AUDI REPORT 2021

COMBINED ANNUAL AND SUSTAINABILITY REPORT

Dear Readers,

Working together makes you strong, as they say – and probably never before in the history of our company was the truth of this sentence more obvious than it is today. Together, a strong Audi team of around 87,000 employees successfully mastered a difficult 2021 marked by global semiconductor shortages and the continuation of the coronavirus pandemic. With an operating profit of 5.5 billion euros and unbroken customer demand, the entire Audi team showed that we can achieve outstanding performance even in difficult conditions and that the Four Rings are well equipped to meet the future. Rather than proceeding cautiously in the face of the current challenges, we took the opportunity last year to optimally position ourselves for the next decade with the clear, bold strategy “Vorsprung 2030.”

The focus of our strategy development more than ever was on the team. For the first time in our company’s history, our strategy was developed by more than 500 employees at all levels of the hierarchy – the Audi 500+ as they are known – together with the Board of Management and the strategy team. This is a genuine paradigm shift and a strong vote of confidence in our internal expertise and swarm intelligence. True to the motto: “From the company, for the company.” The core principle of “Vorsprung 2030” is very clear: Our future is electric. In 2021, we acted on this boldly. Compared with the previous year, we increased deliveries of our electric models by more than 50 percent and also more than doubled our all-electric product portfolio compared with 2020. If we want to improve on this success, we must systematically continue along the path we have chosen – technological innovation and internal transformation as well as the intelligent combination of economy and ecology.

This also means thinking about business and sustainability in tandem. For analysts and investors, this has long been far more than just an ideal. Today, sustainability is one of the key indicators for modern investments, if not the most important one. That is why, since 2020, we have published a combined annual and sustainability report that unites a financial perspective and ESG – Environment, Social and Governance – issues under one roof. For 2021, we conducted a comprehensive stakeholder survey to analyze the interests of our primary target groups, and incorporated the results into the content and structure of this report. And it is also why our Audi Report 2021 provides an open, transparent and sometimes self-critical account of our path to fewer CO_2 emissions in production and during the use of our cars, our circular economy concept and how artificial intelligence can help improve the upholding of human rights along the supply chain.

Electric mobility is at the heart of our corporate strategy. But its foundation is a new way of thinking. “Vorsprung 2030” can only succeed if we question our daily actions, habits and processes more rigorously than ever before. When it comes to digitally dominated mobility, companies that want to lead will need to internalize change as part of daily business and understand the car of tomorrow as mobile living space with a continual stream of new software solutions. Software will be our biggest lever for exploiting synergies and innovations in the future. That’s why the Volkswagen Group has pooled its entire development strength in the software company CARIAD. Together with CARIAD, Audi is pushing ahead intensely with the introduction of automated driving in particular.

We on the Audi Board of Management believe that our company is making excellent progress. We are paving the way for a successful transformation with a large number of retraining and continuing education programs for our employees. And already today, we are continually impressed by the willingness of our workforce to learn and surpass itself. We want to continue courageously along this path in 2022 – together as Team Audi.

Sincerely,
Markus Duesmann

Photos: Bernhard Huber

The AUDI AG Board of Management team

Markus Duesmann
Chairman of the Board of Management and Member of the Board of Management for Product Lines

Jürgen Rittersberger
Member of the Board of Management for Finance and Legal Affairs

Hildegard Wortmann
Member of the Board of Management for Marketing and Sales

Oliver Hoffmann
Member of the Board of Management for Technical Development

Dirk Grosse-Loheide
Member of the Board of Management for Procurement and IT

Dr. Sabine Maassen
Member of the Board of Management for Human Resources and Organization

Gerd Walker
Member of the Board of Management for Production and Logistics

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March 18, 2021

Report cycle annually

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, key figures for employees are as of the end of the respective year. All EUR figures are rounded off, which may lead to minor deviations when added up.

The vehicle shown on the cover is a concept vehicle that is not available as a series-production vehicle.

Cover photo: AUDI AG

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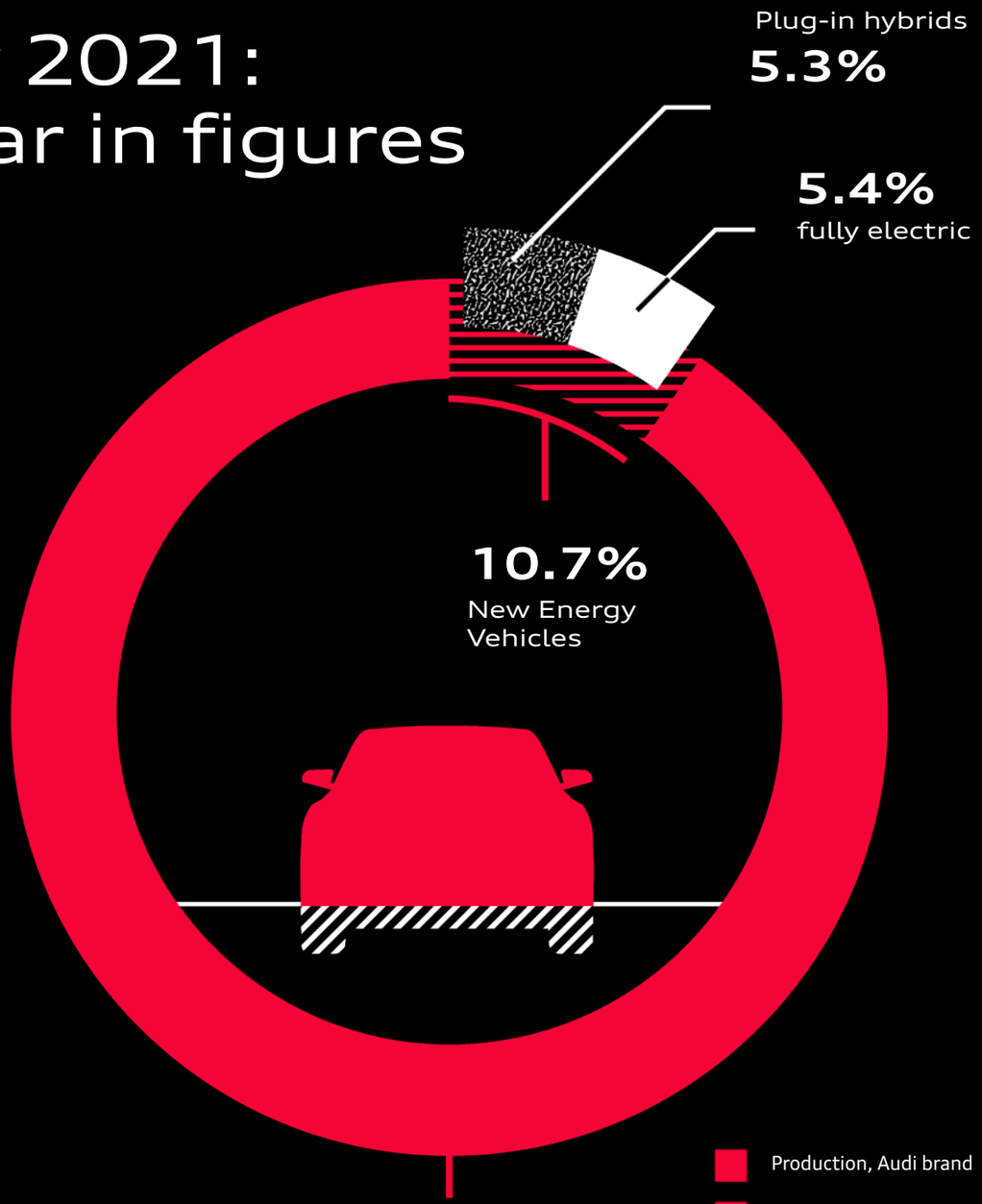
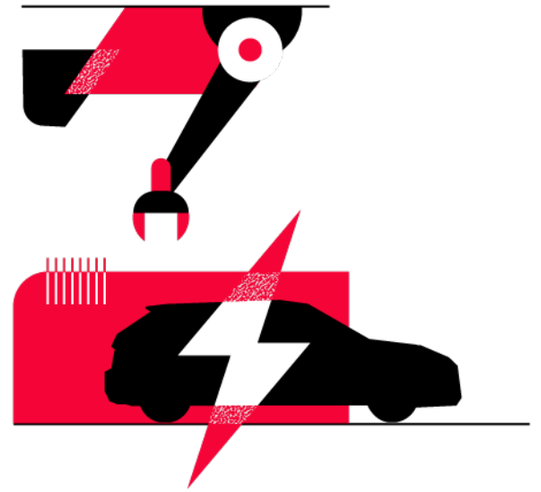
[1] Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle’s selected equipment.
[2] The vehicles mentioned here are concept vehicles that are not available as series-production vehicles.

Review 2021: The year in figures

Text: Jochen Förster



Although the shortage of semiconductors had a major impact on the entire automotive industry in 2021, the Audi Group produced 1,581,164 vehicles last year, of which 1,572,861 of the Audi brand. 169,049 Audi models were partially or fully electric, corresponding to a New Energy Vehicle (NEV) share of 10.7 percent. 49 percent of NEVs were plug-in hybrids and 51 percent were fully electric models. This means that Audi increased its proportion of electrified vehicles compared with 2020 (6.8 percent) and is consistently implementing its Roadmap E.



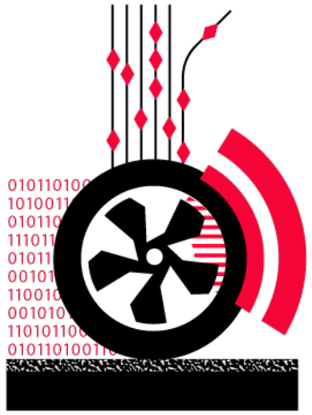
Illustrations: C3 Visual Lab

43,866

Audi e-tron models were produced at Audi Brussels in 2021. This model is the best-selling fully electric premium SUV in Europe. Since 2020, Audi has offered a Sportback version and an S model of both variants of the Audi e-tron. In 2021, the Four Rings expanded its portfolio of fully electric models to include the Audi Q4 e-tron and e-tron GT model series. By 2026, Audi will offer more than 20 fully electric models.

80%

of the total of 370 criteria were fulfilled by AUDI AG for initial certification by the Top Employers Institute. That very high score earned the company the accolade “Top Employer Germany.” According to the assessment by this institute, Audi has the highest standards in the categories “working environment,” “ethics and integrity,” “diversity and inclusion” and “employer branding.” Audi uses these results specifically to provide new impetus and to develop systematically as an employer.



Around 1,700,000

cars in the Volkswagen Group use swarm intelligence to help improve road safety and drive forward the future of smart mobility. Audi took this a step further in 2021, using high-precision swarm data for the first time to improve its Car-to-X service “local hazard alerts.” This service is already available as an additional function in several models. The novel car-to-cloud application can detect very small changes in grip through the friction between the tires and the road surface and submit the anonymized data to the cloud for processing. Drivers behind who use the same service can then be sent real-time alerts on dangerous traffic situations such as icy roads.

Illustrations: C3 Visual Lab

2026

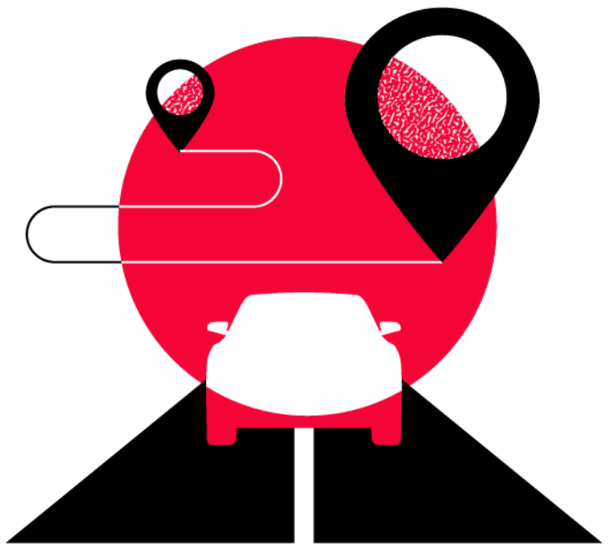
will be the end of new gasoline and diesel models for Audi. From then on, all new models from the brand worldwide will be fully electric. Audi will gradually phase out the production of vehicles with a combustion engine by 2033. By setting a clear date for focusing entirely on electric mobility, the company is tackling the transformation head-on and strengthening its position as a pioneer and leading innovator in the automotive industry. Expanding electric mobility is an important element in the new Audi strategy “Vorsprung 2030.” Read more on the subject starting on page 19.

16.8

percent of managers at the second management level and 8.6 percent at the first management level are women. This means that AUDI AG reached its own targets of 16.0 and 8.0 percent respectively by the end of 2021. These were set by the company in compliance with legislation on the equal participation of women and men in management positions in the private sector. Now it is time to take the next step! The goal for year-end 2025 is to increase the percentage of women to 20.0 percent at the second management level and 12.0 percent at the first management level. This involves consistently implementing the Audi Diversity Strategy, which includes realizing flexible work-time models, expanding job sharing offers, especially in management, and focusing clearly on empowerment. The share of women on the Supervisory Board was already 35 percent as of December 31, 2021, thus exceeding the target set for 2025 of 30 percent. This is to be fulfilled separately by both shareholders and employees. The Supervisory Board has set a formal target for the share of women on the Board of Management of 25 percent by 2025. There were already two women on the Board of Management of AUDI AG at the end of 2021 of seven members in total.

Up to 534

kilometers – that is the range (WLTP) of the new compact electric SUV, the Q4 Sportback e-tron. The attractively priced Audi Q4 e-tron, which starts at EUR 41,900,[1] is an entry-level model for the premium electric segment at Audi. The new Audi Q4 e-tron models are produced in Zwickau using net carbon-neutral[2] processes. This factory uses exclusively green electricity for production and the battery cell suppliers are also required to use electricity exclusively from renewable sources in their production processes. All the CO_2 emissions that cannot be prevented in the supply chain and in the production of the Audi Q4 e-tron, despite the measures that have now been implemented, are offset through climate protection projects before dealerships in Europe and the United States hand over the vehicles to customers.



[1] The price is the recommended retail price of AUDI AG including value-added tax and refers to the Audi Q4 35 e-tron (combined electric power consumption in kWh/100 km: 16.7–15.8 (NEDC), 19.0–17.0 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment).

[2] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.

Illustrations: C3 Visual Lab

A net total of more than

195,000

metric tons of CO_2 are prevented at the Audi sites in Ingolstadt, Neckarsulm, Győr and the multi-brand site in Bratislava thanks to a closed-loop aluminum process that Audi has been using since 2017. This process was introduced at the Hungarian plant in Győr in 2021. The reduction in CO_2 was achieved by collecting aluminum waste during the production process and returning it to the supplier. It is then used to produce new aluminum coils of the same quality that Audi then reintroduces into the production process. This closed material loop reduces primary aluminum consumption. Thanks to the reprocessing of aluminum waste collected during production without any loss of quality, cars produced at the Ingolstadt, Neckarsulm, Győr and Bratislava sites start their life cycle with a far better carbon, energy and raw material profile than cars manufactured exclusively from primary aluminum.

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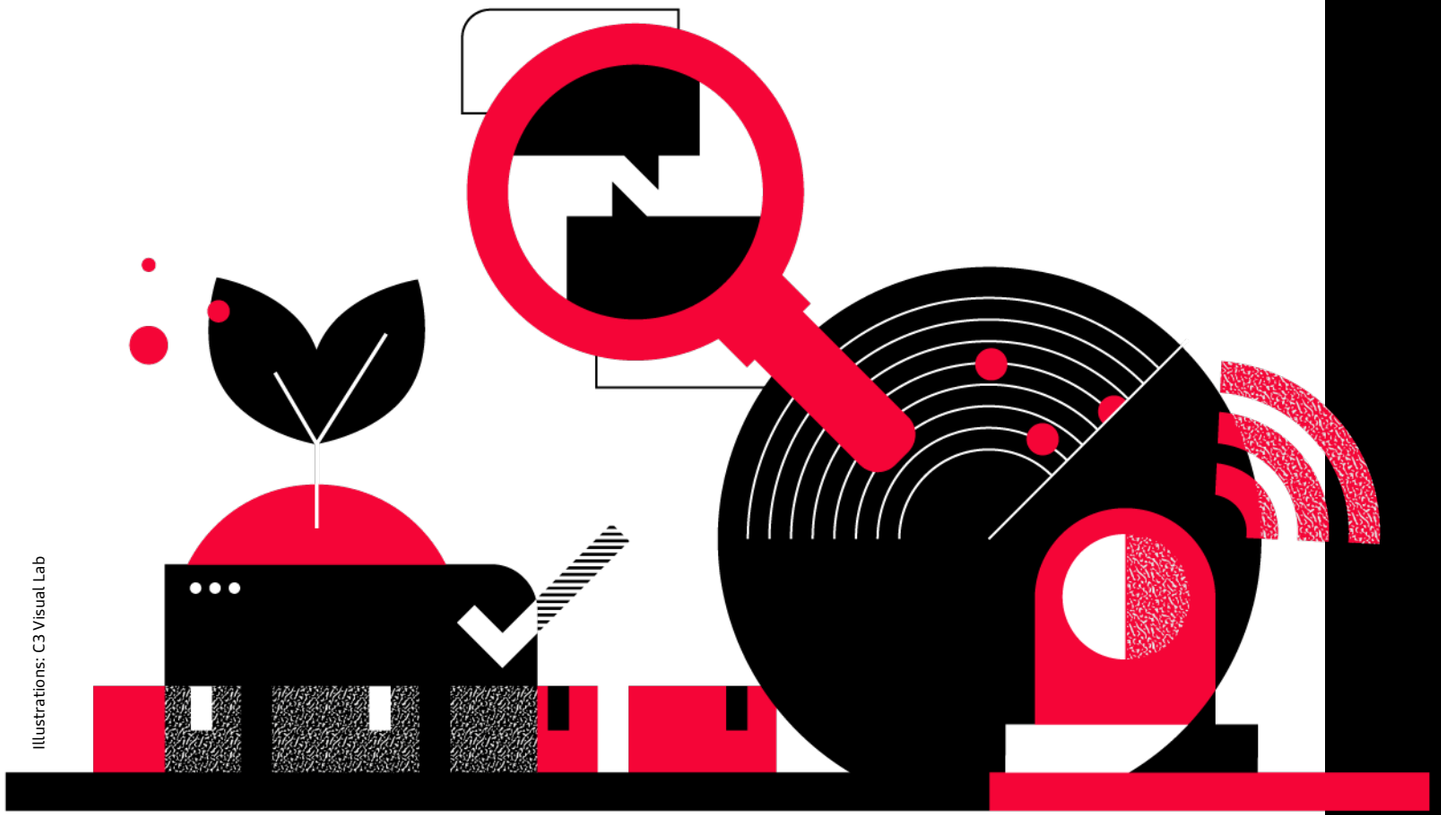
is the binary code for the word Audi. And code plays an increasingly important role in the development of every vehicle. After all, cars are increasingly becoming mobile devices. Audi is shifting its first-class design and workmanship quality to the digital world and thus advancing the concept of vehicle security.
The aim is to protect vehicles and therefore customers, as well as the company itself, consistently from unauthorized access and attacks. In summer 2021, the two management systems for cybersecurity and software updates were successfully certified by the technical service ATEEL. Audi therefore fulfilled the two new UNECE directives relating to the management system at an early stage. Automotive security is consequently an integral part of vehicle development.

Around 150

countries are currently included in the global pilot project in which Audi is using artificial intelligence (AI) to analyze the extent to which suppliers meet the defined sustainability criteria. To this end, algorithms evaluate data from digital networks and social media for about more than 4,000 suppliers. The analysis covers criteria such as pollution, human rights violations and corruption. If suspected violations are identified, the digital early warning system raises the alarm. Initial results indicate that this system is especially suitable for identifying the constantly changing risks in supply chains. Read more on the subject starting on page 105.



Illustrations: C3 Visual Lab

5

stars: The new compact electric SUVs Audi Q4 e-tron and Audi Q4 Sportback e-tron received the highest score in the Euro NCAP 2021 car safety test. Four categories were tested: adult occupant protection, child occupant protection, pedestrian/vulnerable road user protection and safety assist. Although the test criteria are continuously being tightened, both of the first fully electric models in the compact segment from the brand with the Four Rings received particularly good ratings for impact protection, the central airbag system, child occupant protection, pedestrian protection and the automatic emergency braking system (AEBS) installed as standard.

The latest members of the electric Audi portfolio are therefore continuing the tradition of vehicle safety at Audi. For over five years, all Audi models tested – irrespective of segment or type of drive – have received a five-star rating in the Euro NCAP test. These top ratings – from the Audi A1 all the way to the Audi Q8 and Audi e-tron – prove that the Four Rings make no compromises when it comes to safety.

35

years is how long Peter Kössler served Audi with a passion, initially as an Audi trainee, later in various management functions in Audi production, as plant manager at the largest Audi site in Ingolstadt, as CEO of Audi Hungaria Zrt. and as a member of the Supervisory Board of AUDI AG. From 2017, he was the Board Member responsible for Production and Logistics. In this role, Peter Kössler drove forward the changeover of the global Audi production network to the manufacture of electric cars with great passion and developed the Audi environmental program “Mission:Zero” as a clearly defined roadmap for sustainable production. Peter Kössler retired as planned on February 1, 2022, and turned over his position to Gerd Walker. The entire company thanks him for his exceptional achievements and great personal commitment to the Four Rings and will remember him with respect and gratitude.

Outlook for 2022

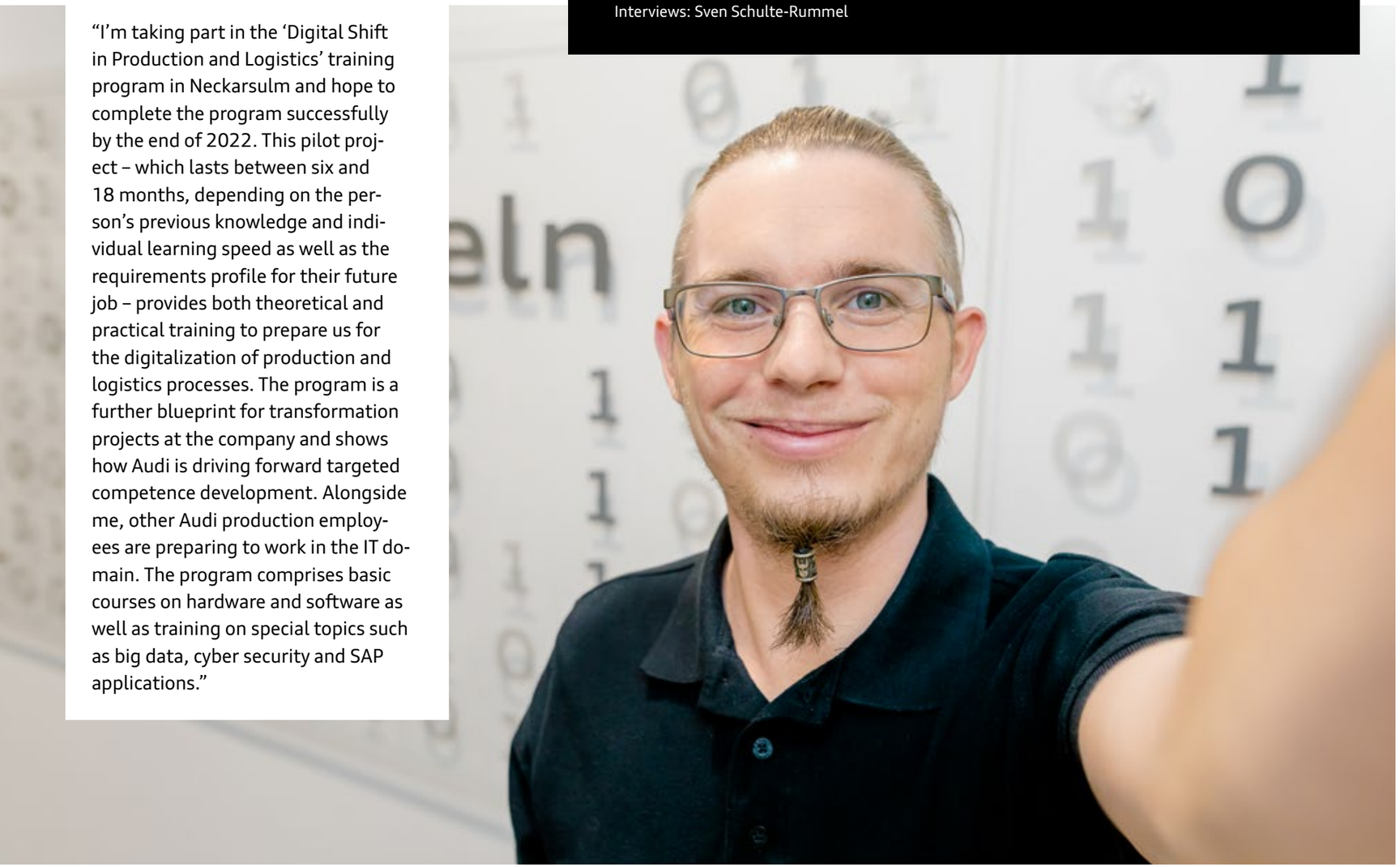
From inventions such as Holoride, which offer customers a whole new experience in their Audi, to the launch of new platforms and the expansion of the model range in China: 11 Audi employees describe their major projects for the coming weeks and months.

