



# AUDI AG Slavery and Human Trafficking Statement (fiscal year 2023)

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

## Preamble

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



## Organization and supply chain

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

The Audi brand group is present in more than 100 markets worldwide. It manufactured at 22 sites in 13 countries in 2023 together with their partner companies. The Audi brand group is also responsible for the Bentley, Ducati and Lamborghini brands. AUDI AG is a fully owned subsidiary of Volkswagen AG.

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

For us, global compliance with sustainability standards in areas such as human rights, occupational health and safety, environmental protection and combating corruption is a basic prerequisite for successful business with our suppliers. Only together with our business partners is it possible to ensure compliance with sustainability standards and contribute to the implementation of the United Nations Sustainable Development Goals (SDGs). To achieve these

goals, we implemented the concept of “Responsible Supply Chain Management” and we continue to build on and develop these measures to this day.

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

## Management approach

The issue of “business and human rights” is built into the existing Compliance Management System (CMS). At Audi, the Integrity, Compliance, Risk Management department handles central coordination of and advice on “Business and Human Rights” matters for responsible persons in other Audi divisions, including for the project “Implementing the German Supply Chain Due Diligence Act (LkSG)”.

With effect from January 1, 2023 the Board of Management of AUDI AG appointed a [Human Rights Officer](#) for Audi. In this independent role they are the primary contact on all human rights matters for government agencies, the political sphere and society at large. Their primary tasks include monitoring the appropriateness and effectiveness of risk management to assure due diligence under the LkSG and conducting risk-based control measures. In this capacity they report directly to the Board of Management at AUDI AG.

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



We present our responsibility for “Business & Human Rights” on the Audi website.<sup>1</sup> The Volkswagen Group has expanded and affirmed this understanding along with our commitment to our entrepreneurial responsibility, which follows internationally recognized treaties and conventions including explicitly the UN Guiding Principles on Business and Human Rights, in the “Declaration by the Volkswagen Group on social rights, industrial relations and business and human rights,” known as the [Social Charter](#). Audi has confirmed the Social Charter of the Volkswagen Group and adopted the values contained therein. On the subject of “No forced labor” it states:

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

In addition to coordination within our Group itself, we again prioritized one focal area in our collaboration with external stakeholders in 2023. We support the German Federal government’s National Action Plan (NAP) “Business and Human Rights.” Within this context, since 2020 we have actively participated in the [automotive industry’s sector dialogue](#) under the aegis of the German Federal Ministry of Labor and Social Affairs (BMAS). One of its goals was the joint drafting of [implementation-led, industry-specific procedural instructions](#), which are published on the BMAS website.<sup>3</sup> We will continue this dialogue with representatives of trade unions, NGOs, science, politics and business

in 2024. Combating modern slavery and forced labor also plays an important role here.

We continue to proactively seek dialogue with external stakeholders on human rights<sup>4</sup> and exchanges of views within working groups or initiatives such as the DICO working group “Human Rights in Business” or the Forum Compliance & Integrity. The [Stakeholder Dialogue](#) on Audi’s human rights strategy, which was held in October 2023, maintains the regular sharing of opinions between AUDI AG and relevant stakeholders on the issue of human rights. The aim of the event, which involved representatives of science, business, consulting, NGOs and representatives of specialist areas of the company, was to present the newly drafted Audi Human Rights Strategy, reflect on it openly together and identify focus topics and next steps. Taking the dialogue with experts and stakeholders as our basis, we are able to build on our commitment with the aim of fulfilling our entrepreneurial responsibility for human rights even more effectively.

### **Code of Conduct of the Audi brand group<sup>5</sup>**

The Audi Code of Conduct represents the fundamental ethos and set of values that underpins ethical and compliant conduct within the Audi brand group. The Code of Conduct is regarded as a binding set of guidelines for all employees across all brands and companies – worldwide. It focuses on the compliant and ethical conduct of employees and on the responsibility of the company as a business partner and member of society. The Code of Conduct incorporates worldwide regulations to respect the protection of human and children’s rights, a rejection of any child, forced and compulsory labor as well as all forms of modern slavery and human trafficking. AUDI AG revised the Audi Code

<sup>1</sup> <https://www.audi.com/en/sustainability/people-society/human-rights.html>

<sup>2</sup> [https://www.audi.com/content/dam/gbp2/downloads/Chartas/2021-07\\_VW\\_Social\\_Charter\\_Guidelines\\_Audi.pdf](https://www.audi.com/content/dam/gbp2/downloads/Chartas/2021-07_VW_Social_Charter_Guidelines_Audi.pdf), page 6.

