ff, 114	
GRI 103-2: The management approach and its components	62ff, 65ff	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 204-1: Proportion of spending on local suppliers	35ff	

GRI Standards	Page	Statement/comment
GRI 205: Anti-corruption 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 25ff	
GRI 103-2: The management approach and its components	25ff	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 205-1: Operations assessed for risks related to corruption	25ff	
GRI 205-2: Communication and training about anti-corruption policies and procedures	27ff	
GRI 205-3: Confirmed incidents of corruption and actions taken	26	
GRI 206: Anti-competitive Behavior 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 25ff, 41	
GRI 103-2: The management approach and its components	25ff, 41	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	25ff	

GRI Standards	Page	Statement/comment
GRI 301: Materials 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 62ff, 78f, 114	
GRI 103-2: The management approach and its components	62ff, 78f	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 301-1: Materials used by weight or volume	64	
GRI 301-2: Recycled input materials used	62ff, 65ff	
GRI 301-3: Reclaimed products and their packaging materials	62ff, 74	
GRI 302 Energy 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 6ff, 69, 72, 81, 114	
GRI 103-2: The management approach and its components	6ff, 69, 72, 81	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 302-1: Energy consumption within the organization	72ff, 104f	
GRI 302-2: Energy consumption outside of the organization	72ff, 104f	
GRI 302-3: Energy intensity	72ff, 104f	
GRI 302-4: Reduction of energy consumption	69, 72, 104f	
GRI 302-5: Reductions in energy requirements of products and services	72ff	

GRI Standards	Page	Statement/comment
GRI 303: Water and Effluents 2018		
GRI 103-1 (GRI 103: Management approach 2016): Explanation of the material topic and its boundary	14, 22f, 6ff, 69, 72, 80, 114	
GRI 103-2(GRI 103: Management approach 2016): The management approach and its components	6ff, 69, 72, 80f	
GRI 103-3(GRI 103: Management approach 2016): Evaluation of the management approach	20f, 37	
GRI 303-1: Interactions with water as a shared resource	74, 106f	
GRI 303-2: Management of water discharge-related impacts	**70, 74**	
GRI 303-3: Water withdrawal	70, 74 105-106	
GRI 303-4: Water recirculation	70, 74 105-106	
GRI 303-5: Water consumption	70, 74 105-106	
GRI 304: Biodiversity 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 69ff, 114	
GRI 103-2: The management approach and its components	69ff	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 304-1: Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	69ff	
GRI 304-2: Significant impacts of activities, products, and services on biodiversity	69ff	
GRI 304-3: Habitats protected or restored	71	

GRI Standards	Page	Statement/comment
GRI 305: Emissions 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 69ff, 72ff, 80f, 114	
GRI 103-2: The management approach and its components	69ff, 72ff, 80f	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 305-1: Direct (Scope 1) GHG emissions	73, 75 105	
GRI 305-2: Energy indirect (Scope 2) GHG emissions	73, 75, 105	
GRI 305-3: Other indirect (Scope 3) GHG emissions	75, 105	
GRI 305-4: GHG emissions intensity	72ff, 105	
GRI 305-5: Reduction of GHG emissions	72ff, 105	
GRI 305-7: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	74, 105	
GRI 306: Effluents and Waste 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 69, 80, 114	
GRI 103-2: The management approach and its components	69, 80	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 306-1: Water discharge by quality and destination	74, 106	
GRI 306-2: Waste by type and disposal method	74, 106	
GRI 306-3: Significant spills	74	
GRI 306-4: Transport of hazardous waste	74, 106	
GRI 306-5: Water bodies affected by water discharges and/or runoff	74, 105-106	

GRI Standards	Page	Statement/comment
GRI 307: Environmental Compliance 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 25ff, 51, 69, 72ff, 112, 114	
GRI 103-2: The management approach and its components	25ff, 51, 69, 72ff	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 307-1: Non-compliance with environmental laws and regulations	19, 25ff	
GRI 308: Supplier Environmental Assessment 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 65ff, 78, 114	
GRI 103-2: The management approach and its components	65ff, 78	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 308-1: New suppliers that were screened using environmental criteria	65ff	
GRI 308-2: Negative environmental impacts in the supply chain and actions taken	65ff	

GRI Standards	Page	Statement/comment
GRI 401: Employment 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 88, 99ff, 115	
GRI 103-2: The management approach and its components	88, 99ff	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 401-1: New employee hires and employee turnover	88ff, 107	Information by age group and gender is not currently available.
GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	88ff	
GRI 401-3: Parental leave	88ff, 108	Information on return to work rate by gender is not currently available.
GRI 402: Labor/Management Relations 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 38ff, 89, 115	
GRI 103-2: The management approach and its components	38ff, 89	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 402-1: Minimum notice periods regarding operational changes		In the event of operational changes, the company undertakes to inform the employees of these in a timely manner.