Interviews: Sven Schulte-Rummel

“Big data, cyber security and SAP applications”

Timothy Michael, Technical Business Administrator and participant in the “Digital Shift” transformation program

“I’m taking part in the ‘Digital Shift in Production and Logistics’ training program in Neckarsulm and hope to complete the program successfully by the end of 2022. This pilot project – which lasts between six and 18 months, depending on the person’s previous knowledge and individual learning speed as well as the requirements profile for their future job – provides both theoretical and practical training to prepare us for the digitalization of production and logistics processes. The program is a further blueprint for transformation projects at the company and shows how Audi is driving forward targeted competence development. Alongside me, other Audi production employees are preparing to work in the IT domain. The program comprises basic courses on hardware and software as well as training on special topics such as big data, cyber security and SAP applications.”



“This car reinterprets the Audi DNA”

Anke Even, Project Manager in Technical Development

“The first time I opened the driver’s door and took a seat in a development vehicle for the future Audi Q6 e-tron – that was a very special moment for me. I’ve been working on this project for five years. I saw the electric car for the first time in digital form in a CAD program in 2017. Since then, my anticipation of the finished model has been rising with every day that we get closer to the start of production. The Audi Q6 e-tron is impressive: It’s the first Audi to be built on the Premium Platform Electric (PPE). And for me, it reinterprets the Audi DNA. Its feel for drivers and passengers, its innovative technology and its design make it truly unique in its segment. What’s also important: The Audi Q6 e-tron marks the arrival of electric mobility at Audi’s home base in Ingolstadt and shows what advantages PPE has with its Group-wide synergies in procurement, development and production.”

Photos: AUDI AG

“Clear commitment to our environment”

Andrea Robien, Environmental Geologist, Environmental Protection

“For the environment – for the region. In 2015, IN-Campus GmbH, a joint venture of AUDI AG and the city of Ingolstadt, acquired a former refinery site on the outskirts of the city. This decision is a strong commitment to the location and to our environment. Before construction could begin on the site, it had to be cleaned up. The reason? Soil contaminated by refinery operations. We drilled 1,200 exploratory boreholes, conducted more than 50,000 laboratory analyses of the most varied of pollutants, washed and treated 600,000 tons of excavated material and leveled the site with more than 1,000,000 tons of additional ground material. We did all of this with consideration for the environment and using the latest technologies so that no natural or cultivated landscape was utilized by our site expansion. The IN-Campus technology park has an open design and is in harmony with nature. Construction on the site has been underway since fall 2018, with building sections such as the project house already completed. This is where experts from Audi and its partner companies develop promising ideas for the future in close proximity to the main Audi plant, Technical Development and important suppliers. Further buildings will be added to the IN-Campus in 2022.”

Photo: AUDI AG

Photo: AUDI AG

“Synergies are a strength of the Group”

Emin Atic, Group Leader in Battery Assembly

“Building something new is fun and motivating for me. And I don’t mind taking on challenges to do so – like working far from home in Zwickau for a year and a half. This is where colleagues from Volkswagen Sachsen produce electric models for the Audi, Volkswagen and Seat brands. I was in Zwickau until February 2022 learning what’s important in my job as group leader for the highly automated production of high-voltage batteries. The ability to learn from each other across all brands is a major strength of the Group. With my experience, I can help ensure everything runs smoothly when we start up battery module production for the Audi Q6 e-tron. My main concern is the safety of employees, since we’re working with high-voltage technology. Another important aspect is the working environment. A production setting with high standards of cleanliness helps prevent contamination and ensures that the finished product is of high quality.”

“Sustainable seat upholstery”

Dana Laubinger, Color & Trim Designer

“Dinamica is a resource-friendly microfiber non-woven material that we offer in many of our vehicles. It feels as soft to the touch as suede and looks like it too, but is largely made from polyester fibers. These are obtained from recycled PET bottles, textiles or residual fibers, for example. Audi thus uses high-quality materials that are partly made from waste products. In contrast to our previous microfibers, Dinamica also requires no solvents in production – a further contribution to reducing negative environmental impacts. Dinamica microfiber was introduced as a seat upholstery option in 2020 and has since become available for many models. We will continue to extend its availability successively this year. I look forward to developing new designs based on this material.”

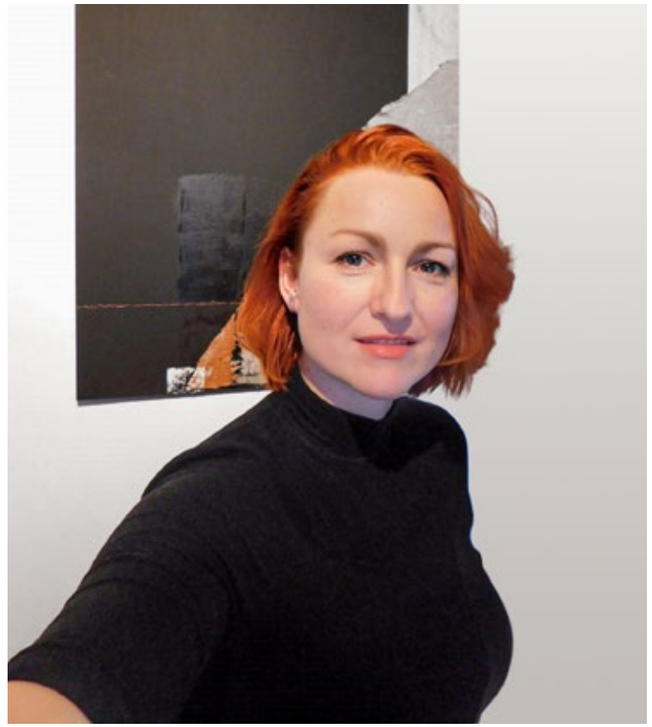


Photo: private

“Sun and wind in the tank”

Malte Vömel, Project Consultant for the Decarbonization Strategy

“For us at Audi, mobility is only truly sustainable when customers can charge their electric cars with green electricity. What is the consequence? Because we want to make mobility more sustainable, we support our customers on the one hand by offering options for charging with green electricity at home or in public areas. We’re also investing in the expansion of renewable energies in Europe – and doing so on an industrial scale. The first project, a solar park in Mecklenburg-Western Pomerania, was realized in cooperation with the energy company RWE. The facility has been in operation since January 2022. With almost 420,000 solar panels, it’s one of the largest independent solar parks in Germany – a fact that makes us quite proud, I must admit. Together with several partners, we will be building new wind and solar parks in various European countries by 2025, which will give our customers the chance to charge up with electricity from the sun and wind.”

“Hand in hand in China with our strong partners”

Giorgio Delucchi, Head of Digital Experience/Business
(until March 4, 2022, Sales Director China and Hong Kong)

“China is the largest sales market for Audi and a central pillar in the Audi strategy. For Audi as a premium brand, the potential in China is huge: The overall market in 2021 totaled more than 20 million passenger cars, of which around 2.4 million were all-electric. In total, Audi has delivered more than seven million vehicles to China since its early market entry in 1988. A key success factor here is our “In China, for China” strategy, which is focused on offering cars that are tailored specifically to the needs of Chinese customers. Audi will work together even more closely in the future - internally within Audi, with Audi China and with our partners FAW and SAIC. Our success is founded on teamwork; we work hand in hand with our strong partners in China. And I’m pleased that we’ve got really good vehicles in our portfolio and that we’ll continue to drive electrification forward in 2022: The new Audi e-tron GT quattro,[1] Audi Q4 e-tron[2] and Audi Q5 Roadjet e-tron[3] models will delight our customers! All three models reflect our strategy of electrification and digitalization. I personally look forward to further advancing the subject of digital business models at Audi in the future - in China and throughout the whole world.”

[1] Audi e-tron GT quattro: combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC), 21.8–19.9 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle’s selected equipment.
[2] Audi Q4 e-tron: combined electric power consumption in kWh/100 km: 18.2–15.8 (NEDC), 21.3–17.0 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle’s selected equipment.
[3] The model is manufactured by the associated company SAIC Volkswagen Automotive Co., Ltd., Shanghai (China), and available and sold exclusively in China.

Photos: AUDI AG

“Strengthening the backbone of electrified mobility”

Ralph Hollmig, Project Manager of Audi Charging Hub

“Can refueling be more than a tiresome necessity? Yes! Since December 2021, the first Audi Charging Hub has been demonstrating our vision of an electric charging station of the future for premium customers to cover peak charging needs or to replace the home charging terminal in urban areas. In addition, the pilot project is symbolic of the smart expansion of the charging infrastructure. We’re driving this forward in the Volkswagen Group through a variety of projects. In Europe, for example, the IONITY initiative is expected to create more than 5,000 new fast-charging points by 2025. And in the USA, too, we’re massively expanding the network with Electrify America.[4] We’re convinced that efficient charging networks are the backbone of electrified mobility. What’s special about our new Audi Charging Hub concept is that, thanks to high-power charging, our customers can charge their cars faster with up to 320 kW, while relaxing and enjoying a premium experience. The Audi Charging Hub offers charging spaces that can be booked in advance and the option of a lounge for Audi customers. In the first half of 2022, we plan to launch a second pilot location in Zurich.”

“The car is becoming an entertainment platform”

Jakob Wulf, Audi Product Marketing Holoride

“There are some things in life that are difficult to put into words. They’re experiences you have to have and feel in order to understand. For me, Holoride is one such thing – and this technology will be available to our customers in selected Audi models before the end of this year. Audi is thus the first manufacturer ever to offer this completely new entertainment experience. Passengers will be able to immerse themselves in games, films and interactive content with the aid of a virtual reality headset. The highlight: The virtual content adapts to the movements of the vehicle in real time. Every turn and every acceleration or braking action has an impact on the perception. The car thus becomes an experience platform. What I find particularly exciting is that a new marketplace for digital content is taking shape here. The content is not only captivating, but also closely interwoven with the car. Holoride is an example of how we at Audi use our connected vehicles and vehicle data to lay the foundations for digital business models in collaboration with our partners – thus creating completely new customer experiences.”

[4] Through its subsidiary Electrify America, the Volkswagen Group wants to install a total of around 10,000 fast-charging stations along main traffic routes in the USA by 2025. These can be used to charge electric cars, irrespective of brand. This initiative is based on a settlement agreement with the US authorities as a result of the diesel issue.

Photos: AUDI AG

Photo: private

“Significant synergies for the electrification strategy”

Adrian Hallmark, CEO of Bentley

“At the start of 2021, Audi assumed responsibility for the management of Bentley within the Premium brand group. For us in Crewe, it’s exciting to have a partner like Audi at our side, with whom we share a common goal: We both strive for sustainable mobility – Audi in the premium segment and we in the ultra-luxury segment. And anyone who is in a relationship knows how important it is to have common goals that you are committed to. Together, we can act from a position of strength: Thanks to our brand strength, operative excellence and strategic priorities, we were able to hand over 14,659 vehicles to customers last year. Our customers’ anticipation of the Flying Spur Hybrid[5] shows the direction in which the ultra-luxury sector is moving, and we’re well prepared for it. In particular when it comes to our electrification strategy, we’ll leverage significant synergies in the development of new technologies. We expect sales of plug-in hybrids to exceed 20 percent by as early as this year. In 2025, we’ll launch the first all-electric Bentley model and the first vehicle in the ultra-luxury segment to be net carbon-neutral[6] over its life cycle.” Five years later, we at Bentley want to become carbon-neutral across our entire company.”

[5] The Bentley Flying Spur Hybrid is available to order in many markets, but is currently not available in EU27, UK, Switzerland, Israel, Ukraine, Norway, Turkey and Vietnam. Fuel consumption and emission data not yet confirmed, vehicle undergoing type approval.

[6] The Premium brand group regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of brand group companies and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.

“More resilient and crisis-proof”

Andreas Haller, Head of Audi Occupational Health

“Take a breather? Even after two years, COVID-19 doesn’t give us time for that. But I’m optimistic! Audi accomplished a lot in 2021: In the health centers at the plants, we offer our employees counseling, testing and vaccination services that they can book online. In 2021, we administered around 20,000 vaccination doses and conducted around 15,600 tests. Audi is one of only very few employers in Germany that can issue digital vaccination certificates through the company medical service. We have improved the structures in our health centers and continued to drive forward digitalization here as well. People often ask me what good the pandemic has done: It has made us Audi employees more resilient and the company more crisis-proof. Once again, we have seen how important it is to have medical expertise strongly anchored in the company. That’s why we’re able to take swift, independent action – and maintain our lead in the fight against the pandemic.”

Photo: AUDI AG

Stakeholders: What would you like to see from Audi?

How does Audi know what people expect from the Four Rings? Every two years, the company actively involves its stakeholders[1] in a materiality analysis of key issues. This dialogue provides important input for our strategic planning.

2,200

stakeholders took part in the survey

The world is revolving at high speed – mobility in particular is developing rapidly. Audi is aligning itself accordingly, for example with its new corporate strategy “Vorsprung 2030” (starting on page 18). This strategy is designed to ensure the future viability of Audi and encourages responsible business practices and consistent action.

“Vorsprung 2030” also reflects the company’s commitment to thinking holistically and always keeping an eye on the societal and social context. But who expects what from Audi? Which target group has which demands? And which ideas and inspirations need to be taken into account? Ultimately, Audi wants to act in the best way possible, examine different viewpoints and continue to develop by listening to its stakeholders.

Identification of material topics

One means of answering these questions is through the materiality analysis that Audi has been conducting since 2012. Audi enhanced and updated this analysis in 2021. Drawing on both internal and external sources, the company first identified 16 relevant sustainability topics such as “Economic stability” and “Vehicle safety.” These sustainability topics were then prioritized by stakeholders[1] using an online questionnaire: The topic with the greatest relevance in relation to AUDI AG was ranked first, while the topic with the lowest relevance was ranked 16th. Each topic can be assigned to one of four action areas: Operations & Integrity, Products & Services, Employees & Society and Value Creation & Production.

Assessment of impact

In addition to determining the relevance of the sustainability topics, the Audi strategy team evaluated in two steps – first during a workshop with internal and external experts, then by having the results validated by members of the Sustainability Steering Committee. The social, economic and ecological impacts of the company’s actions on the sustainability topics were assessed and classified (impact rating: very high, high, medium). For example: Audi rates its impact on the topic of “Vehicle safety” as “very high,” while its impact on “Nature conservation & biodiversity” is more “medium” from a global perspective.

Audi uses the materiality analysis as a strategic tool. It creates transparency and enables the company to adjust its corporate management specifically. The analysis thus makes a contribution to the regular review and further development of the company. It also provides an even better understanding of the interaction between economic success and commitment to sustainability, thereby helping to mesh these two aspects more closely. The results of the materiality analysis are also an important basis for selecting topics for the Audi Report.

Well positioned on the top issues

“The results of the 2021 materiality analysis, in which nearly 2,200 stakeholders took part, confirm that Audi has already set the right strategic priorities with its ‘Vorsprung 2030’ strategy. At the same time, they allow us to sharpen our focus and add relevant details,” explains Roxana Codita of Audi Corporate Responsibility.

Audi is already well positioned. This can be seen by taking a look at the three most important issues from the point of view of the stakeholder groups[1] surveyed:

Top issue 1: “Fair working conditions and modern working forms” rank first among stakeholders. Audi has also been recognized for its quality as an employer: The Top Employers Institute certified Audi for the first time in 2021 as a “Top Employer Germany.” Flexible and individual working models such as mobile and part-time work as well as the possibility of taking a sabbatical contributed to the positive rating. Audi also ensures that its partners comply with societal and social standards and has introduced its own rating for this.

Top issue 2: Audi also provides a clear answer to the highly rated topic of “Alternative drive technologies and vehicle emissions.” By laying the groundwork for a switch to electric mobility early on,

[1] Audi regards material stakeholder groups as internal and external groups of individuals that are affected directly or indirectly by the company’s business activities. The selection of the respective stakeholders is fundamentally based on their expertise and their ability to influence Audi. Audi differentiates the stakeholders according to different groups: Customers, analysts and investors, press and media, business partners of AUDI AG, employees, neighbors and local residents, politics and associations as well as employees’ organizations, science and sustainability experts as well as non-governmental organizations (NGOs) and other groups. The basis for determining and selecting stakeholders is the Stakeholder Engagement Standard Accountability 1000 (AA1000SES) and its associated principles of inclusivity, materiality and responsiveness.

GRI 102-40, 102-42, 102-43, 102-44, 102-46, 102-47

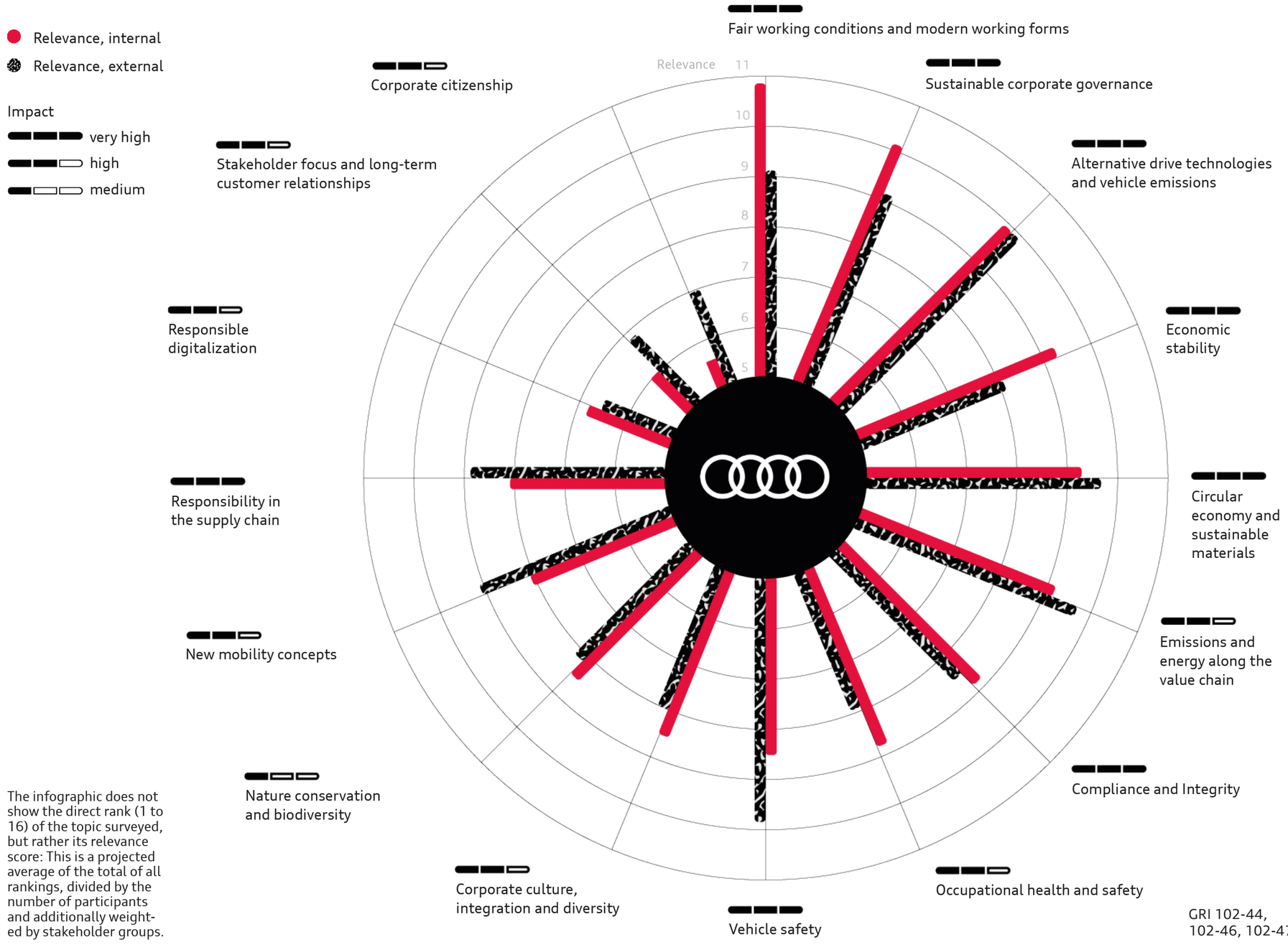
the company has made its position clear early on. From 2026 onward, all new Audi models launched on the market will be fully electric. The company plans to have over 20 fully battery-electric cars in its portfolio by as early as 2026. In addition, Audi is involved in expanding the relevant charging infrastructure.

Top issue 3: “Sustainable corporate governance” is another extremely important topic for all stakeholder groups. Audi understands sustainability as future viability – and the company is making its targeted contribution to solving global challenges. Audi aspires to be a leader not only in technology, but also in sustainability. To this end, it consistently aligns its corporate structures and processes with ESG (Environment, Social and Governance) criteria.

Illustration: C3 Visual Lab

Detailed results of the 2021 materiality analysis are available online.

Materiality matrix



The infographic does not show the direct rank (1 to 16) of the topic surveyed, but rather its relevance score: This is a projected average of the total of all rankings, divided by the number of participants and additionally weighted by stakeholder groups.

GRI 102-44, 102-46, 102-47

Brief portrait

The Premium brand group, comprising Audi, Lamborghini, Ducati and new addition Bentley,[1] is one of the most successful manufacturers of automobiles and motorcycles in the premium and supercar segments. Audi has been a fully owned subsidiary of the Volkswagen Group since November 16, 2020.

In 2021, the Audi Group delivered 1,680,512 (1,692,773)[2,3] cars of the Audi brand, 8,405 (7,430)[2,3] supercars of the Lamborghini brand and 59,447 (48,042)[2] motorcycles of the Ducati brand to customers. 85,350 (86,860) people were working for the Audi Group all over the world as of December 31, 2021, 59,027 (59,817) of them in Germany. The company headquarters is in Ingolstadt.
Audi and its partners are present in more than 100 markets worldwide and produced at 20 sites[4] in 12 countries in 2021. The multi-brand plants in Zwickau und Anting (China) are new additions.
The overview of sites for 2021 can be found here.

1 Ingolstadt, Germany
AUDI AG
285,958 vehicles
A3 Sedan, A3 Sportback,
S3 Sedan, S3 Sportback,
RS 3 Sedan, RS 3 Sportback,
A4 allroad quattro, A4 Avant,
A4 Sedan, S4 Avant,
S4 Sedan, RS 4 Avant,
A5 Coupé, A5 Sportback,
S5 Coupé, S5 Sportback,
RS 5 Coupé, RS 5 Sportback,
Q2, SQ2

2 Neckarsulm, Germany
AUDI AG, Audi Sport GmbH
145,092 vehicles
A4 Sedan,
A5 Cabriolet, S5 Cabriolet,
A6 allroad quattro, A6 Avant,
A6 Sedan, S6 Avant,
S6 Sedan, RS 6 Avant,
A7 Sportback, S7 Sportback,
RS 7 Sportback, A8, A8 L,
S8, S8 L, R8 Coupé, R8 Spyder,
e-tron GT quattro, RS e-tron GT

3 Zwickau, Germany
Volkswagen AG
27,696 vehicles
Q4 e-tron
Q4 Sportback e-tron

4 Brussels, Belgium
AUDI BRUSSELS S.A./N.V.
43,866 vehicles
e-tron, e-tron Sportback,
e-tron S, e-tron S Sportback

5 Martorell, Spain
SEAT, S.A.
60,178 vehicles
A1 citycarver, A1 Sportback,
RS 3 Sedan

6 Bratislava, Slovakia
VOLKSWAGEN SLOVAKIA, a.s.
89,459 vehicles
Q7, SQ7, Q8, SQ8, RS Q8

7 Győr, Hungary
Audi Hungaria Zrt.
171,015 vehicles
TT Coupé, TT Roadster,
TTS Coupé, TTS Roadster,
TT RS Coupé, TT RS Roadster,
Q3, Q3 Sportback, RS Q3,
RS Q3 Sportback

8 Sant'Agata Bolognese, Italy
Automobili Lamborghini S.p.A.
8,303 vehicles
Aventador Coupé,
Aventador Roadster,
Huracán Coupé,
Huracán Spyder, Urus

9 Bologna, Italy
Ducati Motor Holding S.p.A.
48,848 motorcycles
DesertX, Diavel, Hypermotard,
Monster, Multistrada,
Panigale, Scrambler,
Streetfighter, SuperSport

10 Crewe, United Kingdom
Bentley Motors Ltd.[1]
Bentayga, Continental,
Flying Spur, Mulliner

[1] The Bentley brand was consolidated effective January 1, 2022. For this reason, the figures for the 2021 fiscal year are not yet included in the Audi Group figures.
[2] The figures in brackets represent the respective prior-year figures.
[3] The figures for fuel/electric power consumption and CO_2 emissions (see page 124). The allroad, PHEV and CNG (g-tron) models are not declared specifically.
[4] Sites as of December 31, 2021.