<sup>3</sup> <https://www.csr-in-deutschland.de/EN/Business-Human-Rights/Implementation-support/Sector-dialogues/Automotive-Industry/Guidelines/guidelines.html>

<sup>4</sup> Further information: <https://www.audi.com/en/sustainability/sustainability-concept/stakeholder-management/audi-dialogue.html>

<sup>5</sup> [https://www.audi.com/content/dam/gbp2/downloads/Corporate-guidelines/en/Audi%20CoC%203.0\\_EN.pdf](https://www.audi.com/content/dam/gbp2/downloads/Corporate-guidelines/en/Audi%20CoC%203.0_EN.pdf)



of Conduct in 2023 in alignment with the corresponding initiative of the Volkswagen Group and introduced it uniformly across all brands and companies of the Audi brand group on January 1, 2024.

The Code of Conduct is a mandatory set of guidelines on compliant behavior that lays down the key principles that apply to day-to-day work in the Audi brand group. It is permanently available to all employees on the intranet, and also to third parties over the Internet. Its status is continuously communicated proactively. For example, the Chairman of the Board of Management and other Board of Management members, representatives of Top Management (TMK) and the Audi Chief Compliance Officer regularly declare their responsibility for compliance and integrity at events and in publications internally and externally.

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

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

The Volkswagen Group has moreover issued the Volkswagen [Code of Conduct for Business Partners](#), which has the status of a binding component of business partner contracts. It specifies the expectations of the Group regarding the approach and conduct of business partners, and especially suppliers and sales partners. These requirements regarding the entrepreneurial activities of business partners therefore also represent the basis for successful business relationships between Audi and its business partners.<sup>6</sup>

#### **AUDI AG policy statement regarding the commitment to and observance of human rights<sup>7</sup>**

In order to affirm AUDI AG's commitment to respecting and upholding human rights in general and condemning forced labor and human trafficking specifically, AUDI AG's Board of Management signed a policy statement regarding the "Respect for and Observance of Human Rights" in 2017. The Human Rights Policy Declaration updated in 2023, which also contains the human rights strategy of the Audi brand group, documents AUDI AG's commitment to respecting and upholding human rights.

#### **Audi brand group Whistleblower System<sup>8</sup>**

The Whistleblower System is the point of contact for reporting suspected potential regulatory violations by employees. These include, for example, violations of human rights – a matter that fundamentally constitutes a "serious regulatory violation". Wherever they are in the world, employees as well as business partners and customers are able to report misconduct by Audi brand group employees along a variety of channels. As well as via the e-mail mailbox and by traditional mail, regulatory violations can be reported via a secure online reporting channel (BKMS) and on a 24/7 phone hotline 365 days a year in several different languages. There is also the option of submitting a report

<sup>6</sup> For further information on the Code of Conduct for Business Partners, please refer to page 7 under the section "Sustainability requirements of our suppliers: Code of Conduct for Business Partners."

<sup>7</sup> The policy declaration is published on the [Audi website: https://www.audi.com/content/dam/gbp2/downloads/Corporate-guidelines/en/Statement-of-Principle-Human-Rights-2.1.pdf](https://www.audi.com/content/dam/gbp2/downloads/Corporate-guidelines/en/Statement-of-Principle-Human-Rights-2.1.pdf)