GRI Standards	Page	Statement/comment
GRI 403: Occupational Health and Safety 2018		
GRI 103-1 (GRI 103: Management approach 2016): Explanation of the material topic and its boundary	14, 22f, 91f, 99ff, 115	
GRI 103-2 (GRI 103: Management approach 2016): The management approach and its components	91f, 99ff	
GRI 103-3 (GRI 103: Management approach 2016): Evaluation of the management approach	20f, 37	
GRI 403-1: Occupational health and safety management system	91f, 108	
GRI 403-2: Hazard identification, risk assessment, and incident investigation		Information by age group and region is not currently available.
GRI 403-3: Occupational health services	92	
GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	91f	
GRI 403-5: Worker training on occupational health and safety	91-92	
GRI 403-6: Promotion of worker health	91f	
GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	91f	
GRI 403-8: Workers covered by an occupational health and safety management system	91f	
GRI 403-9: Work-related injuries	91f, 108	
GRI 403-10: Work-related ill health	91f, 108	

GRI Standards	Page	Statement/comment
GRI 404: Training and Education 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 85ff, 99ff, 115	
GRI 103-2: The management approach and its components	85ff, 99ff	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 404-1: Average hours of training per year per employee	107	Information by gender is not currently available.
GRI 404-2: Programs for upgrading employee skills and transition assistance programs	28, 85ff	
GRI 404-3: Percentage of employees receiving regular performance and career development reviews	87	
GRI 405: Diversity and Equal Opportunity 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 29f, 83ff, 88ff, 99ff, 115	
GRI 103-2: The management approach and its components	83ff, 88ff, 99ff	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 405-1: Diversity of governance bodies and employees	83ff, 88, 107, FR (P. 54, P. 57f)	
GRI 405-2: Ratio of basic salary and remuneration of women to men	88ff	

GRI Standards	Page	Statement/comment
GRI 412: Human Rights Assessment 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 25ff, 65ff	
GRI 103-2: The management approach and its components	25ff, 65ff	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 412-1: Operations that have been subject to human rights reviews or impact assessments	65ff	
GRI 412-2: Employee training on human rights policies or procedures	10ff, 25ff	
GRI 412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	65ff	
GRI 413: Local Communities 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 96ff	
GRI 103-2: The management approach and its components	96ff	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 413-1: Operations with local community engagement, impact assessments, and development programs	21, 96ff	

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GRI Standards	Page	Statement/comment
GRI 414: Supplier Social Assessment 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 10ff, 65ff, 78, 114	
GRI 103-2: The management approach and its components	10ff, 65ff, 78	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 414-1: New suppliers that were screened using social criteria	65ff	
GRI 414-2: Negative social impacts in the supply chain and actions taken	65ff	
GRI 416: Customer Health and Safety 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 43ff, 57f, 112, 113	
GRI 103-2: The management approach and its components	43ff, 57f	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 416-1: Assessment of the health and safety impacts of product and service categories	43ff	
GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	19, 28f, FR (p. 102ff)	
GRI 417: Marketing and Labeling 2016		
GRI 103-1: Explanation of the material topic and its boundary	6ff, 14, 22f	
GRI 103-2: The management approach and its components	6ff	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 417-1: Requirements for product and service information and labeling	110	
GRI 417-2: Incidents of non-compliance concerning product and service information and labeling		AUDI AG never provides general information on the scope of field measures.
GRI 417-3: Incidents of non-compliance concerning marketing communications	26	
GRI 418: Customer Privacy 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 31f, 41, 58f, 113	
GRI 103-2: The management approach and its components	31f, 41, 58f	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	32	
GRI 419: Socioeconomic Compliance 2016		
GRI 103-1: Explanation of the material topic and its boundary	14, 22f, 25ff, 35ff, 41, 111	
GRI 103-2: The management approach and its components	25ff, 35ff, 41	
GRI 103-3: Evaluation of the management approach	20f, 37	
GRI 419-1: Non-compliance with laws and regulations in the social and economic area	25ff	

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