Illustration: C3 Visual Lab

Illustration: C3 Visual Lab

1 **Kaluga, Russia**
Volkswagen Group RUS
2,478 vehicles
Q7,[5] Q8,[5] SQ7,[5] SQ8[5]

2 **Foshan, China**
FAW-Volkswagen Automotive Co., Ltd.
49,741 vehicles
A3 Sedan,
Q2 L, Q2 L e-tron

3 **Tianjin, China**
FAW-Volkswagen Automotive Co., Ltd.
88,334 vehicles
Q3, Q3 Sportback

4 **Changchun, China**
FAW-Volkswagen Automotive Co., Ltd.
413,262 vehicles
A4 L Sedan,
A6 L Sedan, Q5 L,
Q5 L Sportback, e-tron

5 **Qingdao, China**
FAW-Volkswagen Automotive Co., Ltd.
54,596 vehicles
A3 L Sedan, A3 Sportback

6 **Anting, China**
SAIC Volkswagen Automotive Co., Ltd.
1,075 vehicles
A7 L Sedan, Q5 e-tron

7 **Amphur Pluakdaeng, Thailand**
Ducati Motor (Thailand) Co., Ltd.
9,447 motorcycles
Diavel, Hypermotard,
Monster, Multistrada,
Panigale, Scrambler,
Streetfighter, SuperSport

8 **Aurangabad, India**
ŠKODA AUTO Volkswagen India Private Limited
2,477 vehicles
A4 Sedan,
A6 Sedan, Q5, Q7

[5] Production of semi-knocked-down vehicles. With this procedure, the cars are completely assembled to start with. Then they are partially dismantled and transported as kits to Kaluga. Assembly is carried out in accordance with the technical and quality specifications of AUDI AG.

1 **San José Chiapa, Mexico**
Audi México S.A. de C.V.
137,634 vehicles
Q5, Q5 Sportback, SQ5, SQ5 Sportback

2 **Manaus, Brazil**
DUCATI DAFRA da Amazônia Indústria e Comércio de Motocicletas Ltda.
919 motorcycles
Diavel, Monster, Multistrada, Panigale, Scrambler, Streetfighter, SuperSport

3 **Curitiba / São José dos Pinhais, Brazil**
Audi do Brasil Indústria e Comércio de Veículos Ltda.
No Audi models were produced at the site in 2021

Key
Vehicles produced in 2021
- 150,001 to 420,000
- 50,001 to 150,000
- 10,001 to 50,000
- 0 to 10,000

Illustration: C3 Visual Lab

Strategy

Navigation display of the Audi grandsphere concept:[1] Instead of using displays, information is projected onto the wood surfaces in the interior.

Photo: AUDI AG

Audi is accelerating its transformation: The company has a clear plan of what role it wants to play for the mobility of the future. Audi is developing meaningful technology to keep the world in motion. The backbone of this is the new corporate strategy “Vorsprung 2030” – this ensures the future viability of Audi and focuses on profitable growth and differentiation for products and services.
In this chapter you will find out about the core contents of the strategy, how it came about and what role the individual divisions play in implementing it.

[1] The vehicle mentioned and shown here is a concept vehicle that is not available as a series-production vehicle.

Vorsprung 2030

How Audi is shaping the future

The vehicle shown here is a concept vehicle that is not available as a series-production vehicle.

"VORSPRUNG DURCH TECHNIK" FOR THE ELECTRIC ERA

The electric mobility offensive of the Four Rings comes at just the right time. Climate-friendly mobility is becoming increasingly important. As of 2027, the company will offer electric models in all core segments. This range of electric cars will stand out from the competition thanks to its distinctive Audi DNA and "Vorsprung durch Technik" in certain areas. Design, sportiness, driving comfort and quality will all make a difference. In addition, Audi will demonstrate its strengths in workmanship, color & trim and acoustics.

Photo: AUDI AG

A CLEAR PLAN FOR THE LAST AND, AT THE SAME TIME, BEST COMBUSTION-ENGINE VEHICLE FROM AUDI

Audi is accelerating its changeover to electric mobility: As early as 2026, all new models from the Four Rings on the global market will be fully electric. And in 2033, the Four Rings will shut down the production of vehicles with internal combustion engines. One exception could be China, where the company is investigating the possibility of longer production depending on local demand. The last combustion-engine generation comes with a promise: It will be the best that Audi has ever put on the market. This drive strategy was set out clearly at an early stage, thus providing planning certainty and helping to guide future investments in a targeted and efficient manner. For Audi, this technological change goes hand in hand with the biggest transformation process in the company's history. A particular focus will be on ensuring that the employees affected are able to train and develop successfully.

ESG PERFORMANCE AS THE BASIS FOR A BETTER FUTURE

Audi already has net carbon-neutral[1] operations for the production of its vehicles at several sites. Now the company is focusing even more strongly on sustainability throughout the entire product life cycle – from resource extraction and vehicle operation to recycling of the materials used. In the future, ESG (Environmental – Social – Governance) aspects are to play an important role in all the decisions made by Audi, as well as in its products and services. The main ESG criteria are climate protection, the use of finite resources, employee health and safety and the perception of social responsibility. Another consideration is the robustness of Audi's corporate governance, for example in terms of compliance and risk management. Audi also submits to external evaluation in all these areas and will be given an internationally recognized ESG rating.

[1] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.

HOLISTIC ECOSYSTEM PUTS USERS FIRST AND CREATES MEANINGFUL AND FASCINATING EXPERIENCES

Audi wants to make the progressive premium mobility of tomorrow even more attractive. Alongside the vehicle itself, its focus in the future will be on a holistic customer experience and on ways of integrating that experience into the lives of users. With this in mind, Audi is taking a close look at the users' needs. They expect fascinating and meaningful experiences from Audi, as well as holistic solutions that seamlessly span all areas of their everyday lives. The ecosystem for electric cars – and in the future also for cars with automation – plays a central role in the transformation and will be key to customer satisfaction and thus to long-term, personal customer relationships. An elementary component of the ecosystem is charging, which has already been implemented successfully with charging options at home wall boxes, a comprehensive charging infrastructure with charging points throughout Europe and intelligent route planning. When it comes to further expanding the ecosystem, automated driving in particular will be a game changer. It will give rise to a large number of additional use cases that will fundamentally change the way people use their vehicles. The car will become a personal experience device and can be used as an office, a movie theater, a place to relax or as a space for shopping and gaming. The Audi ecosystem consistently focuses on the user and connects the vehicle with a wide range of services that cover all areas of life – both online and offline. This creates a holistic experience that spans all points of contact with the Audi brand and fits seamlessly into users' lives.

Photo: AUDI AG

INTELLIGENT HARDWARE: IN THE FUTURE, VEHICLE PARTS WILL BE FULLY CONNECTED AND INCREASINGLY MADE OF SUSTAINABLE MATERIALS

Thanks to intelligent hardware, customers will be able to continually upgrade their cars going forward. This will ensure that Audi models remain attractive throughout their life cycle. To this end, Audi wants to offer its customers parts with an intelligent information system that proactively sends a request for replacement if it detects wear or a defect. The technical basis for this is provided by the vehicles' connectivity with a sophisticated interplay of algorithms and sensors. In addition, Audi will recycle components to premium standards to strengthen a circular economy. Sustainable materials and resource-conserving production are key elements here. All these measures are also aimed at positively impacting the residual values of the models in the future. At the same time, Audi is thus expanding its range of services in the after-sales sector and aims to generate additional revenue in this profitable business area.

The vehicle shown here is a concept vehicle that is not available as a series-production vehicle.

“A strategy from the company for the company”

Joining in instead of just nodding approval: Audi gave hundreds of employees the opportunity to participate in the development of the new strategy. As a result, “Vorsprung 2030” is not only clear and tangible, it is also widely accepted throughout the company.

Text: Thomas Kutschbach

Photo: AUDI AG

Audi Chairman Markus Duesmann was personally involved in ensuring that the “Vorsprung 2030” strategy was developed together with the employees.

“Meaningful technology to keep the world in motion – that’s our mission statement.”

Companies strive for success. What this success actually entails and how it can be achieved is set out in strategic guidelines. In the 2021 reporting year, Audi unveiled its new “Vorsprung 2030” strategy – and took a different path when developing it. The impetus for this came from the Chairman of the Board of Management himself. “After all, our strategy will succeed only if it enjoys the support of the whole Audi team,” says Markus Duesmann. He brought in an experienced strategist, Silja Pieh, who shares this new mindset wholeheartedly.

Usually, a clearly defined strategy team – with only a few internal and external consultants in the background – works out strategic cornerstones and then finalizes the corporate strategy together with the Board of Management. While this approach produces quick results, it gives little consideration to the experiences and know-how of employees. Not so with “Vorsprung 2030.”

A new style of strategy development

Silja Pieh ushered in a paradigm shift. Instead of seeking external advice, the strategist relies increasingly on internal expertise and swarm intelligence. She directly involves a large team of Audi employees from all levels of the hierarchy and

“The strategy is very clear, very tangible, very concrete.”

Photo: AUDI AG

Silja Pieh heads the Corporate Strategy department and represents a new mindset at Audi: open, transparent, international. The new corporate strategy bears her signature.

from all over the world: the Audi 500+. “Our employees know Audi very well. They are probably the first to recognize where there are potential opportunities for the future and where we can improve things. We just have to give them a voice and listen to them carefully,” explains Silja Pieh. The goal: “A strategy from the company for the company.”

Four stages to success

In the strategy process, the team formulated several fundamental principles that the new strategy should follow: It has to stand out from the competition. “Vorsprung 2030” should be a growth strategy and prioritize fields of business that show potential for growth in the next decade. And finally, the strategy should be pragmatic enough that is a good fit for Audi and can also be implemented. The way to the strategy was then divided into four stages. As the first step, the strategy team analyzed over 600 global trends. “There are trends that we’re already dealing with today and that will continue to gain momentum in the future. The subject of data, for example. In 2030, companies will differentiate themselves primarily by how they use data as the basis for digital customer services,” says Markus Duesmann. In the second step, the trends were used to develop various scenarios. “Against this background, we looked at where there will be business opportunities in 2030 along the automotive value chain,” explains Silja Pieh. “We then quantified these opportunities in the third step.” The final step was to analyze how attractive the various fields of business are for a premium brand like Audi and thus how well they fit the brand. This is how the strategic fields of action were developed.

When Markus Duesmann talks about “we,” he is referring to all the stakeholders involved – from the Supervisory Board, which gave its final approval for the strategy, to the Board of Management, the strategy team, all the way to the Audi 500+. Many employees took part in workshops over a number of months to discuss ideas, thus making sure that relevant topics were taken into account in the development of the strategy. They also act as multipliers in their departments, which boosts the acceptance of the new strategy. The message: “Vorsprung 2030” bears the signature of many Audi employees. The breath of fresh air unleashed by the Audi 500+ is blowing all the way to the boardrooms – with a successful outcome, as Silja Pieh describes it: “The strategy is very clear, very tangible, very concrete. It’s something everyone can work with.” The Head of Corporate Strategy is referring here, among other things, to the goal of a long-term return on investment of more than 11 percent and the ambition to sell more than three million cars of the Premium brand group in 2030.

Strategy 2030

At the top of the “Vorsprung 2030” strategy pyramid stands the purpose of Audi: “Meaningful technology to keep the world in motion.” It is based on the ambition to sell more than three million vehicles per year from 2030 onwards. This is backed by clear strategic goals, such as an ROS of more than 11 percent from 2030, and a clear plan for phasing out combustion engines. Strategic fields of action define the way there (see page 19). The new corporate strategy is based on a foundation made up of Operational Excellence, Financial Performance and People & Culture, which focuses on employees as a central element.

Photos: AUDI AG

“Amazing spirit”

Audi’s newly defined purpose also pursues a clear goal. “Meaningful technology to keep the world in motion – that’s our mission statement. It makes it clear that we don’t develop technology just for the sake of it, but always purposefully, in order to enable our customers to enjoy the freedom of individual mobility. Our clear commitment to electric mobility and our dedication to developing a broad ecosystem for our customers are examples of this,” says Markus Duesmann. “That’s what drives us all, it’s the reason why we get up and go to work in the morning.”

One of the Audi 500+ was Martin Vogl, who works in Sales Europe. Because he is also very concerned with sustainability in his private life, he sent an email to Silja Pieh on his own initiative. The gist: “I can add value and would love to help.” This obviously met with an enthusiastic response, and so Martin Vogl quickly became one of the Audi 500+.

Martin Vogl works in Sales Europe. He got involved on his own initiative to help shape “Vorsprung 2030.” He was especially impressed by the spirit in the Audi 500+ meetings.

“Where do customers see Audi’s corporate purpose? What view does a science professor with a focus on investment have of us?”

First he took part in digital info sessions to explain the process, then they got down to business in several meetings to map out the contents of the strategy. “There was an amazing spirit in those meetings. Everyone had freed up extra time for them and really wanted to contribute.” Vogl was particularly keen to work on the company’s purpose. So he contacted external stakeholders from his own network to discuss the issue with them together with members of the strategy department. “We wanted to know: Where do customers see Audi’s corporate purpose? What view does a science professor with a focus on investment have of us?” These insights were incorporated into the strategy development process at many points.

Also on board was Melinda Jenkins from Audi Design. In praise of the project, she says, “I thought the Audi 500+ approach was very good, very unusual.” She, too, joined the virtual roundtable on several occasions. For her, it was nice to “be consulted rather than presented with a ready-made set of slides.” And she says that this has also motivated many of her co-workers outside of the Audi 500+. In her opinion, the company should use this kind of format more intensively in the future and expand on it. “We have thousands of competent people who can really help move things along,” Melinda Jenkins emphasizes. She has one wish: “I want to see the new strategy being put into practice. We need to walk the talk!” And that is exactly what CEO Markus Duesmann intends to do. “We’re convinced that our new course is the right one, and we want to take all our employees and customers along on this journey.”

Melinda Jenkins from Audi Design praises the new and unusual approach to strategy development because the Audi team offers strong potential.

“I want to see the new strategy being put into practice. We need to walk the talk!”

A strong team for the mobility of the future

How and with which vehicles does Audi want to shape the mobility of the future, what role do sustainability and climate protection play and how will the new “Vorsprung 2030” strategy bring about success? The members of the Board of Management of AUDI AG in interview.

Interviews: Sascha Höpfner

Markus Duesmann: Chairman of the Board of Management and Member of the Board of Management for Product Lines

Jürgen Rittersberger: Member of the Board of Management, Finance and Legal Affairs

Hildegard Wortmann: Member of the Board of Management, Marketing and Sales

Oliver Hoffmann: Member of the Board of Management, Technical Development

Dirk Grosse-Loheide: Member of the Board of Management, Procurement and IT

Sabine Maassen: Member of the Board of Management, Human Resources and Organization

Gerd Walker: Member of the Board of Management, Production and Logistics

Photos: Bernhard Huber (6), AUDI AG (1)

“Software will be our biggest lever for exploiting synergies and innovations in the future.”

Photo: Bernhard Huber

Markus Duesmann

Chairman of the Board of Management and Member of the Board of Management for Product Lines at AUDI AG

Read the full interview at www.audi.com

The new strategy describes a far-reaching transformation for the coming years at different levels. How do you plan to achieve this?
We now know where we need to focus our strengths and also have enough time to shape the change in an orderly manner. Battery electric mobility is the only way we can efficiently and effectively contribute to the battle against climate change. That’s why technical clarity is so important at this point. It’s equally important that the electricity grids are expanded and charging options developed, for example. The focus for Audi is on continuing to drive the transformation of our product portfolio, the sales structures and our production sites toward e-mobility. New areas of responsibility are thus also emerging for our employees, such as in the field of battery assembly or with expanding the circular economy. We are preparing ourselves for these challenges and investing accordingly in their training.

Digitalization is becoming increasingly important in all areas of life. The car is no exception here. How do you intend to transform Audi vehicles into traveling mobile devices?
Software will be our biggest lever for exploiting synergies and innovations in the future. That’s why, as the Volkswagen Group, we have pooled our entire development strength in the software company CARIAD. Joint electronic architectures are being developed here as well as a uniform operating system for all Group brands. Good progress was made in developing CARIAD in 2021. The collaboration between the brands and CARIAD as a strong technology partner has now also been formally and strategically regulated. All attention is now focused on bringing the projects to fruition.

What role does China play as a market?
We see enormous potential in the Chinese market, especially in the premium segment and with electric vehicles. We will start selling models from our second partner SAIC Volkswagen in 2022. This will give us a further foothold in the market. At the same time, we are expanding our cooperation with FAW-Volkswagen. Our Chinese customers attach great importance to digital services and, together, we will be able to incorporate their specific needs in the products even more intensively than before. China is also a technology driver in many areas – for example, in the area of automated driving. We are working closely with local partners and authorities and have used test licenses for researching fully automated driving in Beijing and Wuxi for some time now.

UN Sustainable Development Goals

The Audi sustainability strategy focuses on the following five SDGs

Audi is committed to long-term, wide-scale economic growth, full and productive employment and humane work for everyone.

Audi is working on a robust infrastructure, promoting sustainable industrialization and supporting innovations.

Audi meets the challenges of urbanization with intelligent, sustainable and urban mobility concepts.

Through its sustainable production, Audi also fosters sustainable consumption. Resource and energy efficiency are two key elements in this context.

Audi develops and produces products that enable climate-friendly individual mobility.

“The introduction of brand group management means that Audi plays an even more important role in the Volkswagen Group.”

Audi wants to achieve an operating return on sales of more than 11 percent from 2030. Which investments are required for this?
We have taken on a considerable challenge with the “Vorsprung 2030” strategy. An innovative and attractive product portfolio is the backbone of sales and profitability targets. That’s why we have now once more increased our investments in the investment planning approved by the Supervisory Board at the end of the year. The Audi Group is planning research and development activities and capex amounting to about EUR 37 billion in total by 2026. As much as EUR 18 billion of this is earmarked for electrification and hybridization. Our priority is to further expand our electric portfolio so that we can offer electric models in all core segments in 2027. A percentage will also be set aside for investment in the joint venture for local electric vehicle production with FAW-Volkswagen in China.

ESG is an important pillar of the strategy “Vorsprung 2030.” What does that mean for Audi?
I am convinced that economic success and sustainable entrepreneurship are two sides of the same coin. As a company, we bear special responsibility for our environment and society. And we also have to embody this in all products and processes. Our ESG performance serves as proof of the future viability of Audi – in terms of legal compliance, a fundamental shift in customer behavior and financial assessment. It is for this reason that we have firmly anchored ESG criteria in our “Vorsprung 2030” strategy. But there is no blueprint; every company has to find its own path. And that’s what we are doing. For us, ESG goes beyond just measures for reducing CO_2. We have always taken a holistic view of this in the company. We are introducing an ESG management system to reinforce this in our processes. ESG is to play a role in all corporate decisions made by Audi as well as in its products and services. We will also have our ESG performance rated by an independent rating agency.

Audi manages the Premium brand group with Lamborghini, Bentley and Ducati. What advantages do you see in the new brand group management?
We have established a new management model with the newly formed Premium brand group. This means that Audi plays an even more important role in the Volkswagen Group. In many areas this gives us the opportunity to accelerate decisions by making them directly and conclusively at brand group level. This makes us more efficient. We can therefore make optimum use of synergies above all in the areas of electronics and platforms. At the same time, brand group management will also allow us to increase transparency by reporting selected key performance indicators as well as strategic goals of the Audi, Lamborghini, Bentley and Ducati brands externally.

Photo: Bernhard Huber

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

Read the full interview at www.audi.com

“We are placing people at the focus of our thinking and actions.”

The range of electric cars on offer from Audi is growing continually. How are the models being received by customers? What do they value most?
The year 2021 was dominated by electric mobility. We accelerated the transformation with a strong year for fully electric vehicles. By consistently implementing our Roadmap E, we succeeded in increasing deliveries of our fully electric vehicles by 57.5 percent. This high demand rewards our courage to make sustainable change and validates our early decision in favor of emission-free drive systems. Last year alone we more than doubled the number of fully electric models. We successfully launched the electric spearhead of the portfolio on the market with the Audi e-tron GT[1]. With its outstanding design and impressive performance, it is delighting customers and fans of the brand alike. The Audi Q4 e-tron models are also highly rated and appeal to a broad target group. Their generous interior, excellent everyday usability and powerful charging and driving performance are impressive. Our first fully electric models – the Audi e-tron and Audi e-tron Sportback – have already been successfully established for some time. Over 123,000 vehicles sold since market launch says it all. We will continue to expand this electric portfolio in the future. Audi will include more than 20 fully electric models in its portfolio by 2026. And, starting in 2027, we will offer our customers electric models in all core segments. My goal is for us to demonstrate that we are progress. It’s clear to us: The future is electric!

Hildegard Wortmann
Member of the Board of Management of AUDI AG, Marketing and Sales

Read the full interview at www.audi.com

A crucial factor with electric models quite apart from the vehicle itself is the charging infrastructure. What is Audi doing for its customers in this area?
We have to look at mobility holistically, beyond the actual vehicle. Our customers need to be convinced by the overall package and not just the vehicles. The individual experience is vital. That’s why Audi is expanding its infrastructure with strong partnerships and collaboratively across the Group in Europe, Asia and America. For example, the Audi e-tron Charging Service is already available to our customers today at some 320,000 charging points in 26 European countries. And with only one card needed! The Audi Charging Hub in Nuremberg as well as in Zurich in the future is the next step. This modular urban premium charging concept offers high-power charging and, optionally, a connected lounge area, making charging a premium experience. And Europe’s largest public high-power charging network IONITY, of which we have been a member and joint venture partner since the very outset, is to invest in more than 5,000 additional fast-charging points by 2025.

How is the car trade changing and what role will digital business models play in the future?
The fundamental transformation of the automotive industry is also resulting in a number of changes in the sales area. A central aspect of our strategy is that we are placing people at the focus of our thinking and actions. We call it Human Centricity. In my view, digitalization of the entire customer journey will become the most important distinguishing feature. A holistic customer experience, both online and offline, is critical. Customers expect seamless interconnection of all contact and information channels. This can only work if we the manufacturer get more closely involved in the direct customer relationship. The introduction of agency sales for our fully electric models in European markets planned starting in 2023 is an elementary pillar for the customer-centered focus of our sales model. In this way, we are further expanding the direct contact to our customers that we have already established in the area of direct selling, for example, with functions on demand. In this respect, the agency model opens up completely new possibilities for us with regard to building a seamless customer journey across all touchpoints. To this end, we are interlinking our efficient sales network with our digital communication channels. This is the next logical step toward an electric and digital future. Yet digitalization impacts more than just the sales model: The ecosystem surrounding the car, in particular, will be a deciding factor in the future. For this reason, we are adopting a holistic approach to self-driving electric cars. This will touch our customers’ lives in various ways and go beyond classic mobility requirements. For example, we are creating completely new experiences – from charging, navigating, parking and paying through to additional offerings and mobility services through automated driving.

[1] Audi e-tron GT quattro: combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC), 21.8–19.9 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle’s selected equipment.

Photo: AUDI AG

[1] Audi e-tron GT quattro: combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC), 21.8–19.9 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle’s selected equipment.

“Automated driving will be the game changer in the automotive industry.”

The design is a particular strength of Audi. How can you ensure that this stays the case in the future?
Audi is a designer brand. The Audi design has been setting new standards for years with its skillful mix of innovative technologies and progressive creativity. To make sure this stays that way, we have updated the way we think and act in this area, too, and adapted them to meet the new challenges. Electric mobility, increasing digitalization and, above all, in the future automated driving with completely new possibilities for our customers increase the requirements but at the same time also provide new creative freedom. That’s why we now only design and develop vehicles from the inside out with innovative interior concepts. The Audi grandsphere concept,[1] which we presented at the IAA in 2021, picks up on these changes and provides an insight into the next generation of Audi design. I am certain that these new vehicle concepts will also make us stand out from the competition and will be the beginning of a new era.