<sup>8</sup> <https://www.audi.com/en/company/compliance-riskmanagement/whistleblower-system.html>



to an external lawyer (ombudsperson) appointed by the Volkswagen Group. If desired, reports can be made anonymously, especially where the online reporting channel is used (with scope for consultation with the whistleblowers). Strict confidentiality and secrecy are maintained throughout the entire process. The Whistleblower System guarantees the highest possible protection for whistleblowers and all persons who participate in investigating and remedying misconduct and regulatory violations. Discrimination against whistleblowers and participating persons is fundamentally a serious regulatory violation and will not be tolerated. At the same time the Whistleblower System protects the interests of persons of interest. They are presumed innocent until proof of a violation is obtained. The processes involved in the Whistleblower System were reviewed in light of the requirements of the German Supply Chain Due Diligence Act (LkSG) and adjusted where necessary. A corresponding [Rules of Procedure](#) for the complaints procedure was published on the [Audi website](#).

### **Risk analysis**

The established risk management processes within the Audi brand group cover both acute operating risks identified in the Risk Quarterly Process (RQP) and latent process-related risks identified by the standard Internal Control System (ICS) and the regular Governance, Risk and Compliance process (GRC). The RQP and ICS are applied at AUDI AG, Audi of America, Audi Hungaria, Audi Mexico, Audi Brussels and Audi China, with the annual regular GRC process applied at the remaining material participations. Risk assessments on the subject of human rights can be carried out by the main divisions and companies in these processes. The countermeasures and control activities used are in addition reported on.

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

AUDI AG has incorporated business and human rights into the existing CMS, based on the United Nations requirements on corporate human rights due diligence. To identify human rights risks within business operations, the Volkswagen Group set up a cross-brand working group in 2019 to implement a concept for assessing risk exposure for controlled participations.<sup>9</sup> In preparation for LkSG, Audi examined and refined the process in 2022 in collaboration with Volkswagen. A questionnaire-based abstract risk analysis was carried out in 2023 at AUDI AG and the Audi brand group companies that are the focus of the so-called “own business area” in accordance with the LkSG. The goal was to classify the risk environment of the brand group companies. This was performed by making an assessment of the country risk, business model and risk driver questions and resulted in a classification as low, medium or high per each Audi brand group entity. The risk environment was made available to the specialist functions responsible as guidance for their concrete risk analysis. The concrete risk analysis was conducted, evaluated and prioritized by the specialist areas responsible for the legal positions, such as HR Compliance, Occupational Health and Safety, Corporate Security, Environmental Protection, Real Estate and Materials Conformity. Where risks were identified, specific preventive measures were taken. The abstract and specific risk

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



analysis for the Audi brand group is conducted annually. Initial learnings from 2023 were incorporated into the 2024 process in the spirit of continuing development.

### **Training of employees**

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

In fiscal year 2023, dedicated qualification measures on the subject of Business and Human Rights (BHR) again took place in a variety of formats and with a range of scopes, including as part of Audi Code of Conduct training. Specifically the live online training format that all employees can book was used for the subject of “Business and human rights in the corporate context.” BHR aspects are also communicated through special awareness-raising training for future Foreign Service Employees (expatriates) and form part of the regular compliance and integrity training for Board of Management members.

The Volkswagen Group developed a new web based training (WBT) module “Human Rights – Our Responsibility in the Volkswagen Group” in 2023 and rolled it out across all Volkswagen Group companies, including in the Audi brand group. The Group-wide mandatory qualification teaches participants about their responsibility to uphold human rights, raises their awareness of potential human rights and environmental risks and violations, and enables them to identify and report them.

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

### **Measures along the supply chain**

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

#### **Human rights due diligence**

One area of focus in the year under review was the further systematizing of the priority topic of human rights. To that end, the human rights due diligence management system underwent further development. The aim of this approach is to avoid or minimize human rights or environmental risks along the Volkswagen Group supply chain, using a systematic risk analysis as the basis.

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

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



**Sustainability requirements for our suppliers:  
Code of Conduct for Business Partners<sup>10</sup>**

The “Volkswagen Group requirements regarding sustainability in its relationships with business partners” – the [Code of Conduct for Business Partners](#) – is the core element of our supplier management. It was revised in 2022 and endorsed also for AUDI AG following its publication in 2023. The Code of Conduct for Business Partners is a contractual component and fundamentally applies to partner companies of the Volkswagen Group. Our expectations of our business partners’ conduct with respect to core social, integrity and environmental standards are set out there. These requirements are based, among other things, on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the relevant conventions of the International Labour Organization (ILO). The Code of Conduct for Business Partners is, however, not just based on international standards, but also on objectives, rules and policies of the Volkswagen Group.

