



Slavery and Human Trafficking Statement – AUDI AG

This statement is made in accordance with Section 54 of the United Kingdom’s Modern Slavery Act of 2015.

Organization

The AUDI AG is an enterprise under German law with its headquarters in Ingolstadt, Germany. It is part of the Volkswagen Group. The Volkswagen AG is the main shareholder of AUDI AG with a share capital of 99.55 %.

The Volkswagen Group is made up of the Automotive division and the Financial Services division.

The Automotive division, in addition to Audi, comprises eleven other brands:

Volkswagen Passenger Cars, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania, and MAN.

The Lamborghini and Ducati brands are also part of the Audi Group.

Volkswagen AG is the parent company of the Volkswagen Group, AUDI AG the parent company of the Audi Group. The Volkswagen Group and the Audi Group are represented in all relevant markets of the world. The key sales markets of the Audi Group include Western Europe as well as China and the USA. For the manufacture of their products, the Volkswagen Group and thus the Audi Group, as well, procure goods and services from all over the world.

The Volkswagen Group operates 120 manufacturing sites in 20 European countries as well as in 11 American, Asian and African countries. The Audi, Lamborghini and Ducati brands produce automobiles and motorcycles at production sites in Germany, Belgium, Italy, Hungary, Russia, Slovakia, Spain, Mexico, Brazil, China, India and Thailand.

Internal measures

Audi Group Code of Conduct¹

The [Code of Conduct](#) of the Audi Group provides our employees with a practical guide, summarizing the key basic principles for correct conduct and providing support should they ever face legal or ethical challenges. The observance of internationally recognized human rights forms an important component of this Code of Conduct. We act in accordance with the values set out in the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the declarations of the International Labour Organization (ILO).

The Volkswagen Group Whistleblower System²

Our employees, business partners and other third parties are provided with internal contact points as well as external ombudspersons in order to be able to report on legal and regulatory violations in connection with the Volkswagen Group and Audi Group. AUDI AG maintains its own point of contact for the Audi Group, which is embedded in the group-wide “[Whistleblower System](#)” for the Volkswagen Group. The suspicion of human rights violations, which are treated as serious violations, can also be reported at compliance@audi.de. The information is processed according to established procedural principles in order to best ensure that the whistleblower, but also the person in question, is protected and to secure the efficient elucidation and punishment of actual violations.

¹ http://www.audi.com/content/dam/com/corporate-responsibility/nachhaltigkeit_pdfs/Audi_Code_of_Conduct.pdf

² <https://www.volkswagenag.com/de/group/compliance-and-risk-management/whistleblowersystem.html>



Risk analysis

As part of the established risk management processes, risk assessments on the subject of human rights are also carried out by the Volkswagen Group's key divisions and companies, including the countermeasures taken. The results of the risk assessment are in the establishment of the annual compliance program.

Membership in Forum Compliance & Integrity

Audi is a member of the "Forum Compliance & Integrity", which is a voluntary consortium of companies and organizations with the primary objective of promoting the propagation of recognized standards of good compliance and integrity management in companies, organizations and governmental bodies. In particular, AUDI AG participates in the "Social Compliance & Human Rights" working group, which concerns itself with improvement in the sustainability of the existing or future supply chain as well, among other things.

Statement of Principles concerning Respect for and Observance of Human Rights³

In order to affirm AUDI AG's commitment to respect and observe human rights in general and to condemn forced labor and human trafficking in particular, AUDI AG's entire Board of Management signed the "[Statement of Principles concerning Respect for and Observance of Human Rights](http://www.audi.com/corporate/en/sustainability/audi-and-co/strategy-and-organisation.html)"

³ <http://www.audi.com/corporate/en/sustainability/audi-and-co/strategy-and-organisation.html>

Qualification of employees

By taking preventive measures, we promote compliance with regulations in our organization and raise the awareness of our employees. This is why information and employee training plays a key role in compliance work across all hierarchy levels. In addition, employees are able to access other online and print communication offerings to obtain further information about the Code of Conduct.

Measures in the supply chain

In order to maximize the benefit of synergy potential, we select suppliers in close consultation with Volkswagen Group Procurement. As a result, we are able to pool procurement volumes across multiple brands and models within the entire Volkswagen Group. In addition to the Audi Group's independent activities, all actions taken and efforts made by the Volkswagen Group in promoting sustainability in the supply chain and protecting and respecting human rights also contribute to the attainment of these objectives.

Sustainability requirements for our suppliers⁴

The "Sustainability in supplier relations" concept, based on the "Volkswagen Group requirements regarding sustainability in its relationships with business partners", applies to the Audi Group as well. These requirements formulate the expectations for our business partners' conduct with respect to key environmental, social and compliance standards. Internationally acknowledged human rights are included in these standards. The goal of the Volkswagen Group, and thus the Audi Group, as well, is to ensure compliance with our sustainability standards

⁴ <http://www.audi-cr2014.de/uploads/files/744990237642556770-anforderungen-des-vw-konzerns-zur-nachhaltigkeit-in-den-beziehungen-zu-den-geschaftspartnern.pdf>



along the entire global supply chain by integrating them into the procurement process on a contractual level.

These requirements are based on the principles of the United Nations Global Compact, the International Chamber of Commerce's Business Charter for Sustainable Development, and the relevant conventions of the International Labour Organization.

Our suppliers must acknowledge the sustainability requirements before submitting a quotation, and are required to update this acknowledgment every 12 months.

Applying the three principles of "Commitment, Evaluation, Development" pursuant to the concept of "sustainability in supplier relationships," we review and develop the sustainability performance of our suppliers.

Development and Evaluation of Suppliers

To facilitate ongoing supplier development, we provide an electronic learning (e-learning) module on sustainability available to all suppliers in the course of our business relations. In addition to e-learning, we are conducting topic-specific sustainability training and workshops with our suppliers at selected locations.

To identify current developments as well as long-term structural challenges in each country, Volkswagen Group relies on the ongoing exchange of information between its brands and the regions at the regular meetings and video-conferences held by the sustainability procurement network, in which AUDI AG also is represented.

We review supplier compliance with our sustainability requirement with the aid of various instruments: e.g. a standardized self-disclosure questionnaire (developed in coordination with other European OEMs) and focused on-site reviews (on-site check by means of twelve sustainability criteria) of suppliers.

Before entering into and during a business relationship, we additionally review the integrity of our business partners in a risk-oriented manner (business partner check).



Outlook

In pursuit of ongoing improvements to its sustainability management activities, the Volkswagen Group set up a Sustainability Council in 2016. Made up of prominent international experts from politics, science and public life the members of this advisory board regularly exchange information with the Board of Management, the top management and the employee representatives and consult on questions of sustainability. The Sustainability Council is free to define its own procedures and set its own priorities. Alongside sustainable mobility, climate protection, the future of work and digitization, the Council also deals with questions of social responsibility and integrity. The Council's insights also help the Audi Group to improve its sustainability performance.

To incorporate further insights into human rights issues and the opinions of independent external experts in our corporate strategy, we organize regular stakeholder dialogues attended by representatives from NGOs, science and politics.

As we will not tolerate any human rights violations in the future either and as, in our understanding, a dynamic risk is involved, we will adjust our monitoring to current developments while at the same time working to raise awareness both inside and outside of the company regarding forms of modern slavery and human trafficking. One such measure will be to refine our sustainability requirements by adding modern slavery and human trafficking as examples of human rights' abuses.

AUDI AG, June 2017

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