Is automated driving an evolution or a revolution?
Automated driving will be the game changer in the automotive industry. I am certain of that. It will completely transform our understanding of mobility. At the highly automated driving level, the car takes over the driving functions – depending on the situation and national laws and regulations. The driver will then no longer need to intervene within these legally defined system limits. The system enables automated driving. The customer gains the personal space for individual development. Working, relaxing and even sleeping will then be possible. With this in mind, we are developing a completely new interior experience that can be adapted individually and intuitively to customer needs. Seat positions are variable, while operation is by means of voice control, touchscreen and gestures. In the highly automated driving mode, it’s conceivable that the steering wheel, pedals and displays will even be retracted in the future. Automated driving will therefore certainly be a revolution – if not even a disruption. This obviously will not happen overnight. This new functionality will develop gradually and the level of automation will increase bit by bit. It will all start for Audi with the Artemis model in the second half of the decade.

What highlights can we expect in 2022? Can you give us a glimpse at what’s in store?
A major focus for us will be the development of the Premium Platform Electric, our drive architecture for electric vehicles from the B to the D segment. We are entering a decisive phase here and are preparing for the production start of a number of models, including the Audi Q6 e-tron. We are also providing further detailed insight into our future electric portfolio with the Audi A6 Avant e-tron concept[1] show car. It offers further proof of the model diversity we can achieve with the PPE. By 2026, we will have more than 20 fully electric vehicles in our range. We are showcasing our vision of urban automated future mobility in April 2022 with the Audi urbansphere concept.[1]

Photo: Bernhard Huber

[1] The vehicle mentioned here is a concept vehicle that is not available as a series-production vehicle. The automated driving functions mentioned are technologies currently under development, are not available for series-production vehicles and work only within system limits. All possible uses of the technical systems and functions shown represent only a possible concept and are dependent on the respective legal regulations in the relevant country.

Oliver Hoffmann
Member of the Board of Management of AUDI AG, Technical Development

Read the full interview at www.audi.com

Photo: Bernhard Huber

“We can do a lot in our supply chain.”

Dirk Grosse-Loheide
Member of the Board of Management of AUDI AG, Procurement and IT

Read the full interview at www.audi.com

The major topic that has had the entire automotive industry holding its breath in recent months is the chip crisis. How many sleepless nights has the issue given you?
I have to admit that the semiconductor shortage has kept me really busy in the last few months, though it didn’t stop me getting a good night’s sleep. What we are dealing with here is a structural issue, and that makes the situation even more challenging. The automotive industry is currently feeling the effects of a significant undersupply of semiconductors, which is caused, among other things, by the allocation of chips in the direction of telecommunications and entertainment electronics during the course of the coronavirus pandemic. Moreover, the situation has also been exacerbated by factory closures among key manufacturers due to the pandemic. Together with the other brands in the Group, we are doing all in our power to mitigate the effects of this supply shortage as best we can.

The supply chain for present-day vehicles is very long and globally spread. How does Audi ensure high standards for environment and society?
We work with over 14,000 suppliers from more than 60 countries. We influence all of these players – and they us in turn. This therefore presents a huge opportunity. We can do a lot in our supply chain. Our requirements for our business partners are laid down in the Code of Conduct, in which aspects such as environmental protection, human and labor rights, transparency and fairness are firmly defined. We set high standards for ourselves and work on ensuring compliance with these values along the entire value creation chain. We can use the Sustainability Rating as a tool in this regard, for example, to assess adherence to social, environmental and compliance standards. A positive outcome here is a prerequisite for awarding a contract. In addition, we continually optimize our management systems and use artificial intelligence that analyzes freely accessible online media and social media for specific keywords and informs us of hits on topics such as environmental protection, human rights violations and corruption in the supply chain.

Whether in the company or on the road, digitalization is the order of the day. How is Audi ensuring secure IT structures in vehicles and services?
Data security is a top priority. That applies to all IT solutions. We treat any potential data breaches seriously and work intensively on precautionary measures. Whether customer, vehicle or production data: It’s very important to us that the highest security standards are met. We therefore continually enhance our security systems to prevent attacks on our IT as far as possible, to identify such attacks in good time and to limit their consequences to the greatest possible extent.

“We operate responsibly, transparently and with integrity.”

The automotive industry has been impacted by the coronavirus pandemic and the semiconductor crisis in recent months. What topic is high on the agenda of Audi employees at the moment?
We are in the middle of the transformation. Everything we know is changing: laws, technologies, products, processes, our customers and their needs. This change primarily affects the people who work for us. The transformation requires new competencies and perspectives; it calls into question proven structures and functions. We therefore need to provide certainty and guidance for our employees. Our “People & Culture” initiative ensures that the employees are at the focus of our actions. This understanding is also the basis of our corporate strategy “Vorsprung 2030,” with which we are paving the way to a human-centered tech company. Designing mobility that offers a future that is sustainable and worth living is one of the most exciting challenges of our time. Our workforce is a critical success factor in this regard. Alongside all of these changes, the coronavirus pandemic also acutely highlighted the fact that digitalization, transformation and culture change matter more than ever before. There is no going back to the traditional work model for companies. Working from home has become an integral part of our daily lives. Under the heading “Better Normal,” we are currently working on a concept that considers the impact of the hybrid working world on our office space and workplace design, the sense of belonging in hybrid and digital teams and a digital leadership culture. In this respect, we are focusing equally on activities in the office and in our production areas, with the introduction of flexible arrangements for shift working also in full swing.

As described, Audi is in the midst of a profound transformation. How do you succeed in promoting integrity and culture change at Audi during such a time?
We aim to reinforce compliance and integrity every day in the company. This is why our corporate strategy states: We operate responsibly, transparently and with integrity. Audi has drawn consequences from the diesel issue and created the conditions for a new corporate culture. I personally view the transformation as a major opportunity. It is a time to mobilize people. To do this, we have to ensure that corporate culture, leadership understanding and structures are ideally interlinked. The right organizational structures are in place. For example, the deep-rooted integration of our integrity and compliance activities in our processes, or the performance management of our leaders with emphasis on transformation. We are therefore continually developing our corporate culture and relying heavily in this respect on our leaders. Our understanding of leadership at Audi means driving change. This includes, above all, an open speak-up culture and the freedom for everyone to work on their own responsibility, in the best way possible.

Outlook for 2022: What is the most important aspect for your division?
Audi focuses especially on the “S” in ESG. It is also the basis of our value-based and socially sustainable HR transformation. Up to 2025, we are providing a training and development budget of as much as 500 million euros. In addition to this, we have launched an additional budget for custom training measures amounting to 100 million euros. The three key aspects of stringent processes, transparent corporate culture and a uniform leadership understanding will be critical in 2022 in order to prepare our employees in all business areas for the working world of the future. We have devised a clear plan in this respect and are implementing it consistently: Our corporate culture is not only shaped by transparent communication, but also specifically promotes diversity and inclusion. Employees from more than a hundred nations working for Audi in Germany alone exemplify this diversity. Transformation also requires rapid action. And this, in turn, depends on optimum processes, so that our measures also reach all levels and can be applied individually. We rely on a uniform leadership understanding in this context, which motivates all Audi employees in both the digital and analog working world to create meaningful technology that will keep tomorrow’s world in motion.

Photo: Bernhard Huber

Sabine Maassen
Member of the Board of Management of AUDI AG, Human Resources and Organization

Read the full interview at www.audi.com

Photo: Bernhard Huber

Gerd Walker
Member of the Board of Management of AUDI AG, Production and Logistics

Read the full interview at www.audi.com

“The Four Rings have a clearly defined plan for the future.”

You first started at Audi in 1997 as a student employee. You then held various positions both for the Four Rings and the Volkswagen Group and have been back in Ingolstadt since February as a Member of the Board of Management. What does the Audi brand mean to you?
It feels a little like returning home after being away on an eventful journey. Although geographically speaking it was “only” Wolfsburg and Győr in Hungary, I learned a great deal and gained important experience. I’m really pleased to be back in Ingolstadt now. This is where I started out as a student employee when I was 27. For me, Audi is the most exciting brand in the Volkswagen Group, because of its highly diverse product portfolio among other reasons.

In 2030, Audi wants to sell three million vehicles per year. At the same time, combustion-engine vehicles will gradually be replaced by electric models. What do these changes mean for Production and Logistics?
Setting this goal sends out a really strong message – both internally and externally. The Four Rings have a clearly defined plan for the future. In view of market forecasts, our attractive product portfolio and our flexible and highly capable team, it’s certainly feasible. The transformation is a long road, but we have already taken important steps. The Brussels plant has already been exclusively producing electric cars since 2018, we recently produced the 250,000th electric motor in Győr and in Ingolstadt we are gearing up for the Audi Q6 e-tron, including our own battery assembly.

Audi has been committed to enhancing environmental protection for years, primarily at its plants. Which additional measures are planned in this regard in 2022?
We already embarked upon an ambitious environmental program in Production and Logistics a couple of years ago with Mission:Zero. A central goal of this program is to operate our production sites with a net carbon-neutral[2] footprint by 2025 at the latest. This has already been achieved for Audi Brussels and Audi Hungaria, as well as for the production of the Audi e-tron GT[1] at the Böllinger Höfe production facility in Neckarsulm. But it is also quite clear that decarbonization is not the sole focus. The efficient handling of resources, economical water usage and protection of biodiversity are of at least equal importance. I would like to concentrate on this in particular and am delighted that so much groundwork has already been done in this area that we can now draw on. At Audi Brussels, for instance, our plan is to cease using high-quality drinking water in the future to cover our process water requirements for production. Instead, we will use reprocessed wastewater from the neighboring municipal sewage plant into which our wastewater also flows. This has the potential to reduce the site’s drinking-water consumption by about 80 percent. Audi México has led the way in this regard, by the way, and has already been producing vehicles without any wastewater since 2019. In addition, we will present our own biodiversity index in 2022, which describes the animal and plant biodiversity at our production sites.

[1] Audi e-tron GT quattro:combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC), 21.8–19.9 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle’s selected equipment.
[2] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.

Operations & Integrity

Close-up of semiconductor blanks: The chip crisis kept the automotive industry in suspense in 2021 and also affected production at Audi.

Value-oriented, responsible and sustainable – how Audi conducts its business in the interest of its stakeholders. The goal: To ensure long-term competitiveness, grow profitably and operate sustainably.

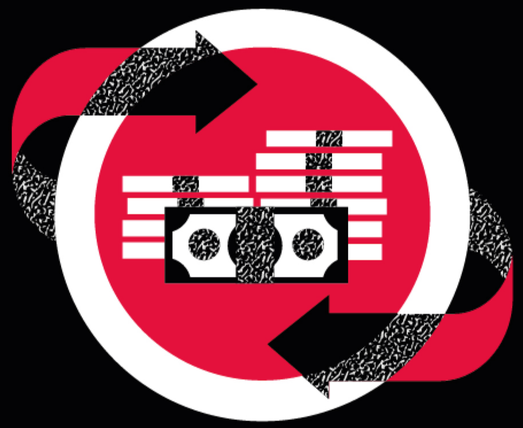
Financial highlights 2021

NET CASH FLOW

Record figure of

EUR 7.8 billion

due to high profit, exceptionally favorable performance of working capital and low levels of investing activity



REVENUE

Increase of

+6.2%

to EUR 53.1 billion despite a decline in sales due to strong price enforcement

EU TAXONOMY

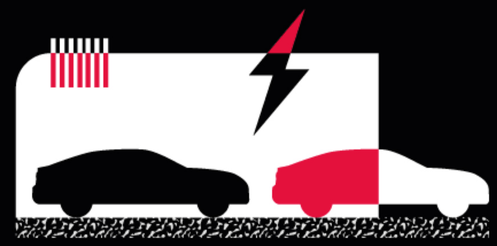
12.8%

of Audi Group revenue is EU taxonomy-aligned

ROS

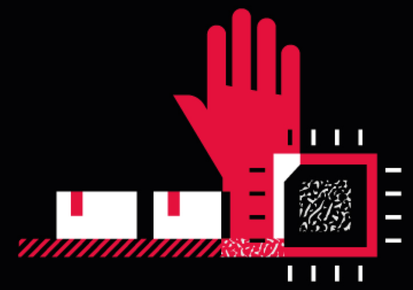
10.4%

DELIVERIES



+57.5%

growth for fully electric vehicles



With

1.7 million

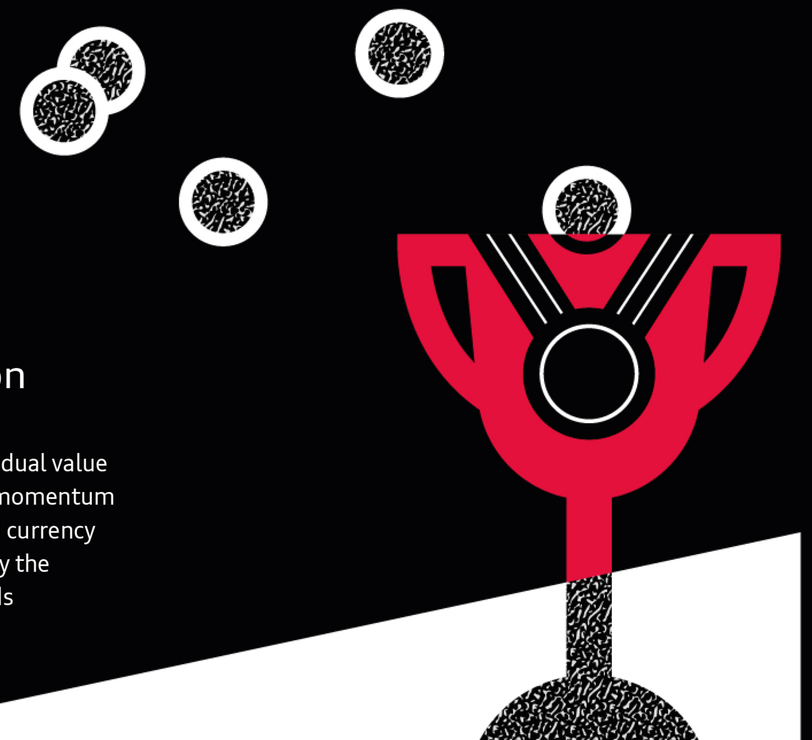
vehicles approximately at the prior-year level despite semiconductor shortages (–0.7%)

OPERATING PROFIT

Record figure of

EUR 5.5 billion

thanks in part to the good residual value situation, cost discipline and momentum from raw material hedges and currency effects; strong performance by the Lamborghini and Ducati brands



Illustrations page 33-61: C3 Visual lab

Outlook: fiscal year 2022

Expected development of the key performance indicators of the Premium brand group – Audi, Lamborghini, Ducati and Bentley. The forecast of the Premium brand group does not account for the effects of the conflict between Russia and Ukraine.

DELIVERIES

Between

1,800 and 1,900

thousand cars of the Premium brand group

REVENUE

Between

EUR 62 and 65 billion

expected revenue

ROS

Between

9 and 11%

expected operating return on sales

NET CASH FLOW

Between

EUR 4.5 and 5.5 billion

expected net cash flow

CAPEX

Between

4 and 5%

expected ratio of capex

ROI

Between

17 and 20%

expected return on investment

R&D

Between

6 and 7%

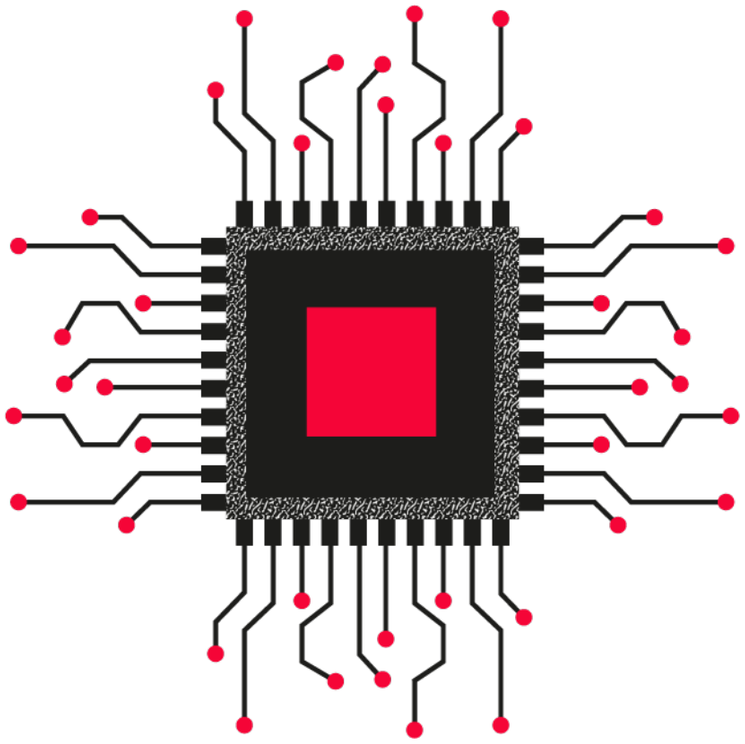
expected research and development ratio

All of the key financial figures in the Operations & Integrity chapter are based on the Audi consolidated financial statements prepared voluntarily in accordance with IFRS. These consolidated financial statements are included in the consolidated financial statements of Volkswagen AG. The figures in brackets represent the respective prior-year figures. The amendments to the IFRS in 2021 had no material impact on the Audi Group's net worth, financial position and financial performance.

Internet sources refer to the status as of February 28, 2022. The following section on the financial position contains forward-looking statements. These statements are based on current assessments and are by their nature subject to risks and uncertainties. Actual outcomes may differ from those predicted in these statements.

AUDI AG has made use of the option under Section 289b. Para. 2 and Section 315b. Para. 2 of the German Commercial Code (HGB) exempting it from submission of a non-financial declaration and non-financial Group declaration and refers readers to the combined separate non-financial report of Volkswagen AG for the 2021 fiscal year, which will be available on the Internet in German and English by no later than April 30, 2022.

Additional information on our production, delivery and financial figures can be found in an Excel sheet available for download on the Audi Investor Relations website.



Semiconductor shortages impacted the 2021 fiscal year

Despite intensive crisis management, semiconductor shortages made production adjustments necessary. How Audi responded to this crisis:

A significant shortage of semiconductors has been leading to supply bottlenecks in industry globally since the beginning of 2021. The automotive industry has also felt the effects of this undersupply, which was triggered, among other things, by factory closures at key manufacturers as a result of the pandemic. Audi consequently also had to cut production, leading to temporary short-time work at the German sites.

Product adjustments and reductions in stocks stabilize deliveries

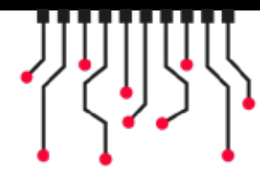
Since the beginning of 2021, Audi has been working relentlessly in company-wide crisis teams and in close collaboration with the Volkswagen Group to limit the impact of the semiconductor shortage. For instance, Audi continually adapted production to take account of installation rates, volumes or equipment variants and also manufactured vehicles that can be retrofitted at a later time. The brand satisfied the strong demand for cars optimally through increased reductions in stocks. In the medium to long term, Audi is planning to adapt the procurement strategy together with the Volkswagen Group, in part through direct access to semiconductor manufacturers or by developing its own chips to minimize the risk in the future. Nonetheless, owing to the semiconductor crisis the Audi Group was unable to produce a low six-digit number of vehicles in 2021 as planned. This also impacted the key figures for 2021.

Semiconductor shortages also expected in 2022

The production of semiconductors is a complicated and protracted process. In addition, the chip manufacturers need a certain lead time to ramp up their capacity to the required levels. It is for these reasons that Audi is anticipating further supply shortages of semiconductors in 2022.

Function of semiconductors

Semiconductors are an indispensable part of modern vehicles. They are used primarily in complex control units. In addition to standard components, they contain a significant portion of specially developed integrated circuits. Figuratively speaking, these microprocessors are the brain of a car and handle, for example, control functions for driver assistance systems, connectivity services and infotainment functions. Current Audi models sometimes use more than 100 connected control units. These comprise several thousand semiconductors.



Economic environment

In 2021, recovery from the coronavirus pandemic and semiconductor supply shortages were key factors in the development of the global economy and car markets. The core regions in detail:

World

Economy

» Significant recovery of the global economy due to – from a global perspective – more moderate coronavirus restrictions compared with the previous year

» Ongoing monetary- and fiscal-policy support measures in most industrialized countries, such as maintaining an interest rate policy designed to stimulate the economy

» Rapid rise in energy and raw material prices compared with the prior-year period; primary product shortages (in particular semiconductors) increased significantly

Car market

» Moderate increase in worldwide demand for vehicles compared with the weak prior-year figure

» Heterogeneous growth in the world regions due to different rates of recovery compared with the previous year, which was impacted by the pandemic

» Semiconductor supply shortages and resulting production cutbacks, especially in the second half of 2021

Europe and Germany

Economy

» Significant growth recovery in 2021 compared with the previous year, which was significantly impacted by the outbreak of the coronavirus pandemic

» The European Central Bank maintained its zero interest rate policy despite higher inflation rates

Economy in Germany

» Positive labor market development and increase in consumer confidence

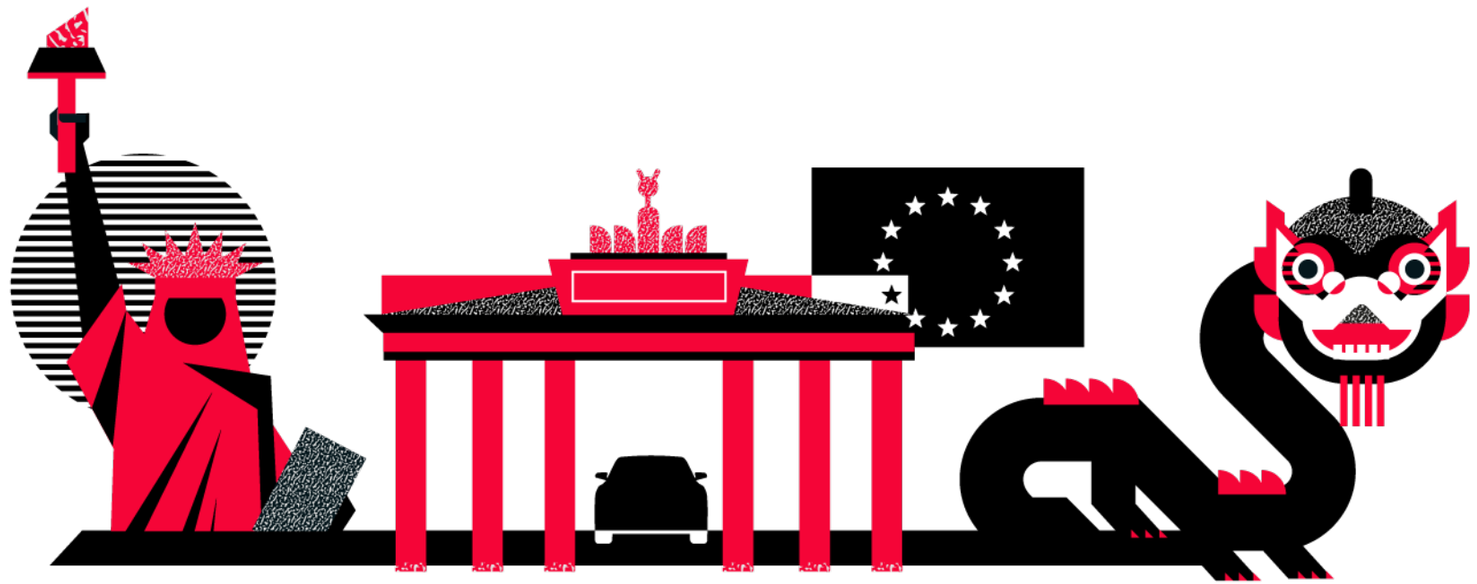
» Increased optimism among companies, but below-average growth due to heavy reliance on industry (production restrictions) compared with the rest of Europe

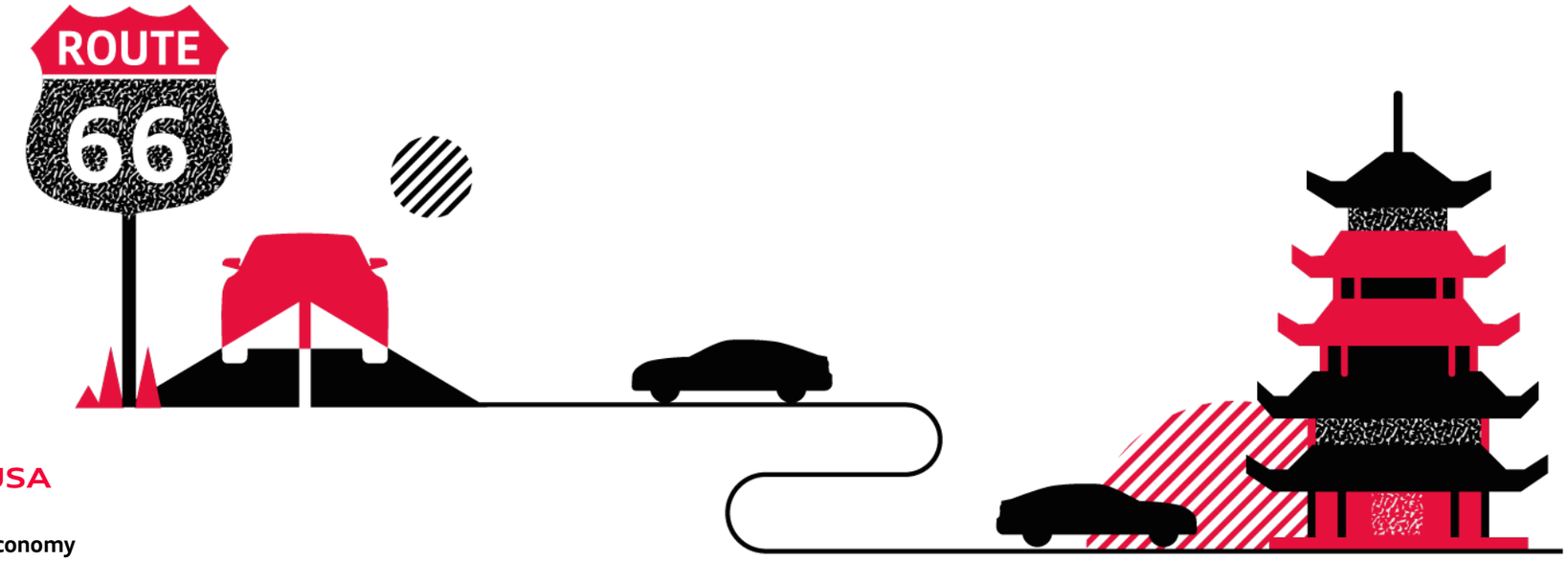
Car market

» Further slight decline in market volume in Europe, below the weak prior-year figure – in part due to supply shortages

» Germany particularly weak: lowest value since reunification (partly as a result of pull-forward effects in 2020 due to a temporary reduction in value-added tax)

» Significant declines in the second half of 2021, in particular due to limited vehicle availability owing to the semiconductor situation





USA

Economy

» Dynamic recovery of US economic output despite a temporarily critical infection rate

» Further extensive support package to bolster the economy approved in the first quarter of 2021

» Continued momentum for growth thanks to Federal Reserve's maintenance of low interest rates

» Significant recovery of the labor market compared with the previous year

Car market

» Moderate growth compared with the previous year, which was impacted by the pandemic

» Slowdown in growth due to semiconductor supply shortages in the second half of 2021

» Positive development, especially for SUV models

China

Economy

» Very strong recovery in the year under review largely compensated for coronavirus-related growth losses from 2020

» Enforcement of strict zero-COVID strategy burdens global supply chains (in part through regional lockdowns and temporary port closures)

Car market

» Positive development compared with the previous year, only slightly below the 2019 level

» Slowdown in growth due to semiconductor supply shortages in the second half of 2021

For further information on how macro-economic conditions affected Audi sales figures, see page 40.