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

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

written in a language they understand and in which their rights and obligations are truthfully and clearly set out.

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

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

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

**Sustainability requirements as a criterion for awarding contracts**

Our goal is to be aware of and effectively address the key sustainability risks in our supply chain. Audi introduced a Sustainability Rating ([S-Rating](#)) in 2017 to identify and avert specific risks before contracts are even awarded and to identify scope for continuous improvement. This S-Rating was made mandatory throughout the Volkswagen Group in 2019, and is therefore a binding criterion for awarding contracts to suppliers of production materials as well as for relevant suppliers in General Procurement. Within the contract awarding process, the S-Rating is on a par with other important criteria such as cost, quality, technological expertise

<sup>10</sup> [https://www.audi.com/content/dam/gbp2/downloads/Corporate-guidelines/CoC\\_f%c3%bcr\\_Gesch%c3%a4ftspartner\\_3.0.pdf](https://www.audi.com/content/dam/gbp2/downloads/Corporate-guidelines/CoC_f%c3%bcr_Gesch%c3%a4ftspartner_3.0.pdf)

<sup>11</sup> Ibid, page 22.

<sup>12</sup> [https://www.vwgroupsupply.com/one-kbp-pub/en/kbp\\_public/homepage/homepage.html](https://www.vwgroupsupply.com/one-kbp-pub/en/kbp_public/homepage/homepage.html)

<sup>13</sup> [www.s-rating.audi](http://www.s-rating.audi)



and logistics. It is based on a self-assessment questionnaire and is supplemented on the basis of risk by on-site checks (audit).

A standardized questionnaire or “Self-Assessment Questionnaire” (SAQ) of the Drive Sustainability Initiative is used to assess and analyze the sustainability performance of the supplier’s site. It provides Audi with information about possible risks with regard to social and environmental aspects and corporate ethics at the respective suppliers. The information and documents in the SAQ are checked and validated by a service provider: If a supplier states that they have processes and policies in place, they must prove this with documents. Specifically, a question is asked regarding a human rights policy which includes the topics of “Forced or compulsory labor and human trafficking”. It is also identified whether there is a documented grievance mechanism in place. By the end of the reporting period on December 31, 2023, a total of 14,953 active suppliers had completed an SAQ for the S-Rating. Corresponding measures enabled 9,357 suppliers to improve their sustainability performance.

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

89 audits were conducted for the Volkswagen Group in 2023. Deviations are recorded in a Corrective Action Plan and measures initiated to correct them. Monitoring is subsequently conducted to ascertain whether the deficiencies identified by the sustainability assessor are actually being rectified. At the end of an S-Rating process, a partner is either capable of being awarded a contract or not. Within the context of a partnership of cooperation, another objective of the S-Rating is to provide suppliers who have not yet been able to demonstrate satisfactory performance with the information and tools they need to do this. This is the only way in which to achieve a positive impact on people

and the environment. Every supplier has the option in principle of undergoing a repeat evaluation after they have completed the necessary improvement measures.

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

Employees and external staff alike can bring potential regulatory violations by our suppliers to the attention of the Volkswagen Group’s employee representative bodies and the trade union federations. The process for addressing grievances concerning the supply chain is also linked to and governed by the process for the Audi Whistleblower System. 219 reports of violations were processed by the Volkswagen Group during the period under review. They concerned suppliers where behavior contravening the rules or contracts was identified as a result of information provided. In total, three suppliers were temporarily barred from receiving new contracts due to serious violations.

#### **Media screening: digital innovation in the supply chain**

Monitoring supply chains is an extremely complex undertaking. That makes it all the more important to understand the potential risks and make connections early on. Audi





therefore adopts a comprehensive risk monitoring approach that combines various methods and systems.

