

# Statement of Principle:

## Respect for and Observance of Human Rights

### Preamble

The value chain of the Audi Group is ramified, multi-layered and in many places interwoven with the processes of the Volkswagen Group. In addition, AUDI AG faces the challenge of creating economic value in order to preserve jobs, while at the same time protecting people and the environment against negative impacts in all the processes we influence.

We believe that the future of automotive mobility is electric, sustainable and digital. This document is intended to give a clear presentation of AUDI AG's position on human rights in all three ESG areas (environmental, social and governance). The Audi human rights strategy is therefore closely linked to its corporate strategy. In this complex value chain, covering vehicles, services, software and AI-supported applications, our aim is to ensure that human rights and environmental protection are respected and observed. Because one thing is clear: Wherever people work, not only are values created, but there are also always risks, errors and violations.

### Human rights strategy

In accomplishing that objective, we are guided by the Universal Declaration of Human Rights adopted by the United Nations in 1948, the Guiding Principles on Business and Human Rights of the United Nations, the OECD Guidelines for Multinational Enterprises and the core labor standards of the International Labour Organization. We have set out what we expect from our employees worldwide and our business partners in the Code of Conduct for our employees and the Code of Conduct for Business Partners. The Code of Conduct is communicated to all employees, including new staff, and is therefore part of the company's binding set of rules.

The aim is to define clear and transparent rules, enable risk analysis and prevention, yet also ensure functioning reporting channels, a clear response to violations and remedies for those affected. Nevertheless, we are aware that respect for and observance of human rights is a task that will never be finished at a large company like the Audi Group and therefore requires continuous efforts.

Our human rights strategy and our actions in this area therefore comprise three key premises:

- » **Honesty:** We address risks, problems and violations openly and also expect our employees and business partners to do so. We communicate transparently with our stakeholders on human rights issues.
- » **Change of perspective:** We as a company have long paid attention to risks relating to our business. However, in relation to human rights and the environment we also need to look at the impact of our business activities on people and the environment, which is why we communicate and strive to look at things from a different perspective in making business decisions.
- » **Effectiveness:** As a company that operates globally, we clearly interact with people and the environment. Our aim is to develop methods to ensure that the measures we take within our responsibility to respect and observe human rights are tangible and effective in the interests of the people concerned.

In addition to the laws that apply to us, we as a company have made numerous voluntary commitments and advocate internationally recognized standards relating to human rights, working conditions and environmental protection. We at AUDI AG have also agreed on values, codes of conduct and principles of corporate governance and cooperation with employees. Examples that can be cited include the United Nations Global Compact, the Volkswagen Social Charter, the Audi Environmental Policy or the Statement of Principle on Occupational Health and Safety.

Numerous internal guidelines and policies specify our goals and expectations in our own sphere of activity in greater detail. We have clearly defined responsibilities for implementing the due diligence obligations under the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) in Corporate Policies in order to minimize the risk that we as a company are complicit in human rights violations. The "Three Lines Model" already established at the company acts as a regulatory framework in this regard. We are committed to active communication and conduct training measures for all employees, especially managers, and suppliers.

## **Risk management**

In order to fulfill our due diligence obligations, we established a multi-level risk management system following an analysis of our existing processes. It focuses both internally on the company itself and externally on the supply chain and on the impact of our activities on people and the environment. We identify, analyze and prioritize human rights and environment-related risks and derive preventive measures from that. We do that at least once a year or on an ad hoc basis whenever there is the need to take appropriate action to tackle newly emerging risks or incidents.

As part of our assessment, we generally take into account the nature and extent of our business activities in connection with the risk, the extent to which we can influence the party directly responsible for a related risk (ability to influence), the expected severity (reversibility, extent, scope) and probability of a potential violation, the reversibility of a potential violation as well as the nature of AUDI AG's causal contribution to the risk.

## **Risk analysis procedure in our own business area and at suppliers**

Risks are analyzed in our own business area in two steps, in the form of an abstract and a concrete risk analysis. As part of abstract risk analysis, sector/business model-specific and country-specific risks are identified in particular. Risks are specifically determined annually using questionnaires we have sent to selected Audi departments and companies of the Audi Group relating to legal positions under the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), taking into account country and industry risks in particular. The prioritized risks are derived from that in accordance with the requirements stipulated in the LkSG.