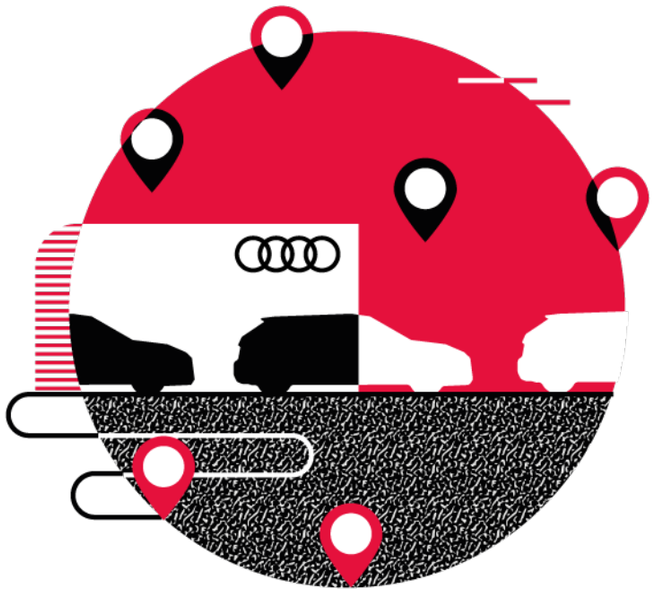
Growth in the gross domestic product, car markets and deliveries of the Audi brand in selected countries/regions[1]

	Growth in the gross domestic product in %		Car markets in vehicles			Deliveries to customers of the Audi brand in vehicles		
	2021	2020	2021	2020	Δ in %	2021	2020	Δ in %
Europe	5.6	–5.9	13,590,197	13,724,380	–1.0	617,048	619,723	–0.4
of which Germany	2.7	–4.9	2,622,341	2,917,678	–10.1	180,883	214,427	–15.6
China[2]	8.1	2.3	20,833,000	19,947,827	4.4	701,289	727,358	–3.6
USA	5.7	–3.4	15,079,182	14,582,997	3.4	196,038	186,620	5.0
Worldwide	**5.6**	**–3.4**	**70,927,379**	**68,088,106**	**4.2**	1,680,512	1,692,773	–0.7

[1] The prior-year figures may have changed as a result of updated data; provisional figures for 2021.
[2] Chinese car market including Hong Kong.

Production

Production decline for the Audi brand due to semiconductor shortages. Significant increases for Lamborghini, Ducati as well as in NEV share.



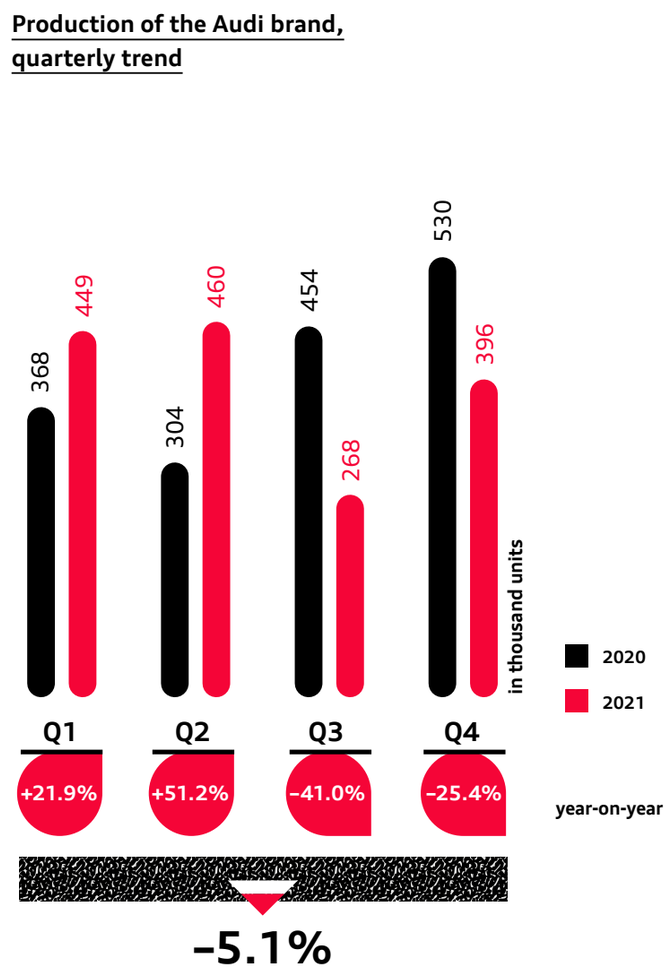
The Audi Group produced a total of 1,581,164 (1,664,265) vehicles in 2021, a decline of –5.0 percent compared with the previous year. The Audi brand built 1,572,861 (1,657,015) cars in the reporting period and therefore –5.1 percent fewer premium cars than in the year before. This figure contains 607,008 (671,970) Audi vehicles produced locally by Chinese associated companies, a year-on-year drop of –9.7 percent. The Lamborghini brand manufactured a total of 8,303 (7,250) vehicles in 2021 and therefore reported an increase of 14.5 percent at the end of the year. In addition, 59,214 (44,827) motorcycles of the Ducati brand were produced in 2021, a year-on-year increase of 32.1 percent.

Audi production affected by the semiconductor situation

In response to semiconductor shortages (see page 35), the Audi brand adjusted production in the period under review. While production increased significantly, by 35.2 percent, in the first six months of 2021 compared with the previous year, which had been strongly impacted by the coronavirus pandemic, the situation changed markedly in the second half of the year:

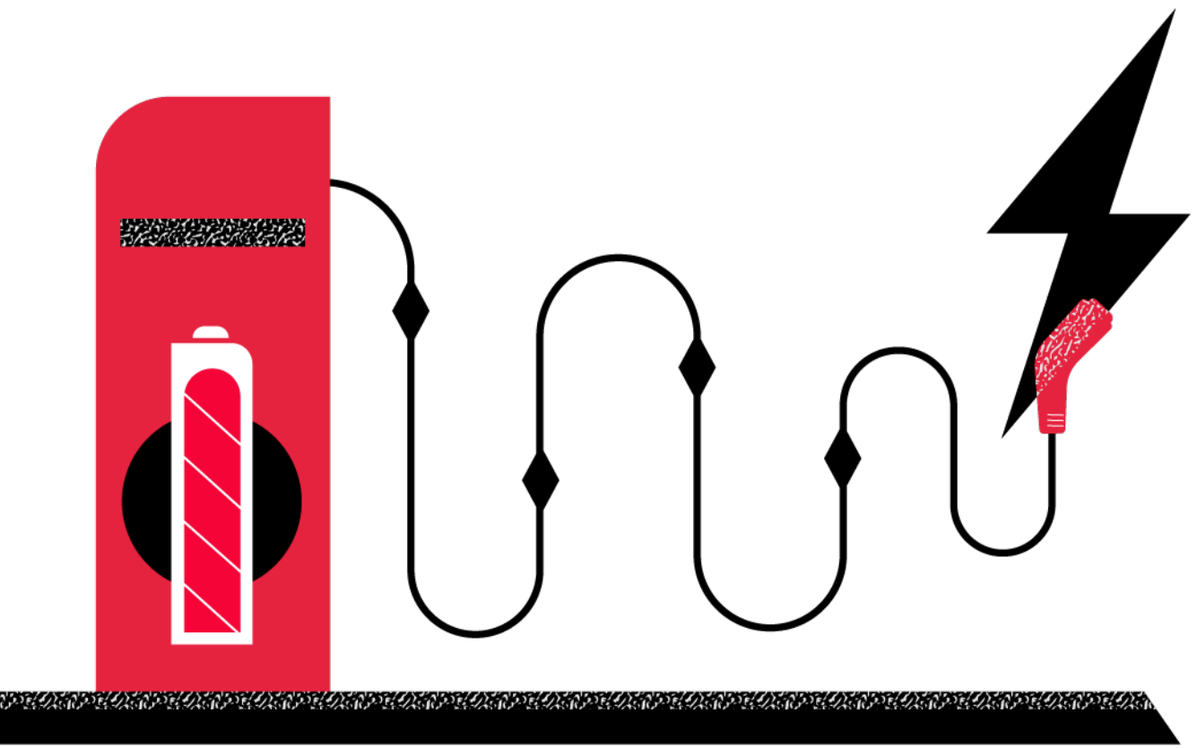
Low availability of semiconductors in the second half of 2021 resulted in a serious drop in production output of –32.6 percent compared with the prior-year period, which had been driven by the effects of the recovery.

Production of the Audi brand, quarterly trend



10.7%
NEV share

Fully electric and plug-in hybrid vehicles as a proportion of total production of the Audi brand



Production at global sites[3] and new models in 2021

Between January and December 2021, 458,746 (495,325) vehicles were produced at the German sites, a decline of –7.4 percent compared with the previous year. Of these, 285,958 (337,834) were produced at the Ingolstadt site, while 145,092 (157,230) premium models of the Audi brand were produced in Neckarsulm. Series production of the new fully electric Audi Q4 e-tron model line started at the Volkswagen multi-brand site in Zwickau in the first quarter of 2021. A total of 27,696 vehicles of the Audi brand were produced there in the reporting period.

In Europe, higher production was also reported by the sites in Hungary (+10.2 percent) and Belgium (+4.0 percent).

The plant in San José Chiapa in Mexico built 137,634 (124,298) vehicles, an increase of 10.7 percent. 34,860 units of the new Audi Q5 Sportback[4] were produced here in the year under review.

In China, FAW-Volkswagen built 605,933 (671,970) vehicles in 2021. Following the production start of the Audi Q5 e-tron and Audi A7 L[5] models in Anting (China), the associated company SAIC Volkswagen produced 1,075 Audi vehicles locally for the first time.

The Audi brand's new energy vehicle (NEV) share – in other words, fully electric and plug-in hybrid vehicles as a proportion of total production of the Audi brand – increased significantly to 10.7 (6.8) percent in 2021. This increase was driven principally by an 81.0 percent increase in production of fully electric vehicles to 85,379 (47,174).

[3] Further information on production sites can be found in the article "Brief portrait" (see page 15).
[4] Audi Q5 Sportback: combined fuel consumption in l/100 km: 7.6–4.7 (NEDC); combined CO_2 emissions in g/km: 186–123. Information on fuel consumption and CO_2 emissions in ranges depends on the selected wheel/tire combination.
[5] The two models Audi Q5 e-tron and Audi A7 L are manufactured by the associated company SAIC Volkswagen Automotive Co., Ltd., Shanghai (China), and available and sold exclusively in China.
[6] The model Audi Q2 L e-tron is manufactured by the associated company FAW-Volkswagen Automotive Co., Ltd., Changchun (China), and available and sold exclusively in China.
[7] Audi e-tron GT quattro: combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC), 21.8–19.9 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.
Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.

Production of electrified model series, Audi brand

	2021	2020	Δ in %
Audi Q2 L e-tron[6]	3,092	3,768	–17.9
Audi Q4 e-tron	27,696	261	X
Audi Q5 e-tron[5]	17	–	X
Audi e-tron	44,972	42,901	4.8
Audi e-tron GT[7]	9,602	244	X
Total fully electric model series (BEV)	**85,379**	**47,174**	**81.0**
Plug-in hybrid models (PHEV)	**83,670**	**64,845**	**29.0**
Total electrified model series (BEV + PHEV)	**169,049**	**112,019**	**50.9**

Deliveries

Deliveries approximately at the prior-year level despite semiconductor shortages, strong growth for fully electric vehicles.

The Audi Group delivered a total of 1,688,978 (1,700,258) vehicles in the 2021 fiscal year. The Audi brand handed a total of 1,680,512 (1,692,773) cars over to customers, which was approximately at the previous year's level (–0.7 percent). While the Lamborghini brand delivered 8,405 (7,430) vehicles, the Ducati brand handed 59,447 (48,042) motorcycles over to customers.

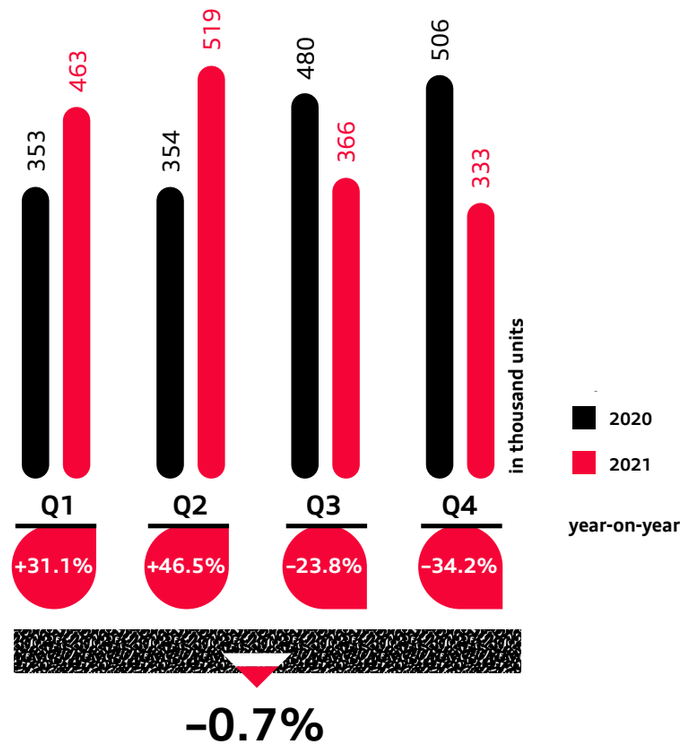
Following record run in the first half of the year, strong impact of semiconductor shortage in the second half

The semiconductor situation had a strong impact on the availability of Audi brand vehicles in 2021. In the first six months, the company was able to increase deliveries by 38.8 percent to a new record of 981,681 (707,225) vehicles thanks to countermeasures such as optimizing the use of stocks of new vehicles. In the second half of the year, the ongoing semiconductor shortage resulted in massive production losses, despite intensive measures to manage the situation. At the same time, stocks were at a very low level, so it was not possible to fully meet the sustained strong demand from customers. Deliveries dropped by –29.1 percent compared with the very strong second half of the previous year.

Car deliveries to customers by model series[8,9]

	2021	2020	Δ in %
Audi A1	64,178	63,468	1.1
Audi Q2[10]	114,827	124,392	–7.7
Audi A3	179,399	218,026	–17.7
Audi Q3	258,616	217,016	19.2
Audi TT	8,714	9,832	–11.4
Audi Q4 e-tron	21,098	205	X
Audi A4	215,227	250,162	–14.0
Audi A5	71,340	65,860	8.3
Audi Q5	293,069	278,272	5.3
Audi A6	244,191	273,750	–10.8
Audi A7	19,169	17,546	9.2
Audi e-tron	49,157	47,324	3.9
Audi e-tron GT[7]	6,896	242	X
Audi Q7	67,452	64,038	5.3
Audi Q8	41,584	38,699	7.5
Audi A8	23,708	22,290	6.4
Audi R8	1,887	1,651	14.3
Audi brand	**1,680,512**	**1,692,773**	**–0.7**
Lamborghini Urus[11]	5,021	4,391	14.3
Lamborghini Huracán	2,586	2,193	17.9
Lamborghini Aventador	798	846	–5.7
Lamborghini brand	**8,405**	**7,430**	**13.1**
Other Volkswagen Group brands	61	55	10.9
Automotive segment	**1,688,978**	**1,700,258**	**–0.7**

Deliveries of the Audi brand, quarterly trend



[7] Audi e-tron GT quattro: combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC), 21.8–19.9 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment. Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.
[8] Detailed figures for fuel/electric power consumption and emissions can be found on page 124.
[9] The table includes deliveries of 620,700 (674,700) vehicles manufactured by the associated company FAW-Volkswagen Automotive Co., Ltd., Changchun (China), and available and sold exclusively in China.
[10] This includes 4,743 (4,240) fully electric Audi Q2 L e-tron models manufactured by the associated company FAW-Volkswagen Automotive Co., Ltd., Changchun (China), and available and sold exclusively in China.
[11] Lamborghini Urus: combined fuel consumption in l/100 km: 12.6 (NEDC); combined CO_2 emissions in g/km: 292; information on fuel consumption and CO_2 emissions in ranges depends on the selected wheel/tire combination.

Heterogeneous performance in the core regions

The Audi brand increased deliveries to customers in the USA by 5.0 percent year-on-year to 196,038 (186,620) vehicles. Growth was also recorded in Canada: 28,790 (25,895) vehicles were delivered there, a rise of 11.2 percent.

In China, Audi delivered 701,289 (727,358) vehicles by the end of 2021. That was a decline of –3.6 percent compared with the record deliveries in 2020.

In Europe, the Audi brand delivered 617,048 (619,723) vehicles, a difference of –0.4 percent and thus almost unchanged from the prior-year level. On the German market, the brand with the Four Rings delivered 180,883 (214,427) cars to customers, a drop of –15.6 percent. Alongside the semiconductor shortage in the reporting period, the sharp year-on-year decline was attributable to the temporary reduction in value-added tax in the second half of 2020. In the Western European markets, the prior-year level was exceeded in the UK (+9.4 percent), Italy (+9.9 percent) and France (+10.2 percent). Central and Eastern Europe also ended the year with an 18.8 percent increase in deliveries.

Strong trend, especially for electric vehicles and in the SUV segment

Audi continued to increase deliveries of BEVs (battery electric vehicles). A total of 81,894 (52,011) fully electric Audi models were handed over to customers, a year-on-year growth rate of 57.5 percent. As a result, fully electric vehicles increased their share of deliveries from 3.1 percent to 4.9 percent. This was driven principally by new models: 21,098 Audi Q4 e-tron models and 6,896 of the Audi e-tron GT[7] were delivered. The best-selling BEV model series remained the Audi e-tron with 49,157 vehicles – an increase of 3.9 percent. In the SUV segment, there were increases in deliveries of the Audi Q3 (+19.2 percent), the Audi Q5 (+5.3 percent), the Audi Q7 (+5.3 percent) and the Audi Q8 (+7.5 percent). Overall, Audi sold 845,803 SUV models. The SUV share (SUVs delivered to customers as a proportion of total deliveries) increased by 4.8 percentage points year-on-year to 50.3 percent.

Once again, the high-performance Audi Sport models did better than in the previous year and posted a new record of 39,356 vehicles sold (+34.2 percent).

57.5%
increase

Strong development in deliveries of fully electric vehicles

[7] Audi e-tron GT quattro: combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC), 21.8–19.9 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.
Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.

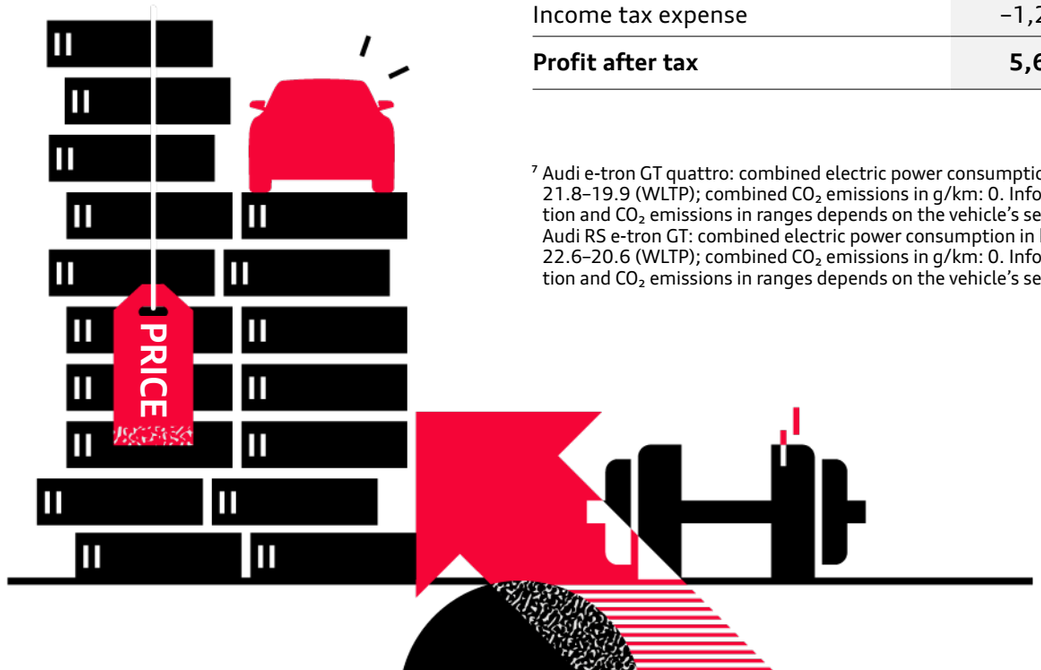
Financial performance indicators

Record operating profit and net cash flow despite reduction in deliveries. This can be explained as follows:

Financial performance

The Audi Group generated revenue of EUR 53,068 (49,973) million in the 2021 fiscal year. The 6.2 percent increase compared with the previous year despite a drop in the number of vehicles sold was mainly due to strong price enforcement. Revenue from the sale of cars of the Audi brand also increased to EUR 36,476 (33,382) million. The Audi Q3 and Audi Q5 model lines, in particular, posted strong year-on-year revenue growth. The fully electric Audi Q4 e-tron and Audi e-tron GT[7] models launched in 2021 also made a significant contribution to the increase in revenue. The other revenue from automotive business was slightly lower than in the prior-year period at EUR 13,874 (14,325) million. The main reasons for this were a reduction in the development costs transferred within the Volkswagen Group and lower revenue from parts deliveries to China. By contrast, revenue from the sale of genuine parts developed positively.