In addition to more traditional and reactive channels such as the grievance mechanism, Audi also uses digital tools for automated, proactive monitoring. In the course of media screening we aggregate publicly accessible news from sources such as social media channels and local news media worldwide. Artificial intelligence (AI) then semantically analyzes the information and consolidates the various sources. The AI analyzes the content of the reports and classifies them based on any suspicion of potential sustainability violations. If the tool identifies indications of possible breaches of our Code of Conduct for Business Partners, these are reviewed and, if necessary, processed in the supply chain grievance mechanism. Over 33,000 suppliers were included in ongoing media screening in 2023.

### **Raw Material Due Diligence Management System**

Commodity suppliers merit particular attention. The Volkswagen Group approach to this matter is to follow the five steps of the “Due Diligence Guidance for Responsible Business Conduct” of the OECD and the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”. In 2020, we implemented an OECD-oriented Raw Material Due Diligence Management System. It serves to identify, assess and avoid actual and potential human rights risks in our upstream commodity supply chains and covers 18 especially high-risk commodities such as aluminum, cobalt and leather.

Since 2021, the Volkswagen Group has also provided information on its human rights due diligence actions in the raw material supply chain, which includes reporting on the status, progress and goals of the Raw Material Due Diligence

Management System, in an annual “[Responsible Raw Materials Report](#).”<sup>14</sup> The report also lists the specific activities and measures on the 18 especially high-risk commodities.

### **Commitment to international initiatives**

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

As part of our commitment, we seek close cooperation with international organizations. For example, Audi has been an active member of the [Global Battery Alliance](#) since 2017. This body addresses compliance with human rights and upholding of social standards in the extraction of the raw materials for batteries, and develops solutions for the reuse of lithium-ion batteries. Audi has also been involved in the Aluminium Stewardship Initiative ([ASI](#)) since 2013. The ASI has developed a global sustainability standard for the handling of aluminum, which lays down and examines environment-related and social criteria along the value chain.

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

Volkswagen AG has also been a member of the “Initiative for Responsible Mining Assurance” ([IRMA](#)) since February 2022. IRMA is a multi-stakeholder alliance that advocates high standards in mining. The IRMA standards encompass compliance with human rights and the rights of local communities, the prevention of corruption, health protection

<sup>14</sup> Verfügbar unter: <https://www.volkswagen-group.com/en/press-releases/volkswagen-group-fourth-responsible-raw-materials-report-published-18393>



measures, occupational safety and environmental protection. The Volkswagen Group is also a member of the “[Leather Working Group](#)”. In the “[Cobalt for Development](#)” project in the Democratic Republic of the Congo, the Volkswagen Group and its partners are working together for improved working and living conditions for the people who work in the small-scale mining of cobalt and in the surrounding mining communities. The pilot project aims to strengthen compliance with the law and to improve health and safety conditions as well as the social wellbeing of the local people. For lithium, the Volkswagen Group together with other partners has established the “Responsible Lithium Partnership” initiative to promote the responsible treatment of natural resources and sustainable lithium extraction in the Salar de Atacama in Chile.

### Training for employees and business partners

The systematic training of our employees and suppliers is a key building block of our strategy. The tools we use to improve social and environmental standards in our supply chain include in particular the S-Rating, on which we train our employees and business partners at events and workshops. The [Audi Act4Impact](#)<sup>15</sup> program provides a detailed overview of training measures.

To enable ongoing development of our suppliers, together with the Volkswagen Group we offer our suppliers subject-specific sustainability training and workshops at selected sites or online and run web-based training. About 7,000 suppliers received such training during the period under review. The figure includes 87 suppliers who used online training and the e-learning opportunities provided through the DRIVE Sustainability Initiative. Voluntary in-depth human rights training for suppliers has also been available since 2020. The training covers such aspects as child labor, forced labor and discrimination. In the year under review

we started to roll out the training systematically to suppliers representing an elevated sustainability risk. As well as training, we provide an e-learning module on sustainability in eight languages for current suppliers.