A multi-level risk analysis process is also used in Procurement. First of all, industry-related risks relating to human rights and environmental objects of protection are analyzed. That enables industries with a greater risk to be identified. That is followed by evaluation of a comprehensive self-assessment by relevant suppliers as well as risk-based on-site checks to identify specific risks.

## **Results of the risk analysis**

Based on the regular risk analysis in our own business division for 2024, we have not prioritized any risks. Since last year's analysis, we have been working continuously on the further expansion of general and specific prevention measures.

Based on the regular risk analysis in the supply chain, we have prioritized the risk of non-compliance with occupational health and safety and work-related health hazards for direct suppliers at the time of publication of this declaration.

We generally look at every risk with a potential negative impact on people and the environment that is directly or indirectly related to our business activities at our locations and in our global supply chains.

## **Prevention**

Within the Compliance Management System (CMS), compliance and integrity training represents an important preventive measure in raising the awareness of employees and managers about existing and potential risks and counteracting violations. All training measures are examined annually as part of standardized processes, updated as necessary and continuously improved. All employees receive dedicated training in order to impart the knowledge required to ensure effective implementation of specific elements of human rights due diligence processes in the relevant business areas. We therefore rolled out mandatory human rights training for all employees of the Audi Group, including members of the Board of Management and executive management, to supplement existing training measures.

The Audi Group has already established many processes and regulations to reduce human rights and environment-related risks, particularly relating to human resources, hiring of security services, occupational health and safety, real estate transactions, as part of the examination of new business relationships, in operational and product-related environmental protection and in the supply chain. Specific preventive measures tailored to the respective risk have been and are being taken immediately in our own business division.

## **Special implementation in the supply chain**

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. Our expectations as regards our business partners' conduct with respect to core social, integrity and environmental standards are set out there. We have based our commitment in this area around three strategic subject areas: environment, people and innovation.

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. To enable that, we must be aware of and effectively address the key sustainability risks in our supply chains.

Before a contract is awarded, suppliers are generally checked after an initial, abstract risk analysis in accordance with the classification of potential business partners into different risk classes. Based on risk, tools such as the self-assessment questionnaire and, if appropriate, an on-site check are used. For the purpose of a sustainability rating, the individual tools check the supplier's management systems, guidelines and sustainability performance in areas such as corporate governance, environment, social affairs, human rights, compliance and supplier management. The sustainability rating identifies opportunities for the continuous improvement of the supplier and thus contributes to the prevention and minimization of risks. This sustainability rating is directly relevant to the decision as to whether a contract can be awarded or not.

The systematic training of our suppliers is a key building block in our preventive measures. In order to empower our business partners in the spirit of this Statement of Principle, we conduct online training courses, for example on our requirements under the Code of Conduct for Business Partners and on the Sustainability Rating and its implementation. We also offer a more in-depth training program on how to implement human rights due diligence obligations.

### **Complaints procedure**

We have further expanded the reporting processes for the supply chain and our own business activities. Tips can now also be submitted by phone using voice mail and with the aid of a smartphone app. Complaints can generally be submitted in any language. These processes enable us to record reports of risks or violations and derive specific measures from them. The objective of our grievance management is to identify, prevent and remedy adverse human rights and environment-related impacts caused by our company in the course of our business activities and along the supply chain. Every complaint and every report of possible human rights violations and violations of environment-related obligations in our own business area and our supply chain is handled as part of a standardized process.

We have set out how we deal with complaints, whether anonymous or not, how whistleblowers are protected and informed about the outcome of the investigation into their complaints in our Rules of Procedure, which are generally accessible and available in 10 languages **on the Internet**. These Rules of Procedure were updated with regard to the reporting channels and adapted to the requirements of the LkSG. The Audi Group has established a grievance management system with two underlying processes:

#### » **Audi Whistleblower System**

The Whistleblower System is the point of contact and central channel for receiving reports about potential human rights and environmental risks as well as regulatory violations of any kind. Wherever they are in the world, employees as well as business partners and customers are able to report misconduct by Audi Group employees along a variety of channels. 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 or contribute to investigating and remedying misconduct and regulatory violations. Discrimination against whistleblowers and participating persons is fundamentally a serious regulatory violation and is not 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.