The Lamborghini brand increased revenue from automotive business by 15.9 percent to EUR 1,818 (1,569) million in the reporting period, while the Ducati brand also achieved record revenue of EUR 878 (676) million.



Condensed income statement, Audi Group

EUR million	2021	2020	Δ in %
Revenue	53,068	49,973	6.2
Cost of goods sold	–45,756	–44,178	3.6
Gross profit from sales	**7,313**	**5,795**	**26.2**
Distribution expenses	–3,084	–3,158	–2.3
Administrative expenses	–655	–598	9.5
Other operating result	1,925	530	X
Operating profit	**5,498**	**2,569**	**114.0**
Financial result	1,430	1,618	–11.6
Profit before tax	**6,929**	**4,187**	**65.5**
Income tax expense	–1,280	–413	X
Profit after tax	**5,649**	**3,774**	**49.7**

[7] Audi e-tron GT quattro: combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC), 21.8–19.9 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.
Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.

[12] This ratio shows research and development activities relative to revenue.
[13] This ratio expresses capitalized development costs in relation to total research and development activities.

Cost of goods sold increased, mainly due to higher expenses for production materials and procurement. In addition, personnel costs within the cost of goods sold increased owing to higher performance-related remuneration for 2021 and expansion of the early retirement program under the Audi.Zukunft agreement.

A look at research and development in the Audi Group

The research and development ratio[12] was 7.4 (7.3) percent in the year under review and thus slightly above the strategic target corridor (6 to 7 percent). The increase in R&D activities was principally attributable to future-oriented investments in the areas of electrification and digitalization. The capitalization ratio[13] was 45.3 (37.3) percent. The higher ratio reflects the present product life cycle of the Audi model range and also shows the ability of the future product portfolio to retain its value. In all, research and development expenditure was slightly below the prior-year level.

Other factors affecting the results

Distribution costs were lower than in the previous year, partly due to lower advertising expenses. An increase in personnel costs relating to the effects of higher performance-related remuneration for 2021 and the expansion of the early retirement program had a negative effect. Together with a rise in overheads, these effects were also responsible for the increase in administrative expenses.

The other operating result for the reporting period contains significant positive effects from currency and commodity hedges and considerably lower residual value risks compared with the previous year. In the previous year, the other operating result had contained income of EUR 495 million from the sale of Autonomous Intelligent Driving GmbH, Munich.

Key figures for research and development

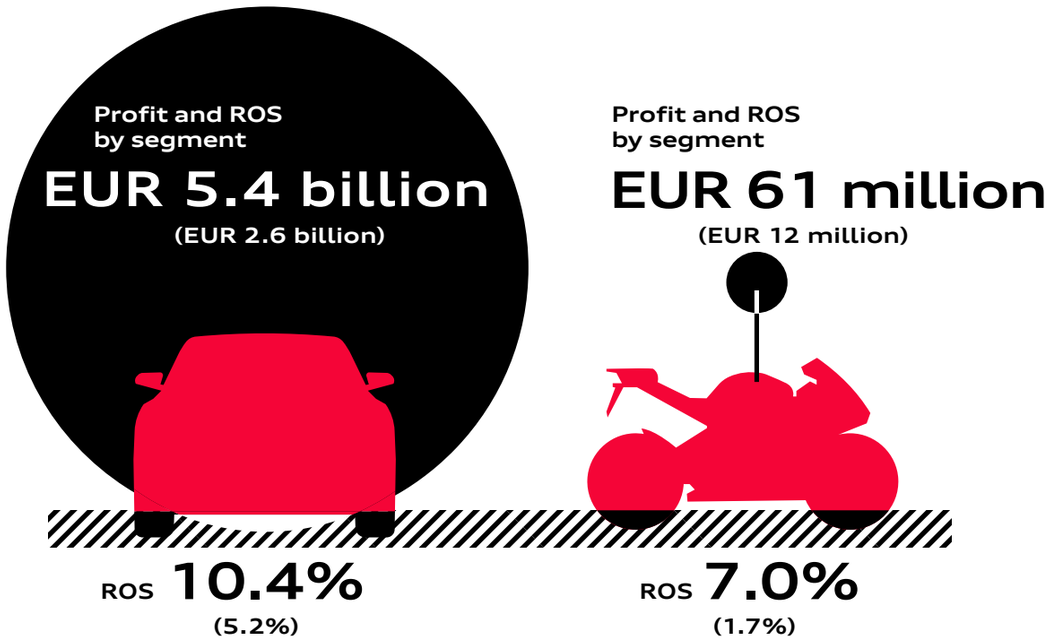
EUR million	2021	2020	Δ in %
Research and development activities	3,913	3,662	6.9
⊖ Capitalized development costs	1,772	1,365	29.8
⊕ Depreciation, amortization of and impairment losses (reversals) on capitalized development costs	1,363	1,257	8.5
= Research and development expenditure	**3,504**	**3,553**	**–1.4**

Continued fixed-cost discipline
Continued cost discipline in 2021 had a positive effect on the operating result of the Audi Group. While overhead costs increased only slightly compared with the very low level in the previous year due to the pandemic, depreciation and amortization of property, plant and equipment saw a significant decline.
In addition, indirect personnel costs (excluding performance-related remuneration) fell moderately, mainly due to the fact that the workforce of the Audi Group was reduced by more than 1,500 compared with the previous year. Under the Audi.Zukunft agreement, cuts of up to 9,500 jobs by 2025 were agreed. To date, well over a third of the job cuts have been implemented by socially responsible means. At the same time, the company will create up to 2,000 new future-oriented jobs by 2025, especially in the areas of electric mobility and digitalization.

Key earning figures, Audi Group

EUR million	2021	2020	Δ in %
Operating profit before special items	**5,546**	**2,739**	**102.5**
ROS before special items in %	10.5	5.5	5.0 ppt.
Special items[14]	–48	–170	X
Operating profit	**5,498**	**2,569**	**114.0**
ROS in %	10.4	5.1	5.2 ppt.
of which Automotive segment	5,437	2,558	112.6
of which Motorcycles segment[15]	61	12	X
Profit before tax	**6,929**	**4,187**	**65.5**

[14] Special items in connection with the diesel issue.
[15] Adjusted for effects of subsequent measurement in connection with the purchase price allocation (PPA) amounting to EUR 0 (12) million.



Currency and commodity hedging effects increased the operating profit by a total of EUR 813 million compared with the previous year. By contrast, far higher prices for the procurement of raw materials reduced the operating profit by an amount in the mid-three-digit million range.

The operating activities of the Audi Group are reflected in the operating profit of EUR 5,498 (2,569) million, which is above the previous record set in 2012. This corresponds to an operating return on sales of 10.4 (5.1) percent.

Before special items of EUR –48 (–170) million in connection with the diesel issue, an operating profit of EUR 5,546 (2,739) million and an operating million return on sales of 10.5 (5.5) percent were achieved.

Audi Transformation Plan remains on track

In 2021, the Audi Transformation Plan (ATP) once again had a positive impact on operating profit. In the year under review, measures totaling around EUR 3.4 billion were realized. Due to the supply shortages for semiconductors, the majority of these affected the cost side. Since its introduction in 2018, the ATP has achieved more than EUR 10 billion. Audi is confident that the ATP will achieve its target of leveraging a total of EUR 15 billion with the help of measures affecting costs and revenue. The pandemic- and supply-related drop in volumes may, however, result in a slight delay in the end of the program, which was scheduled for 2022.

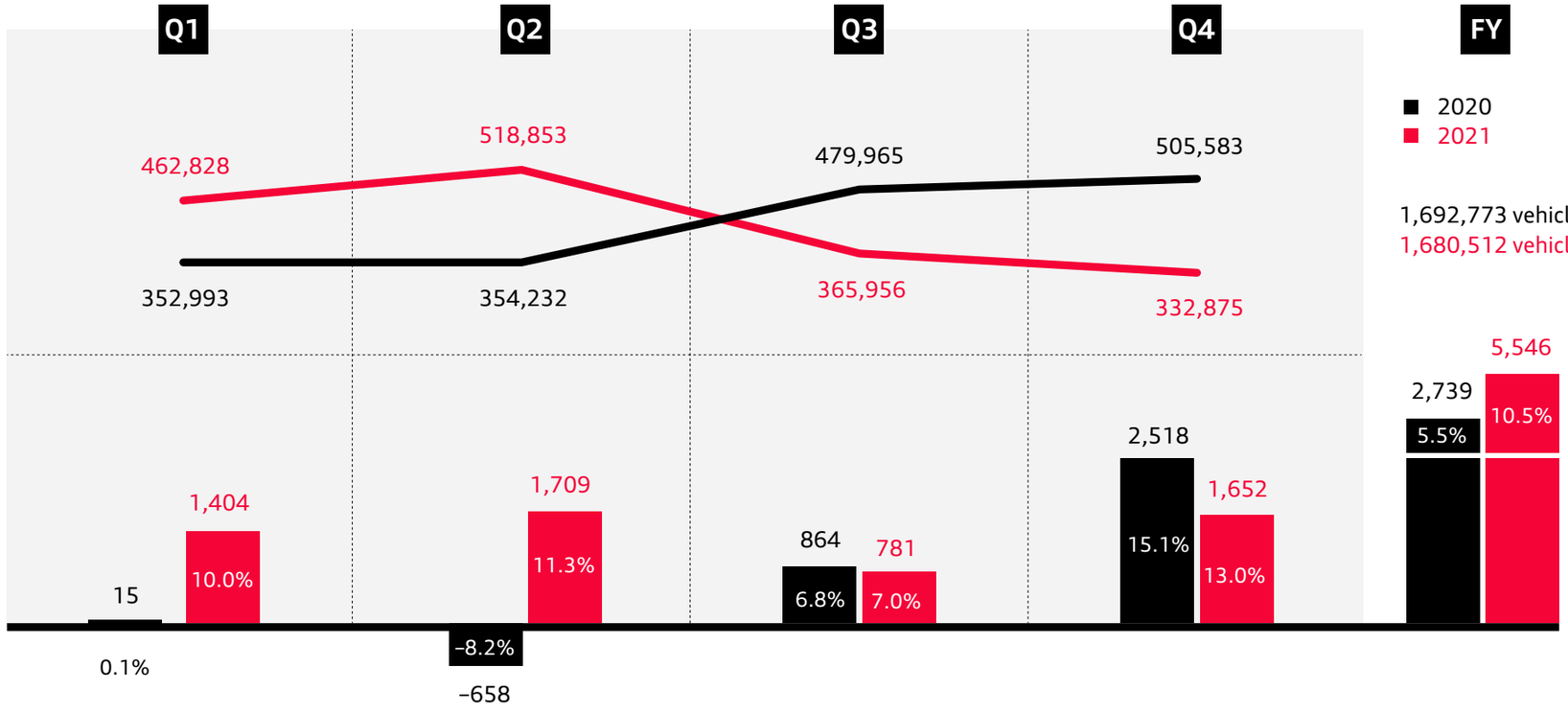
Quarterly development in 2020 and 2021 strongly influenced by pandemic and semiconductors

Deliveries to customers, Audi brand

in vehicles

Operating profit before special items/ROS

in EUR million



First half-year 2021:

- Momentum from record fourth quarter in 2020: deliveries up 38.8 percent year-on-year
- Strong performance especially in the USA and China
- Production adjustments as a result of the semiconductor shortage were largely offset by reducing new vehicle stocks
- ROS before special items 10.7 percent – in part thanks to mix and price effects as well as advantageous commodity hedges valuation

Second half-year 2021:

- Deliveries to customers: –29.1 percent compared with the previous year – strong demand could not be met due to supply-related understocking
- Semiconductor shortages continue to require major production intervention and intensive crisis management
- Slight improvement in the supply situation at the end of the year
- ROS before special items 10.2 percent thanks to continued strong price enforcement

Financial result of the Audi Group

The financial result of the Audi Group dropped to EUR 1,430 (1,618) million in the past fiscal year. This included a reduction in the result from investments accounted for using the equity method, partly due to a loss on the equity investment in THERE Holding B.V., Rijswijk (Netherlands), which in turn holds an equity investment in HERE International B.V., Eindhoven (Netherlands). The result from FAW-Volkswagen Automotive Co., Ltd. was lower in the reporting period, mainly due to the transfer of beneficial ownership of 4 percent of the shares in FAW-Volkswagen to Volkswagen AG in 2020. Audi's net interest result improved significantly, partly due to lower expenses for the compounding of interest on liabilities as a result of a rise in the interest rate. The other financial result declined year-on-year. The high level reported in the previous year was mainly due to the gain of EUR 589 million on the disposal and deconsolidation of Audi Electronics Venture GmbH, Gaimersheim, in 2020. By contrast, income from securities had a positive effect. The year-on-year increase in the brand settlement from Volkswagen AG for the China business due to the Audi brand's good performance in China also had a positive impact on the other financial result.

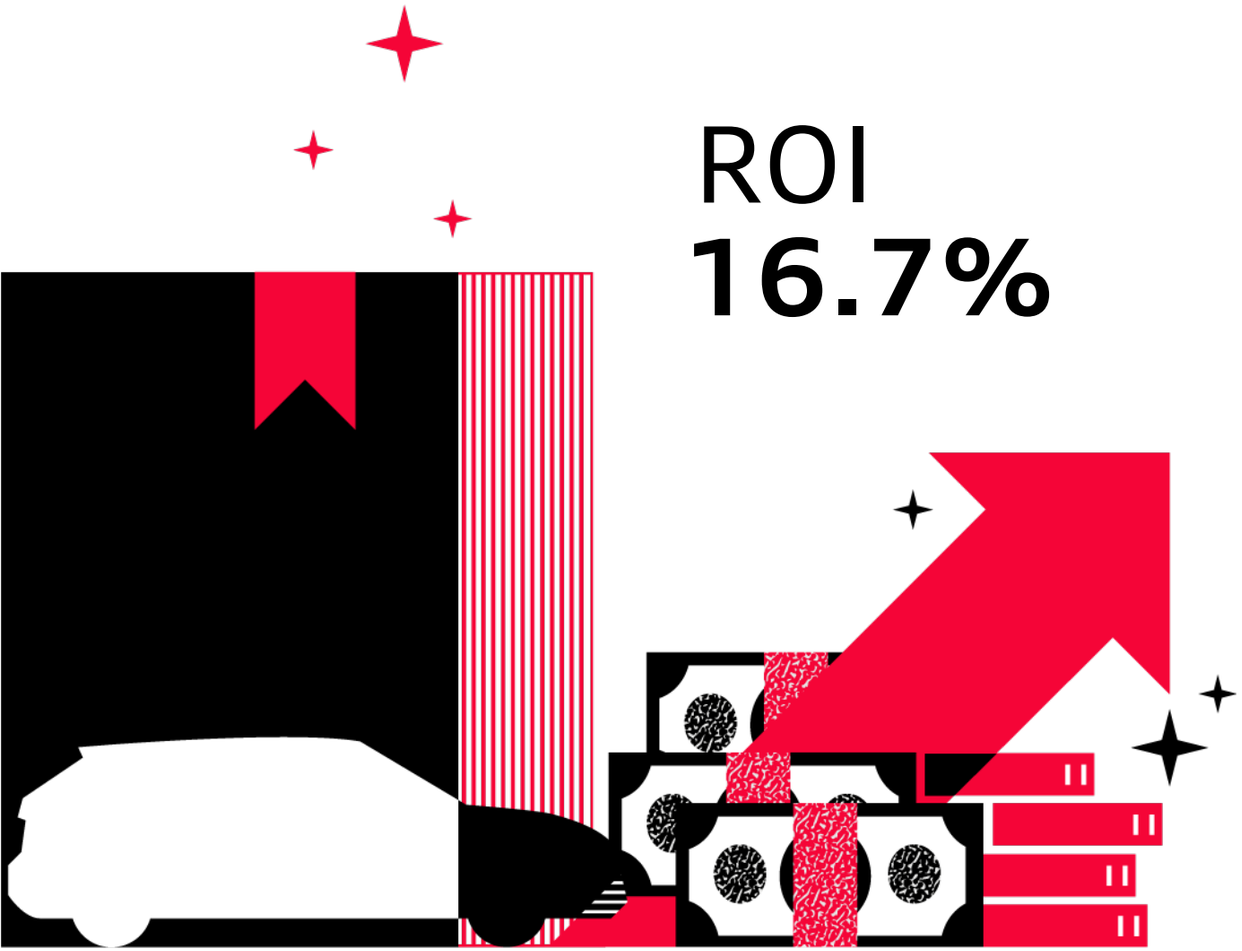
Overall, the Audi Group's China business contributed EUR 1,140 (1,009) million to the financial result.

EUR
1,140
million
Strong China business again in 2021

Financial result, Audi Group

EUR million	2021	2020	Δ in %
Result from investments accounted for using the equity method	**291**	**496**	**–41.3**
of which FAW-Volkswagen Automotive Co., Ltd.	38	107	–64.6
of which Volkswagen Automatic Transmission (Tianjin) Co., Ltd.	235	244	–3.8
of which SAIC Volkswagen Automotive Co., Ltd.	9	17	–48.0
of which There Holding B.V.	–32	61	X
of which other	42	67	–37.8
Net interest result	191	52	X
Other financial result	948	1,070	–11.4
of which brand settlement, China business[16]	859	641	34.0
Financial result	**1,430**	**1,618**	**–11.6**
of which China business[17]	1,140	1,009	13.0

[16] Financial brand settlement agreed between AUDI AG and Volkswagen AG, Wolfsburg, and performance-related income for China business in connection with associated companies.
[17] Includes the result from investments accounted for using the equity method: FAW-Volkswagen Automotive Co., Ltd., Volkswagen Automatic Transmission (Tianjin) Co., Ltd., SAIC Volkswagen Automotive Co., Ltd. and brand settlement/performance-related income for China business.



Profit after tax considerably higher than in the previous year

In the 2021 fiscal year, the Audi Group posted a profit before tax of EUR 6,929 (4,187) million. The return on sales before tax was 13.1 (8.4) percent. Income tax expense was EUR 867 million higher than in the previous year. This resulted in a profit after tax of EUR 5,649 (3,774) million.

Increase in return on investment

The Audi Group's return on investment[18] (ROI) was 16.7 (7.4) percent in the 2021 fiscal year. Year-on-year, the positive development of the return on investment is largely attributable to the increase in the operating profit after tax.[19] The average capital invested in the year under review was EUR 23,084 (24,312) million. On the assets side, property, plant and equipment fell to EUR 12,221 (13,037) million and trade receivables dropped to EUR 4,442 (5,998) million. Among non-interest-bearing liabilities, there was a decrease, mainly in trade payables, to EUR 6,743 (7,533) million at year-end.

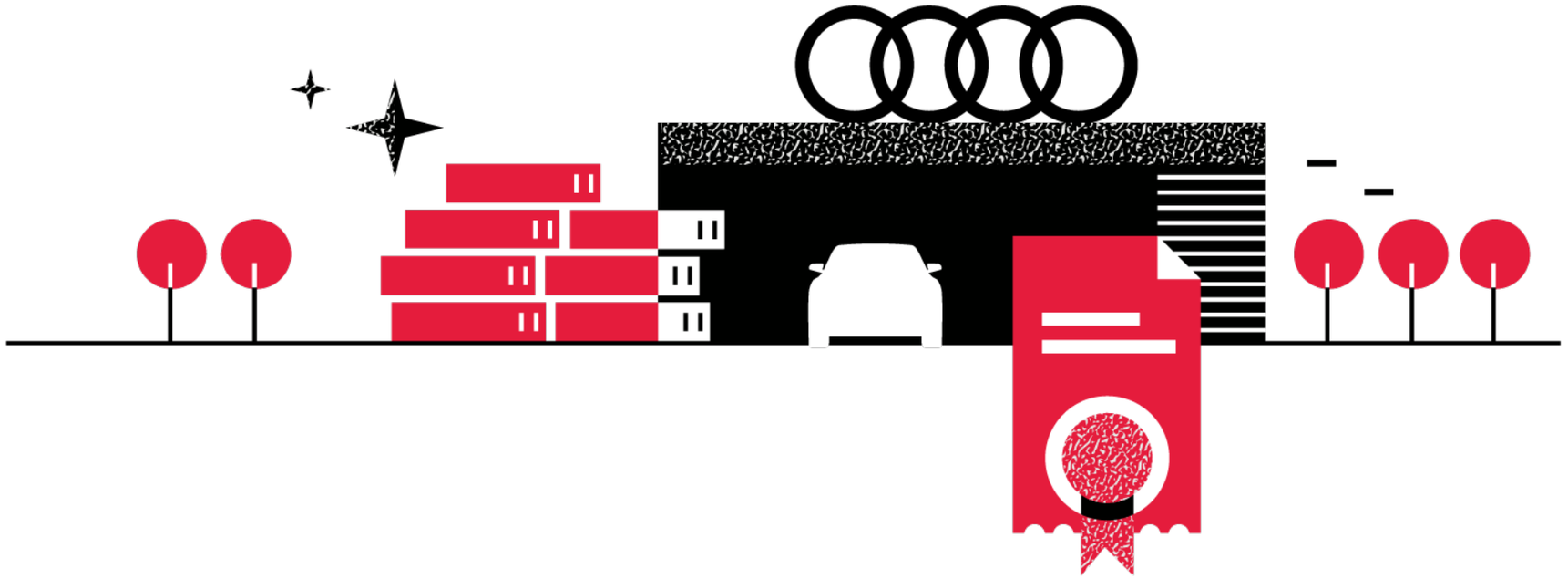
[18] The return on investment (ROI) expresses the return achieved on the capital employed. Audi obtains this indicator by determining the ratio of operating profit after tax to average invested assets. Average invested assets are calculated from the asset items on the balance sheet that serve the core business purpose (intangible assets, property, plant and equipment, leasing and rental assets, investment property, inventories and receivables) less non-interest-bearing liabilities (trade payables and advance payments received). The average of the value of invested assets at the start and the value of the invested assets at the end of the fiscal year is then calculated.

[19] A standardized average tax rate for the Volkswagen Group of 30 percent is assumed for operating profit after tax.

Development of return on investment in the Audi Group

EUR million	2021	2020	Δ in %
Operating profit after tax[19]	3,849	1,799	114.0
Invested assets (average)	23,084	24,312	–5.1
Return on investment (ROI)[18] in %	**16.7**	**7.4**	**9.3 ppt.**

Net worth



Total assets of the Audi Group as of December 31, 2021, fell to EUR 66,124 (67,229) million.

The Audi Group's non-current assets declined, mainly due to the reduction in property, plant and equipment. Current assets were also lower as of December 31, 2021. This was mainly due to the reduction in trade receivables, principally as a result of a drop in volume sales at year-end compared with the strong fourth quarter of the previous year. Inventories were virtually unchanged year-on-year. While there was a significant drop in finished goods and used cars due to the reduction in stocks in response to the shortage of semiconductors, there was a noticeable increase in work in progress as well as raw materials, consumables and supplies. The amounts reported in the line item "Assets held for distribution to shareholders" relate to the decision to spin off sales companies within the Volkswagen Group.

Liabilities side of the balance sheet

As of December 31, 2021, the equity of the Audi Group increased to EUR 26,012 (24,253) million, giving an equity ratio of 39.3 (36.1) percent. mainly due to the rise in retained earnings. Non-current liabilities were lower as of December 31, 2021, partly owing to a drop in provisions for pensions as a result of an increase in the discount rate. The reduction in current liabilities of the Audi Group was mainly caused by lower financial liabilities in connection with the lower profit transfer to Volkswagen AG, Wolfsburg. The main reason for this was the previous year's high earnings in the AUDI AG single-entity financial statements – prepared in accordance with the German Commercial Code (HGB) – due to a higher dividend distribution to AUDI AG from an Audi subsidiary. The trade payables dropped year-on-year, mainly because of lower production at year-end. The amounts reported in "Liabilities held for distribution to shareholders" relate to the decision on upstream spin-off of sales companies within the Volkswagen Group.

Total capital investments by the Audi Group

There was a moderate rise in total capital investments to EUR 3,972 (3,654) million in the 2021 fiscal year. While additions to property, plant and equipment only increased slightly year-on-year due to continued investment discipline, there was a rise in capitalized development costs, partly due to the present product life cycle of the Audi model range.