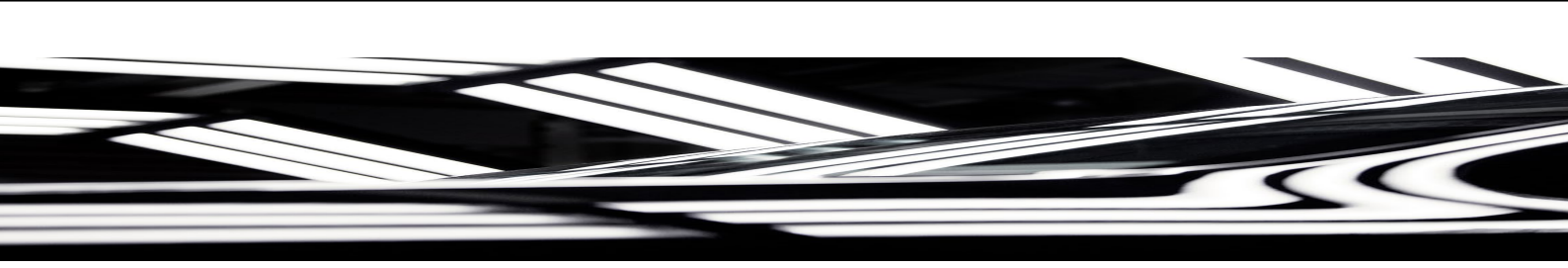
### Progress report

As presented in the statement of AUDI AG for fiscal year 2022, various measures for the prevention of forms of modern slavery and human trafficking were implemented in fiscal year 2023. Alongside existing activities and processes in areas such as procurement and compliance, one focus area in the year under review was to implement the requirements from the German Supply Chain Due Diligence Act (LkSG), which took effect on January 1, 2023. The aim is to ensure that human rights and environmental standards are observed and upheld in all influenceable processes. One priority was risk analyses of human-rights and environmental risks as well as the corresponding prevention measures for Audi brand group companies and our suppliers, which we implemented and refined. The appointment of the independent Human Rights Officer for the Audi brand group and their audit activities to verify LkSG risk management also represent another important step towards meeting the requirements of LkSG. From 2024, AUDI AG will publish an annual report for the preceding year on the fulfillment of its due diligence obligations under LkSG in accordance with the requirements of the competent Federal Office for Economic Affairs and Export Control.<sup>16</sup>

As part of the Responsible Supply Chain Management, the approach to implementing human rights due diligence, which had already been started in 2021, underwent further development in the year under review. Its starting point is the risk analysis that is performed based on the business models of suppliers and it takes external and internal data on human rights and environmental risks into consideration. Measures are allocated based on the risk assessment.

<sup>15</sup> <https://www.audi.com/en/sustainability/people-society/responsibility-in-the-supply-chain/act4impact.html>

<sup>16</sup> The “[AUDI AG Report on LkSG \(2023\)](#)” can be consulted on the Audi website at <https://www.audi.com/en/sustainability/ethical-leadership/documents-policies.html>.



The aim of the Human Rights Focus System (HRFS), set up in 2022, is to identify especially high risks of human rights violations and environmental harm in our supply chain and to tackle them suitably. To identify the relevant topics, each year we conduct an analysis to evaluate aggregated internal data from the Supply Chain Grievance Mechanism and audits, along with external data from studies and NGOs. This approach helped us to identify three focus topics in the year under review: forced labor, living wages, and supplier management. These topics are being addressed in collaboration with the Volkswagen Group and other brands.

Under the Raw Material Due Diligence Management System, a repeat audit and evaluation of the 16 commodities previously identified as especially high-risk was carried out. These include the battery raw materials cobalt, lithium, nickel and graphite, the conflict minerals tin, tungsten, tantalum and gold (3TG), and aluminum, copper, leather, mica, steel, natural rubber, platinum group metals and rare earths. The commodities cotton and magnesium were added in 2023.



**AUDI AG**

Ingolstadt, July 2024

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**Dr. Gernot Döllner**

Chairman of the Board of Management of AUDI AG

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**Dr. Renate Vachenauer**

Member of the Board of Management of AUDI AG,  
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