#### » **Supply Chain Grievance Mechanism**

An important element of sustainable supply chain management is the Supply Chain Grievance Mechanism, which we use in following up reports of possible violations of our sustainability requirements. The process for addressing grievances concerning the supply chain is linked to the process for the Audi Whistleblower System. The channels for submitting grievances are open to all potentially affected parties and stakeholders. If the remedial or corrective actions taken are not effective, blocking of new contract awards and, as a last resort, termination of the business relationship are also possible in response to particularly serious violations.

In addition, employees and external staff alike can bring potential regulatory violations by our suppliers to the attention of the Audi Group's employee representative bodies and the trade union federations.

## Remedial measures

If we have a well-founded suspicion or a concrete indication of possible human rights and environmental violations in the Audi Group or along our supply chain, we investigate that thoroughly in accordance with our established processes. If a violation is proven in our own business area, we take remedial measures to minimize or end the violation through appropriate action. If a violation is proven at a direct supplier, we obligate the supplier to support us in determining the underlying facts and to collaborate fully in creating a concept for remedying the issue within a reasonable time frame. In accordance with our regulations, remedial measures must always be defined both in our own business area and in the supply chain on the basis of a root cause analysis for a violation and implemented in the interests of the rights holders or the objects of protection. The results of the root cause analyses must also be incorporated into human rights risk management and the design of preventive measures.

### Effectiveness review

Preventive and remedial measures throughout the entire value chain must always be documented and their effectiveness reviewed. In compliance with our internal regulations, we also generally review the effectiveness of our measures, including the complaints procedure, at least once a year and on an ad hoc basis. We also conduct risk-based audits within our company and investigate reports of possible violations. We review the effectiveness of measures in our supply chain by monitoring the results of our continuous analysis of human rights risks and impacts.

We also conduct risk-based audits of our direct suppliers, such as in the form of document reviews, online assessments and on-site inspections. Wherever possible, potentially affected persons or at least their representatives are involved. That also applies with regard to the above-mentioned checks for consultation of rights holders.

## Documentation obligation

To ensure that actions, processes, information, measures or even violations relating to human rights can be tracked, we have stipulated in the Audi Group's internal regulations that activities relating to the LkSG must be documented and that these records must be retained for at least seven years.

## Dialogue and continuous improvement

Respect for and observance of human rights require a dynamic process and constant listening to each other and readjustment. We therefore hold stakeholder dialogue events with experts (represented by people from business, science, associations and trade unions as well as non-governmental organizations) and aim to make such dialogue permanent. This dialogue is intended to help us to understand the situation in our value chain through to the extraction of raw materials, and to think through and apply concepts that can lead to structural changes.

We are also active in countries where prevailing laws make the direct implementation of human rights-related objectives and principles difficult or impossible. In such cases, we seek practicable solutions to comply as closely as possible with the requirements under inalienable human rights and national legislation.

Honesty, looking at things from a different perspective and effectiveness are key premises of the human rights strategy and are also to be demanded from our internal and external stakeholders. We are therefore committed to underpinning this strategy with concrete measures and to reviewing and, if necessary, amending them annually in the interests of continuous improvement.

That also applies to all processes relating to respect for and observance of human rights and in relation to environmental protection.

## Human Rights Officer: Monitoring and reporting

We communicate the results of these efforts both internally and externally: The Human Rights Officer of AUDI AG and the Audi Group monitors compliance with the due diligence obligations required under the LkSG and reports at least annually to the Board of Management and the Economic Committee of AUDI AG as well as to the German Federal Office for Economic Affairs and Export Control (BAFA) as part of their duty to control and monitor all human rights-related activities. Relevant information can be found at [www.audi.com](http://www.audi.com).

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**Gernot Döllner**

Chairman of the Board of Management and  
Board of Management Member for Technical  
Development at AUDI AG



**Geoffrey Bouquot**

Member of the Board of Management of AUDI AG  
Innovation and Software-Defined Vehicle



**Jürgen Rittersberger**

Member of the Board of Management of AUDI AG  
Finance, Legal Affairs and IT



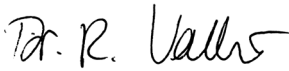
**Javier Ros Hernández**

Member of the Board of Management of AUDI AG  
Human Resources



**Marco Schubert**

Member of the Board of Management of AUDI AG  
Sales and Marketing



**Renate Vachnauer**

Member of the Board of Management of AUDI AG  
Procurement



**Gerd Walker**

Member of the Board of Management of AUDI AG  
Production and Logistics