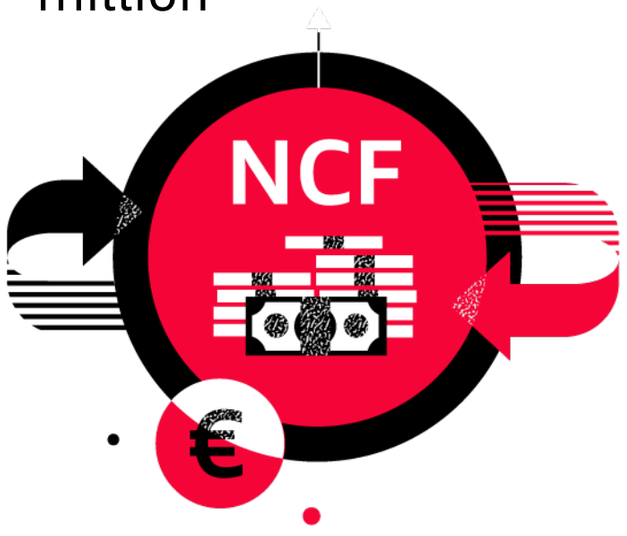
Condensed balance sheet, Audi Group

EUR million	Dec. 31, 2021	Dec. 31, 2020	Δ in %
Non-current assets	31,754	32,443	–2.1
Current assets	33,445	34,785	–3.9
Assets held for distribution to shareholders	926	–	X
Total assets	**66,124**	**67,229**	**–1.6**
Equity	26,012	24,253	7.3
Liabilities	39,548	42,975	–8.0
of which non-current liabilities	17,149	17,638	–2.8
of which current liabilities	22,399	25,337	–11.6
Liabilities held for distribution to shareholders	564	–	X
Total equity and liabilities	**66,124**	**67,229**	**–1.6**

Financial position

In the 2021 fiscal year, the Audi Group generated cash flow from operating activities of EUR 11,471 (6,308) million. The considerable rise compared with the previous year is primarily attributable to the considerable increase in profit and the positive change in working capital. The positive change in working capital was mainly due to the decline in trade receivables resulting from lower volume sales at year-end, compared with the record final quarter of the previous year. Moreover, the increase in provisions in connection with the expansion of the early retirement program had a positive effect. This was offset by a slight rise in inventories and lower trade payables as a result of lower production at year-end.

EUR
7,757
million



Continued investment discipline

The cash flow from investing activities attributable to operating activities came to EUR –2,973 (–2,752) million in 2021.

Capital expenditures[20] only rose slightly to EUR –1,990 (–1,888) million. The ratio of capex was unchanged at 3.8 (3.8) percent in the reporting period, reflecting the Audi Group's continued investment discipline. While higher additions to capitalized development costs had a negative effect on the cash flow, cash deposits and loans extended had a positive effect compared with the previous year, principally due to maturing fixed-term deposits. In 2020, intra-Group sales of subsidiaries and the transfer of shares in associated companies amounting to approximately EUR 1.5 billion had a positive effect on cash flow from investing activities.

Record figure for net cash flow (NCF)

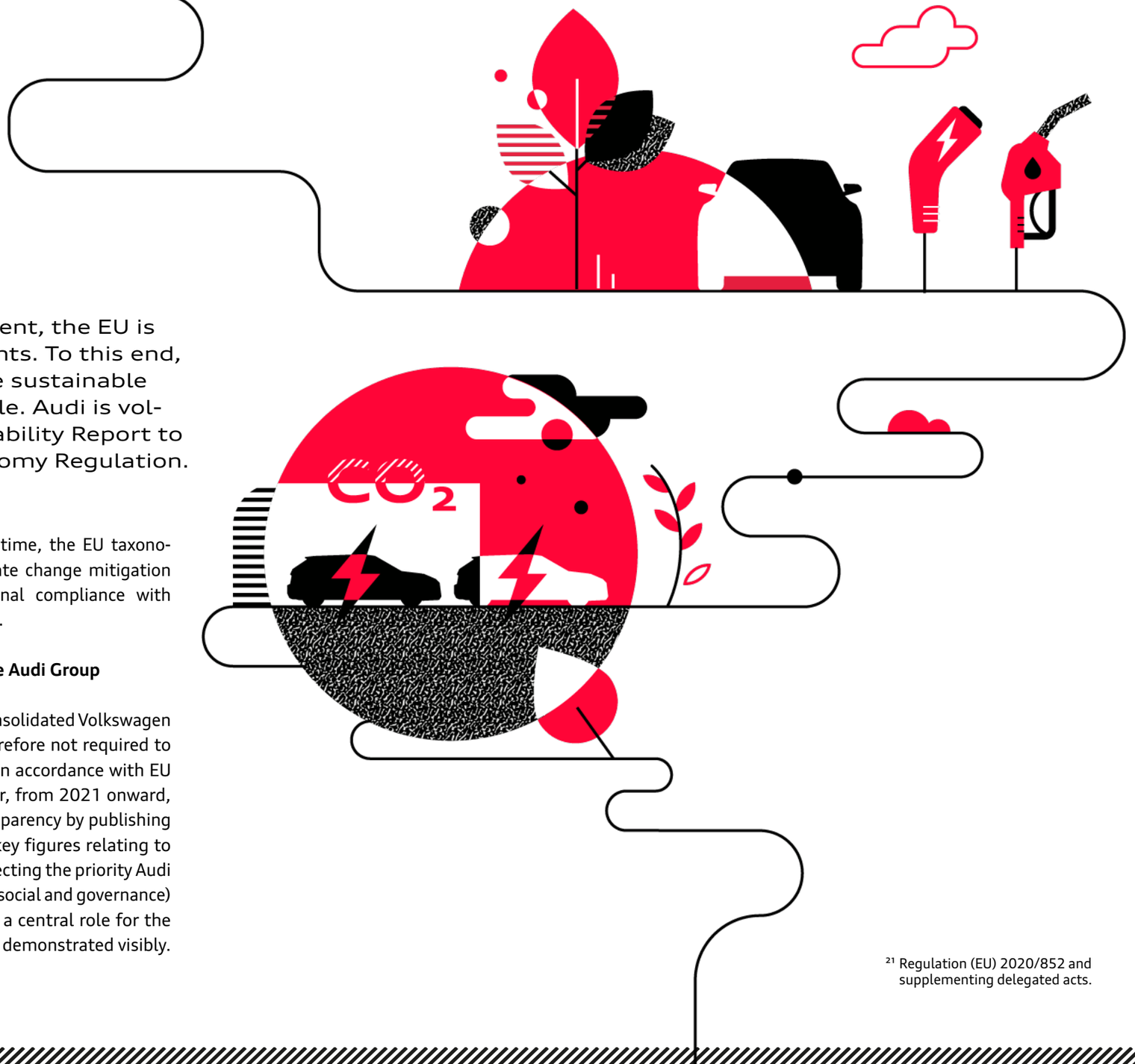
The net cash flow of the Audi Group reached a record of EUR 7,757 (4,589) million in the 2021 fiscal year. Cash flow from financing activities amounted to EUR –7,946 (–3,952) million. It mainly comprised the profit transfer to Volkswagen AG, Wolfsburg, of EUR –7,830 million for 2020.

As of the reporting date, cash funds increased to EUR 12,022 (11,152) million. The net liquidity of the Audi Group as of December 31, 2021, amounted to a total of EUR 22,674 (22,377) million.

Condensed cash flow statement, Audi Group

EUR million	2021	2020	Δ in %
Cash and cash equivalents at beginning of period	11,152	11,747	–5.1
Cash flow from operating activities	**11,471**	**6,308**	**81.8**
Investing activities attributable to operating activities	–3,714	–1,720	116.0
of which capital expenditure[20]	–1,990	–1,888	5.4
of which capitalized development costs	–1,772	–1,365	29.8
of which change in participations	12	1,460	X
Net cash flow	**7,757**	**4,589**	**69.0**
Change in cash deposits and loans extended	740	–1,032	X
Capital contributions from non-controlling interests	191	–	X
Profit transfer to the Volkswagen Group	–7,830	–3,752	108.7
Dividend payments to non-controlling interests	–52	–	X
Lease payments, change in miscellaneous financial liabilities	–255	–200	27.3
Change in cash and cash equivalents due to changes in exchange rates	319	–199	X
Change in cash and cash equivalents	**870**	**–595**	**X**
Cash and cash equivalents at end of period	**12,022**	**11,152**	**7.8**
Net liquidity	**22,674**	**22,377**	**1.3**
Cash flow from investing activities	**–2,973**	**–2,752**	**8.1**
Cash flow from financing activities	**–7,946**	**–3,952**	**101.1**

[20] Capex includes investments in property, plant and equipment, investment property and other intangible assets according to the cash flow statement.



EU taxonomy

In its efforts to make Europe a carbon-neutral continent, the EU is seeking to channel capital into sustainable investments. To this end, it has adopted the EU taxonomy, which aims to make sustainable business operations both measurable and comparable. Audi is voluntarily expanding its combined Annual and Sustainability Report to include information in accordance with the EU Taxonomy Regulation.

The European Union is increasing its focus on climate change mitigation. The "European Green Deal" and the goal of becoming the first carbon-neutral continent by 2050 are an expression of the EU's great ambition and provide the framework for a broad package of measures. The EU taxonomy represents the bloc's next logical step on this path and, at the same time, is one of the central measures in the aforementioned package. Its goal is to redirect capital to sustainable investments while fostering transparency and the long term in financial and economic activity. To this end, the EU Taxonomy Regulation[21] and the associated delegating acts, some of which have not yet been drafted, define criteria to make companies' sustainable business operations uniformly measurable and comparable. At the same time, the EU taxonomy goes beyond the climate change mitigation aspect to require additional compliance with social aspects, for example.

Voluntary reporting by the Audi Group

The Audi Group is a fully consolidated Volkswagen Group company and is therefore not required to provide a separate report in accordance with EU taxonomy criteria. However, from 2021 onward, Audi will be fostering transparency by publishing a voluntary report of the key figures relating to the EU taxonomy, thus reflecting the priority Audi gives to ESG (environment, social and governance) criteria. Sustainability has a central role for the Four Rings and this is to be demonstrated visibly.

[21] Regulation (EU) 2020/852 and supplementing delegated acts.

For the 2021 fiscal year, the EU requirements only specify the publication of information about taxonomy-eligible activities. However, the Audi Group is already publishing information and the corresponding key figures relating to both taxonomy-eligible and taxonomy-aligned activities for this period.[22]

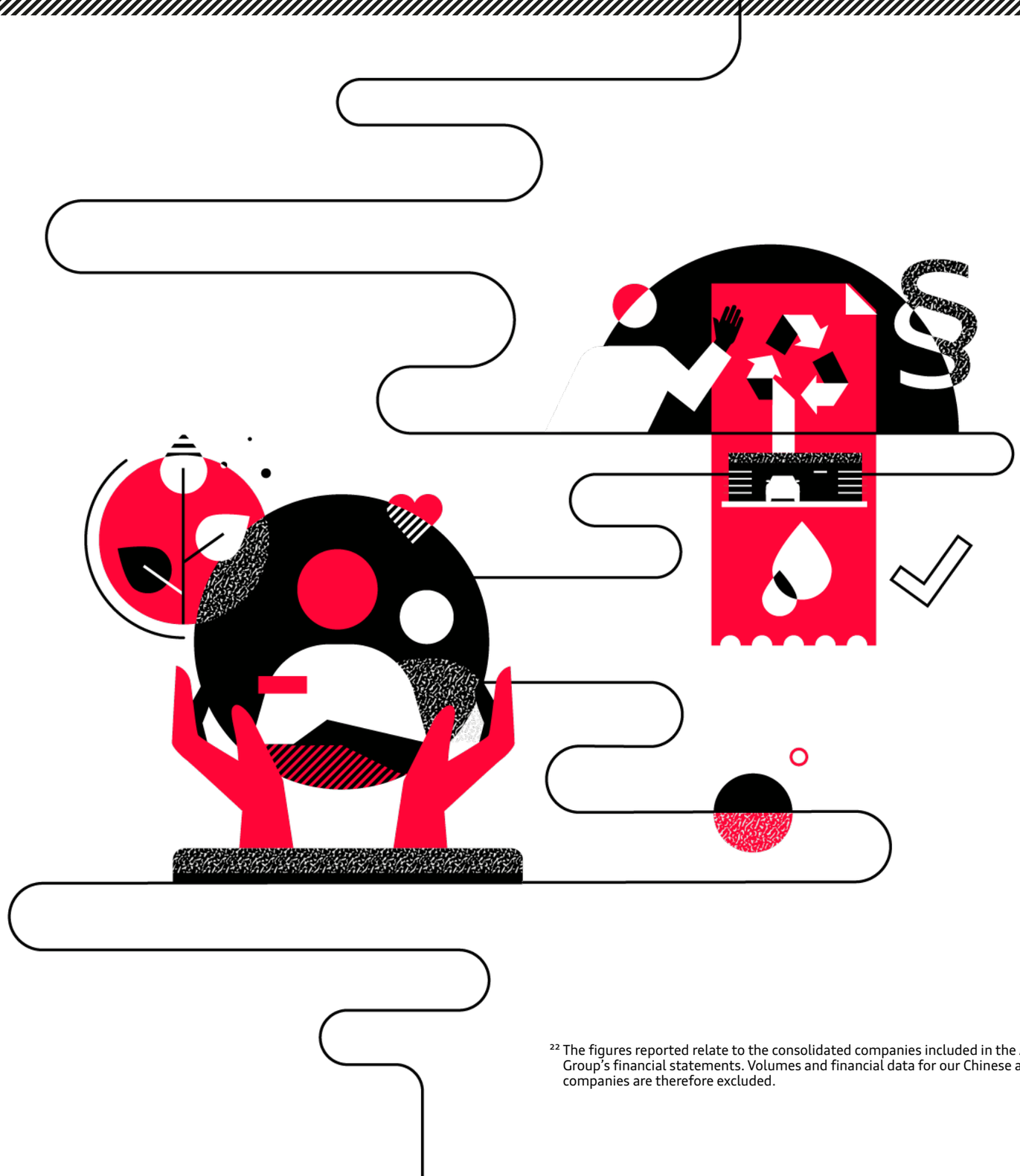
What makes an economic activity taxonomy-eligible or taxonomy-aligned?

An economic activity is considered taxonomy-eligible if it is listed in the EU taxonomy and can potentially contribute to realizing at least one of the following six environmental goals:

» Climate change mitigation
» Climate change adaptation
» Sustainable use and protection of water and marine resources
» Transition to a circular economy
» Pollution prevention and control
» Protection and restoration of biodiversity and ecosystems.

An economic activity is deemed taxonomy-aligned when, as well as being taxonomy-eligible, it also fulfills the screening criteria, is compatible with other environmental goals and complies with the minimum safeguards.

The assessment of these criteria for the Audi Group and the corresponding results are described below.



[22] The figures reported relate to the consolidated companies included in the Audi Group's financial statements. Volumes and financial data for our Chinese associated companies are therefore excluded.

STEP 1

EU taxonomy-eligible

The Audi Group's business model covers the development, production and marketing of vehicles and the associated activities. Within the meaning of the EU Taxonomy Regulation, activities in these areas are suited to making a substantial contribution to the environmental goal of climate change mitigation through the expansion of clean or climate-neutral mobility.[23]

Under the "climate change mitigation" environmental objective, the Audi Group allocates all the itemized activities to the economic activity "Manufacture of low-carbon technologies for transport."[24] This applies to all cars and motorcycles produced, irrespective of the drive technology, and includes genuine parts as well.

In Audi's current estimation, hedging transactions and individual activities of subordinate importance, which are reported as other sales revenue in Audi's consolidated financial statements, should not be assigned to an economic activity and are therefore not deemed to be taxonomy-eligible.

Other activities which are directly connected with the aforementioned vehicle-related business and, in Audi's estimation, should also be assigned to this economic activity, are not currently classified as taxonomy-eligible. On the basis of the requirements published by the EU, it was not clear which economic activity they should be assigned to in accordance with the EU taxonomy. These activities particularly include the sale of engines and powertrains, as well as parts deliveries and production under license by third parties, which are also reported as other sales revenue.

[23] The scope of reporting defined by the EU for the 2021 fiscal year covers the "climate change mitigation" and "climate change adaptation" environmental objectives. From 2022, activities must also be assigned to the other four environmental goals. The analysis of the economic activities showed that Audi had no activities in the 2021 reporting year which could be assigned to the "climate change adaptation" environmental objective.

[24] Changes may be made to the assignment to economic activities in future as the rules around the EU taxonomy dynamically evolve.

[25] This excludes vehicles manufactured by associated companies in China exclusively for the Chinese market because, in the view of the Audi Group, these are parts deliveries and were not initially classified as taxonomy-eligible, as described above.

[7] Audi e-tron GT quattro: combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC), 21.8–19.9 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.
Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.

[26] A number of Audi Q5 PHEV vehicles exceed 50 g CO_2/km due to their equipment. The figures for taxonomy-aligned areas only include Audi Q5 models which were below the 50 g threshold.

STEP 2

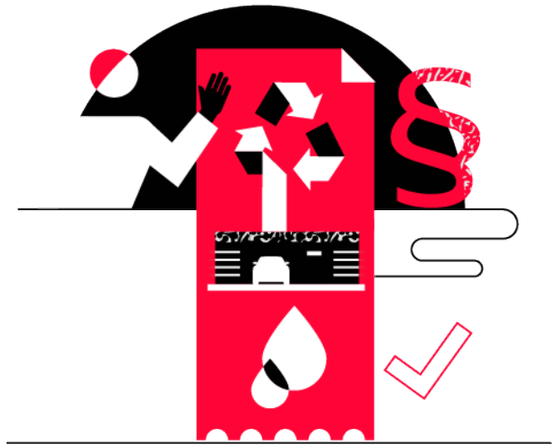
Fulfillment of screening criteria

The key performance indicator for fulfilling the screening criteria is the CO_2 emissions of the vehicles produced by Audi. In our vehicle-related business, we have detailed the vehicles manufactured by us by model and powertrain technology and analyzed the CO_2 emissions associated with them in accordance with the WLTP. In this way, we have identified those vehicles among all of our taxonomy-eligible vehicles that meet the screening criteria and with which the substantial contribution to climate change mitigation is measured. These include all the Audi Group's fully electric vehicles (BEV). Until December 31, 2025, they also include passenger cars and light commercial vehicles with CO_2 emissions of less than 50 g/km. This encompasses the majority of the Audi Group's plug-in hybrids (PHEV).[25]

During the reporting period, the following Audi model series fulfilled the criterion of CO_2 emissions equal to 0 g/km:
» BEV: Q4 e-tron, e-tron, e-tron GT[7]

During the reporting period, the following Audi model series fulfilled the criterion of CO_2 emissions of less than 50 g/km:
» PHEVs of the model series A3, Q3, A6, A7 and most of Q5.[26]

For fulfilling the screening criteria, a CO_2 threshold of 0 g/km already applies to motorcycles. None of the motorcycles in the Ducati product range currently meets this requirement. At the same time, development work already started on fully electric motorcycles in the 2021 fiscal year (see page 65).



[27] See page 15 for an overview of the sites as of December 31, 2021

STEP 3

Compatibility with other environmental goals

(do no significant harm – DNSH)

Ecologically sustainable economic activities within the meaning of the EU taxonomy must not only contribute to at least one of the defined environmental goals but may also have no negative impact on the other environmental goals. The DNSH criteria for economic activities define the minimum requirements which must be fulfilled in order to exclude any significant harm to any of the other environmental goals.

In the year under review, the DNSH criteria for the economic activity “Manufacture of low-carbon technologies for transport” for the Audi Group were analyzed at the higher level of the Volkswagen Group. For the vehicle-related business, the analysis was performed at the level of the individual production sites which manufacture or will in the future manufacture Audi vehicles that fulfill the screening criteria named under step 2 above or will do so in the future in accordance with the five-year plan.

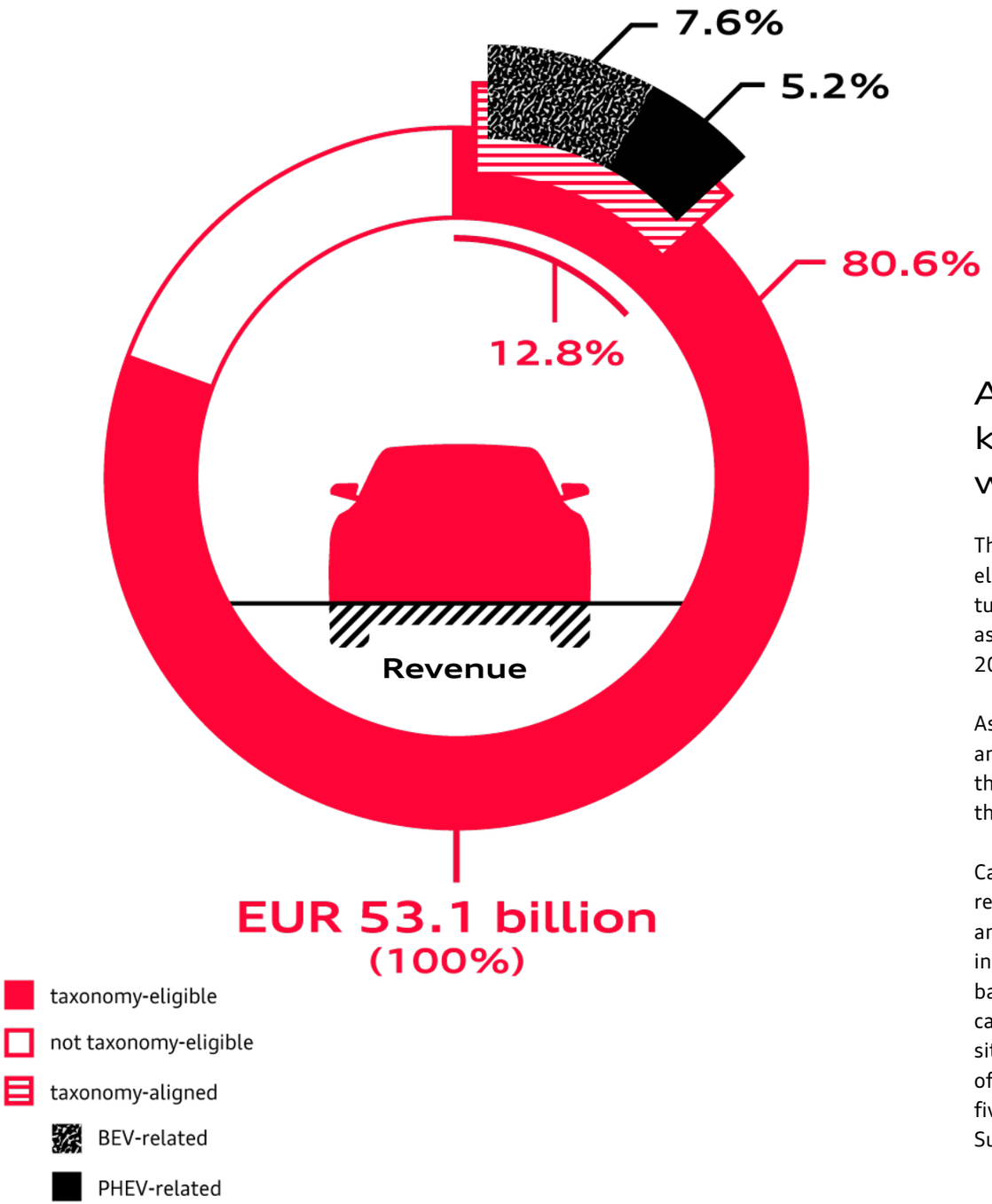
The Volkswagen Group’s Annual Report presents the key interpretations and analyses used by the Volkswagen Group to examine whether any substantial harm has been done to the other environmental goals. The result of these assessments is that the Audi Group’s vehicle-producing sites fulfilled the DNSH criteria in the year under review.[27]

STEP 4

Minimum safeguards

The minimum safeguards consist of the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the Fundamental Conventions of the International Labour Organization (ILO) and the International Bill of Human Rights.

The Volkswagen Group has conducted human rights risk assessments for all Audi Group companies; this included all sites that were also examined under the DNSH criteria. For the risks identified in the analysis, the companies received risk-specific measures to be implemented by the end of 2021.



Audi Group key figures in accordance with the EU taxonomy

The following paragraphs present the taxonomy-eligible key figures for revenue, capital expenditure and operating expenditure for the Audi Group as well as the taxonomy-aligned key figures for the 2021 fiscal year.

As a general rule, revenues are directly assigned to an economic activity because a direct connection to the vehicles can be established in accordance with the screening criteria.

Capital and operating expenditures without a direct connection to vehicles are broken down using an allocation formula in order to fulfill the screening criteria. The allocation formulas used were based on the long-term sales plan and the planned capacity and capacity utilization at the individual sites. The data and planning figures used are part of the medium-term financial planning for the next five years agreed by the Board of Management and Supervisory Board of the Audi Group.

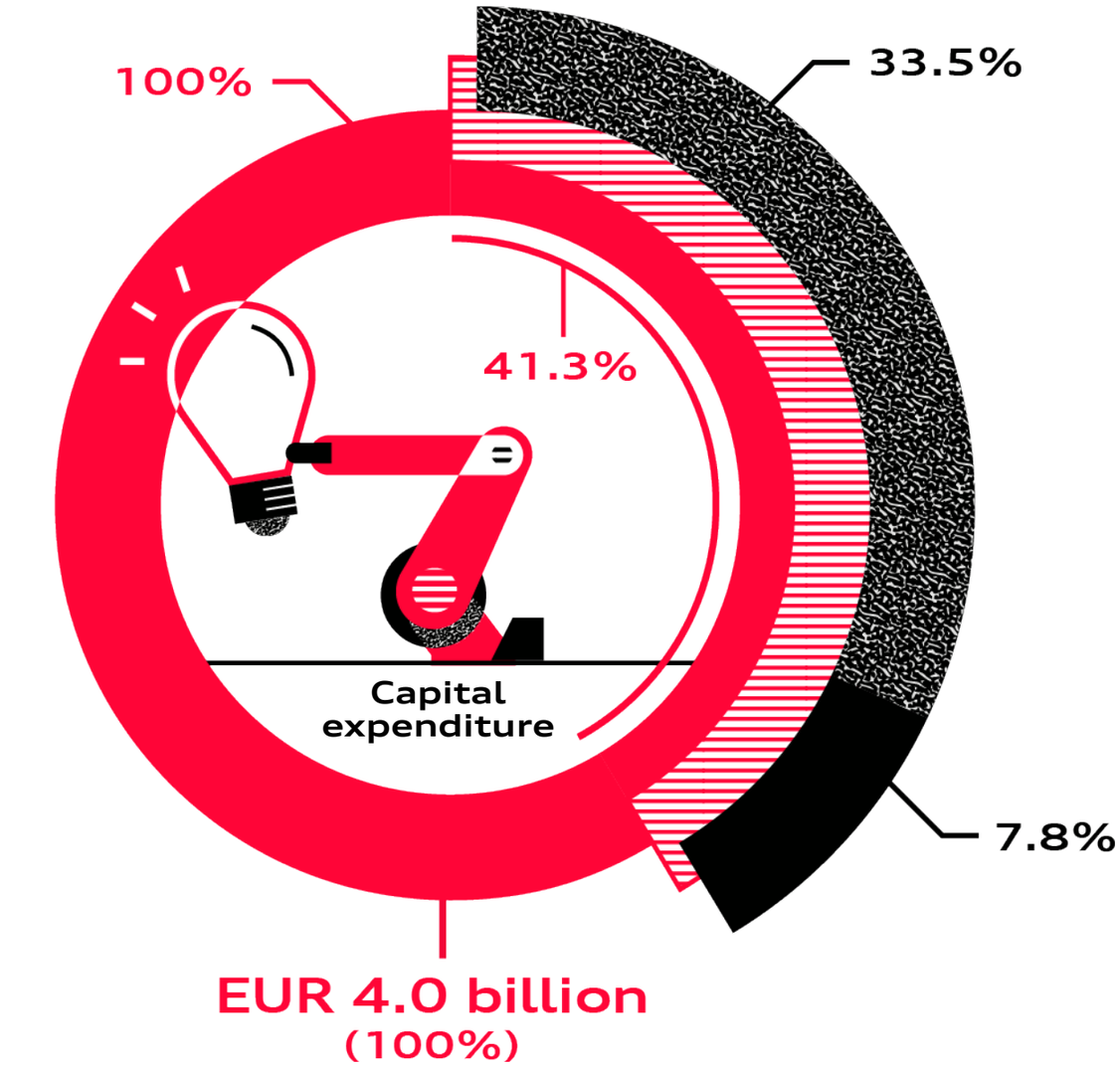
Revenue

Revenue of the Audi Group in 2021 totaled EUR 53.1 billion (see page 33). Of this amount, EUR 42.7 billion, or 80.6 percent, was attributable to the economic activity “Manufacture of low-carbon technologies for transport” and therefore classified as taxonomy-eligible. This mainly includes the sales revenue from new and used vehicles, including motorcycles, from genuine parts, from extended warranties, and from the rental and lease business.

Of this amount, EUR 6.8 billion, or 12.8 percent, fulfilled the screening criteria (see step 2). Because it satisfies the DNSH criteria and minimum safeguards, this proportion of sales revenue can be classified as taxonomy-aligned. In the case of fully electric models only, this applied to EUR 4.1 billion or 7.6 percent of Audi Group revenue.

Thus, of the Audi Group’s total sales revenue in fiscal year 2021:

» taxonomy-eligible sales revenue: EUR 42.7 billion or 80.6 percent
» taxonomy-aligned sales revenue: EUR 6.8 billion or 12.8 percent



Capital expenditure

In accordance with the EU taxonomy, capital expenditure covers additions to intangible assets, property, plant and equipment, leasing and rental assets, and investment property.

In fiscal year 2021, additions in the Audi Group amounted to
» EUR 2.1 billion from intangible assets
» EUR 1.9 billion from property, plant and equipment
» EUR 12.0 million from leasing and rental assets and investment property

Thus, in accordance with the EU taxonomy, capital expenditure totaled EUR 4.0 billion.

All capital expenditure attributable to the vehicle-related business was associated with the economic activity "Manufacture of low-carbon technologies for transport." No substantial capital expenditure was assigned to the other activities in the vehicle-related business (especially engines, powertrains and parts deliveries) that were initially not included. Taxonomy-eligible capital expenditure therefore amounted to EUR 4.0 billion.

The substantial contribution was calculated by first determining all capital expenditure with a direct connection to vehicles that fulfill the screening criteria.

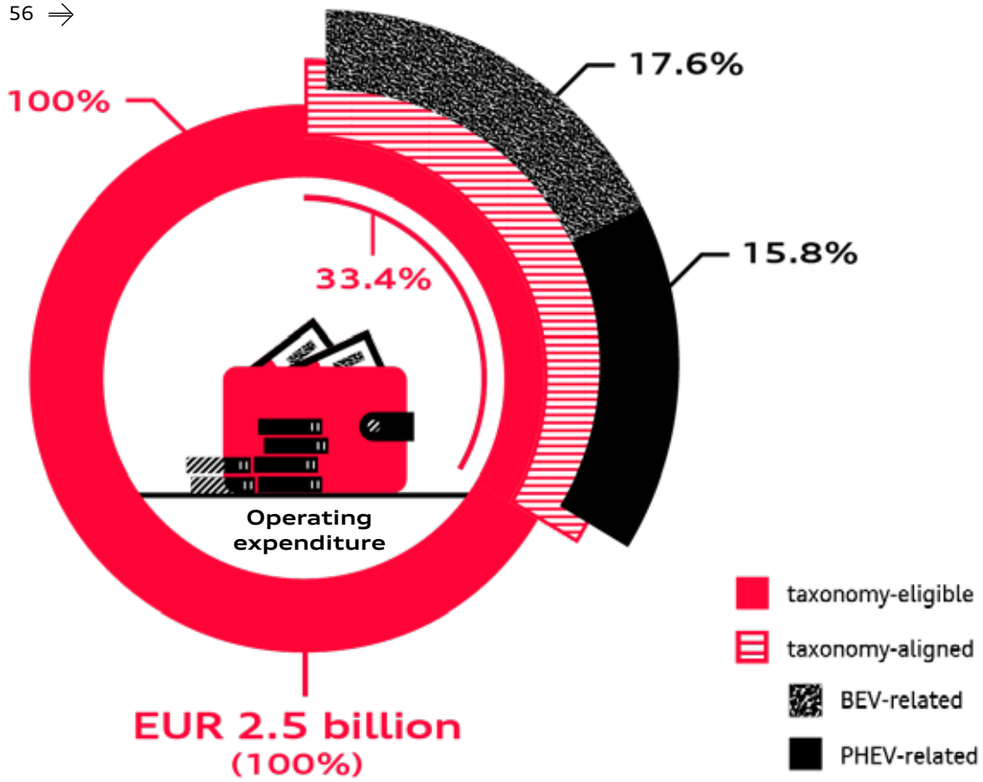
This capital expenditure was assigned entirely to taxonomy-aligned expenditure. Capital expenditure that was not clearly attributable to a particular vehicle was taken into account on a proportionate basis using allocation formulas.[28]

Capital expenditure relating to vehicles that meet the screening criteria amounted to EUR 1.6 billion. Taking into account the DNSH criteria and minimum safeguards, 41.3 percent of total capital expenditure was taxonomy-aligned in 2021.

Thus, of the Audi Group's total capital expenditure
» taxonomy-eligible capital expenditure: EUR 4.0 billion or 100 percent
» taxonomy-aligned capital expenditure: EUR 1.6 billion or 41.3 percent

In the case of fully electric vehicles (BEV), a total of EUR 1.3 billion, or 33.5 percent, is included in the taxonomy-aligned capital expenditure, of which:
» EUR 0.6 billion from additions to capitalized development costs
» EUR 0.6 billion from additions to property, plant and equipment

[28] The allocation formula for capitalized development costs was defined for the respective project scope for each model and brand on the basis of the long-term sales plan. Depending on the companies' primary business activity, the allocation formula for property, plant and equipment, other intangible assets, and leasing and rental assets was defined for each model and brand on the basis of the long-term sales plan (for example, for sales companies) or on the basis of the planned capacity and capacity utilization (for example, for production companies). This means that the allocation formula is applied to all capital expenditure at sites which, in the coming five years and according to medium-term planning, will only manufacture vehicles that fulfill the contribution criteria; by contrast, the allocation formula is not applied to capital expenditure at sites which only manufacture vehicles that do not fulfill the screening criteria.



Operating expenditure

In accordance with the EU taxonomy, operating expenditure covers non-capitalized research and development costs, expenditure for maintenance and repair, and short-term leases.

All operating expenditure attributable to the vehicle-related business is associated with the economic activity “Manufacture of low-carbon technologies for transport” and was therefore classified as taxonomy-eligible.

The material contribution was calculated by first determining all non-capitalized development costs with a direct connection to vehicles that fulfill the screening criteria. Non-capitalized development costs that were not clearly attributable to a particular vehicle were taken into account on a proportionate basis. For this and other operating expenditure, the Audi Group used the same allocation formula as was used for capital expenditure.

Thus, of the Audi Group’s total operating expenditure:

» taxonomy-eligible operating expenditure: EUR 2.5 billion or 100 percent
» taxonomy-aligned operating expenditure: EUR 0.8 billion or 33.4 percent

EU taxonomy indicators reflect Audi’s progress in implementing its electromobility roadmap

In 2021, the Audi Group already reported a taxonomy-aligned share in revenue of 12.8 percent and aims to increase this share successively. To this end, Audi is consistently switching its product range to electric vehicles in all core segments. With taxonomy-aligned capital expenditure, especially for development and property, plant and equipment, accounting for more than 40 percent of total capital expenditure in 2021, Audi is today already laying the foundation for a sustainable future as defined by the EU taxonomy. By 2026, Audi will already be introducing only new fully electric vehicles to the global market. As of 2027, the company will offer electric models in all core segments.

Making environment, social and governance factors integral at Audi

However, Audi’s activities go far beyond the electrification of vehicles. Already today, net carbon-neutral production has been achieved at several sites[29] (page 94). Using the decarbonization index (DCI[30]), Audi is focusing on CO_2 emissions along the entire value chain. (page 73 + page 96). Since 2019, a positive sustainability rating (S rating) has been a prerequisite for awarding contracts to suppliers and makes a significant contribution to sustainability in the supply chain.

Audi is convinced that a sustainable business model is measured by the perception of its social responsibility (page 100) and good governance (page 62 + page 67). Therefore, the company has defined ESG as a key pillar of the “Vorsprung 2030” strategy (page 19). Increasingly, ESG criteria will be integral components of corporate and product decision-making and management remuneration. For example, since 2022, taxonomy-aligned sales revenue has ranked alongside the DCI as one of Audi’s ESG management targets.

EU taxonomy reporting one element of greater ESG transparency

In order to achieve greater transparency and comparability with its competitors, Audi is not only making voluntary EU taxonomy disclosures in its combined annual and sustainability report but will in future be subject to ESG assessment by an independent rating agency.

For more detailed information on the EU taxonomy, please also read the Annual Report of the Volkswagen Group.

[29] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.
[30] The decarbonization index (DCI) quantifies the average emissions of CO_2 and CO_2 equivalents over the entire life cycle of the Audi passenger car portfolio and is stated in metric tons of CO_2 per vehicle. It includes both direct and indirect CO_2 emissions at individual production sites (Scopes 1 and 2), as well as all other direct and indirect CO_2 emissions over the life cycle of the vehicles (Scope 3).

Report on expected developments

The forecast of the Premium brand group was adopted by the Audi Board of Management on February 21, 2022, and thus does not account for the effects of the conflict between Russia and Ukraine.

Neither the further course of this conflict nor the potential geopolitical and economic shifts – such as prices for raw materials and energy, inflation, or the global development of GDP – could be predicted before the editorial deadline of this report.

The Audi Group anticipates – based in part on estimates by leading economic research institutes – that the global economy will continue to grow in 2022, assuming lasting containment of the coronavirus pandemic and that shortages of primary products and raw materials are overcome. Risks continue to be seen in protectionist tendencies, turbulence in financial markets and structural deficits in individual countries. Moreover, growth prospects will be negatively affected by continuing geopolitical tension and conflicts, in particular the conflict between Russia and Ukraine. Furthermore, the Audi Group assumes a clearly positive economic trend in both advanced economies and emerging markets.

For 2022, Audi expects the passenger car markets to develop at different rates in the various regions. Overall, worldwide demand for new vehicles is expected to be moderately higher than in the year under review, but will probably not yet reach pre-pandemic levels.

In Europe, the Audi Group expects new passenger car registrations in 2022 to be significantly higher than in the previous year. Audi also expects new registrations on the US market for passenger cars and light commercial vehicles to be slightly higher.

The car market in China, too, is expected to develop favorably, with a slightly higher volume than in the previous year. Slight year-on-year growth is also expected for the international motorcycle markets above 500 cc.

Outlook for 2022[31]

The continued impact of the coronavirus pandemic and the supply shortages for primary products and raw materials are currently making forecasting more difficult. Subject to this reservation, the Audi Board of Management is looking to 2022 with confidence, primarily due to the high level of incoming orders and orders on hand, as well as continued investment and fixed-cost discipline. The Audi Board of Management currently expects the key performance indicators to develop as follows for the 2022 fiscal year: The forecast for the reporting year 2022 also includes the Bentley brand for the first time due to its consolidation as of January 1, 2022. Bentley is not included in the actual values for 2021. As part of the “Vorsprung 2030” strategy, Audi has updated its strategic long-term goals. The Premium brand group aims to deliver more than 3 million cars to customers from 2030. In addition, an operating return on sales of >11 percent should then be achieved, until which time the strategic ROS target of 9 to 11 percent will continue to apply.

ROS for 2022 expected between 9 and 11 percent

In 2022, the Premium brand group expects to deliver between 1,800 and 1,900 thousand cars. Revenue of between EUR 62 and 65 billion is expected. The strong price position should be maintained.
The Audi Group does not expect the effects from the measurement of commodity hedges and the residual value situation to have the same positive impact on the operating result in 2022 as in 2021. In total, a value of between 9 and 11 percent is nonetheless expected for the operating return on sales for 2022 – with continued cost discipline. Return on investment should be between 17 and 20 percent.

Net cash flow is expected to reach between EUR 4.5 and 5.5 billion in 2022. The Audi Group expects that working capital will largely return to normal and thus increase slightly, and that investment activities will increase in line with growth.

Both the research and development ratio and the ratio of capex are expected to be within their respective strategic target corridors.

Anticipated development in the key performance indicators of the Audi Group[31]

	Actual 2021	Forecast 2022	Strategic targets
Deliveries of cars of the Premium brand group to customers[32]	1,688,978	between 1,800 and 1,900 thousand vehicles	Ambition for 2030: > 3 million vehicles
Revenue in EUR million	53,068	between EUR 62 and 65 billion	–
Operating return on sales (ROS) in %	10.4	between 9 and 11 percent	2030: > 11 percent until then: 9 to 11 percent
Return on investment (ROI) in %	16.7	between 17 and 20 percent	> 21 percent
Net cash flow in EUR million	7,757	between EUR 4.5 and 5.5 billion	–
Research and development ratio in %	7.4	within the strategic target corridor of 6 to 7 percent	between 6 and 7 percent
Ratio of capex in %	3.8	within the strategic target corridor of 4 to 5 percent	between 4 and 5 percent

[31] As of February 21, 2022, without the effects of the Russia–Ukraine conflict.
[32] This includes delivered Audi models produced locally by associated companies in China and available and sold exclusively in China.

Report on risks and opportunities

Early detection and management of risks and opportunities are decisive factors for ensuring the sustained success of the Audi Group. A comprehensive risk management and an internal control system provide the basis for this.

Risk Management System in the Audi Group

Addressing risks and opportunities constructively and openly is vital for Audi in order to ensure the lasting success of its entrepreneurial activities. The purpose of an effective Risk Management System (RMS) is to:

» fulfill legal requirements,
» safeguard the company's strategic, operational and financial goals over the long term,
» stabilize and develop the company in accordance with the wishes of its interest groups,
» fulfill the company's far-reaching duty of care with respect to how it handles risks and
» protect long-term viability and competitiveness.

The Audi Group's responsible and transparent approach to risks is reflected, among other things, in the formulation of ambitious corporate goals that are based comprehensively on risk/return considerations. These are synchronized both within the Audi Group and with the Volkswagen Group.

The RMS is supplemented by the Internal Control System (ICS), which ensures that processes at Audi are compliant and stable and is continuously developed. The ICS covers all material risk-carrying business processes including associated control activities across division boundaries. The effectiveness of the control activities is verified regularly.

Operating principle of the Risk Management System

The Risk Management System of the Audi Group is based on the internationally recognized standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Risks are to be identified, evaluated and appropriately managed by those responsible. The higher-level internal business units and Group functionalities responsible must communicate about this in a transparent, accurate and timely manner. All divisions and material participations of Audi are integrated into the Risk Management System in order to satisfy both business and statutory requirements. Changes in the legal framework with respect to risk management are also continually monitored and accordingly implemented promptly in the company's RMS/ICS.

Central tasks of risk management

The central tasks of risk management are to identify and analyze risks, ensure transparent reporting of these risks and improve their controllability using suitable risk management tools. Risks are generally reported quarterly through the Risk Quarterly Process, which maps the current risk situation in the Audi Group. In accordance with the COSO framework, risk-appropriate internal controls are also defined along the entire value chain and their implementation is monitored within the ICS.

The Audi Group promotes the further development of the RMS/ICS through cross-divisional and cross-company projects. The priority here is to interlink the system closely with corporate financial planning and management, as well as with accounting. In view of its high strategic relevance, the regulatory framework for the RMS/ICS is firmly established both in an internal Corporate Policy of AUDI AG and in the policies of the material participations.

To systematically structure its risk management architecture, the Audi Group follows the "Three Lines" model – a recommendation of the European Confederation of Institutes of Internal Auditing (ECIIA). On this basis, the RMS/ICS of the Audi Group features three lines that are intended to protect the company against the occurrence of material risks.

As the risk managers, the divisions as the First Line are independently responsible for managing risks and countermeasures as well as for performing and reporting on controls. They thus make the key contribution to the early identification and management of risks.

In the Second Line, the central GRC organization takes charge of the overarching functionality of the RMS, ICS and Compliance Management System (CMS) (see page 67).

The tasks involve

- managing regular processes in the RMS/ICS and CMS,
- consolidating risk information and
- reporting on the risk situation and effectiveness of the systems to the Board of Management and the Supervisory Board.

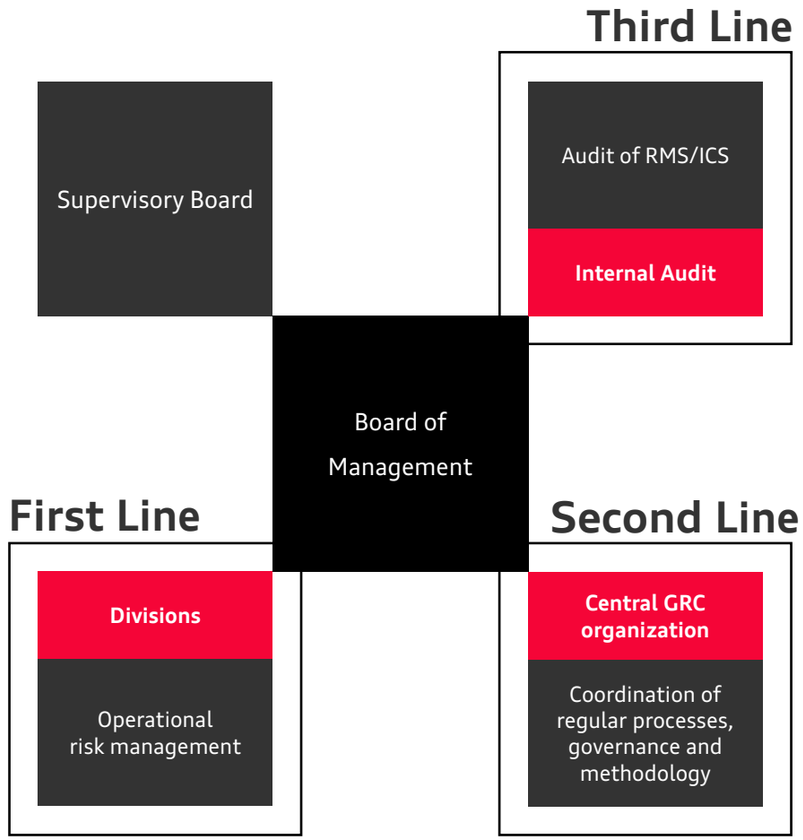
In addition, the central GRC organization handles the Group-wide ongoing development of governance, compliance and risk management tools. As well as providing methods and standards, these tasks include advising on how to improve risk steering as well as raising awareness of risk management, compliance and integrity, and providing training on such matters in the divisions and companies.

In the Third Line, Internal Audit as an impartial body examines the security, regularity and economic effectiveness of the risk management, compliance and control activities. The risk early warning system and the RMS/ICS for accounting are additionally subject to scrutiny by the independent auditor of the consolidated financial statements.

Operating principle of opportunities management

In addition to managing risks effectively, it is necessary in all long-term corporate decisions to identify and use opportunities in order to secure the sustained success of the Audi Group. Opportunities management – which includes such aspects as optimizing revenue and costs and improving products – is integrated into the operational and organizational structure of the Audi Group and is closely aligned with our strategic objectives. To that end we continuously analyze the international context for potential impacts on the business model in order to identify trends and industry-specific key factors early on. Relevant developments are studied in detail with the help of scenario analyses. Based on this, possible impacts on Audi are identified in conjunction with Strategic Corporate Planning, the divisions affected and the Controlling area. Medium and short-term potential opportunities are identified and operationalized by the divisions. The aim is to secure the long-term competitiveness and future viability of Audi through its “Vorsprung 2030” strategy as well as through, among other things, efficiency and opportunities initiatives such as Audi.Zukunft and the Audi Transformation Plan (ATP), and ad hoc through benchmarking. Over and above pursuing specific targets, further opportunities may come to light when implementing these initiatives.

The “Three Lines” model



Risks and opportunities of the Audi Group

The main operative risks and opportunities for the Audi Group are described below. Based on current assessments, these have been categorized as materially relevant to future development and may lead to negative or positive deviations from the key performance indicators forecast.

The most significant risks at present relate to potential delays in the product emergence process, which in turn could impact the planned key performance indicators. In addition, there still remains a high risk with regard to the supply of semiconductors, which could lead to adjustments in production operations at the Audi sites in 2022 and consequently impact production figures. Further risks are also associated with the timely implementation of future legal requirements, especially in Europe and China.

In addition, general economic risks – such as those in relation to the further development of the coronavirus pandemic (spread of the Omicron variant) –, geopolitical tensions and conflicts, strong dependencies on individual sales regions as well as turbulence on financial and commodities markets are also possible.

At the time this report was prepared, there is a risk that the most recent developments in the conflict between Russia and Ukraine could have a negative effect on the operating activities of the Audi Group due to shortages in the supply chain. In addition, a further escalation of the conflict could impact the global economy and industry growth during the 2022 fiscal year, as well as the financial position, financial performance and net worth of the Audi Group. At the moment, the actual impact cannot yet be conclusively assessed.

Alongside an improving global economy and faster normalization of the situation concerning the supply of semiconductors, significant opportunities are offered by synergies for new vehicle architectures in the Volkswagen Group, especially in the areas of development, procurement and production. In addition, the company could increase its market share thanks to its young and attractive product portfolio, while a further increase in the strength of the brand could also prove beneficial. The realization of earnings potential with new digital business models represents a further opportunity.

Current status of the diesel issue

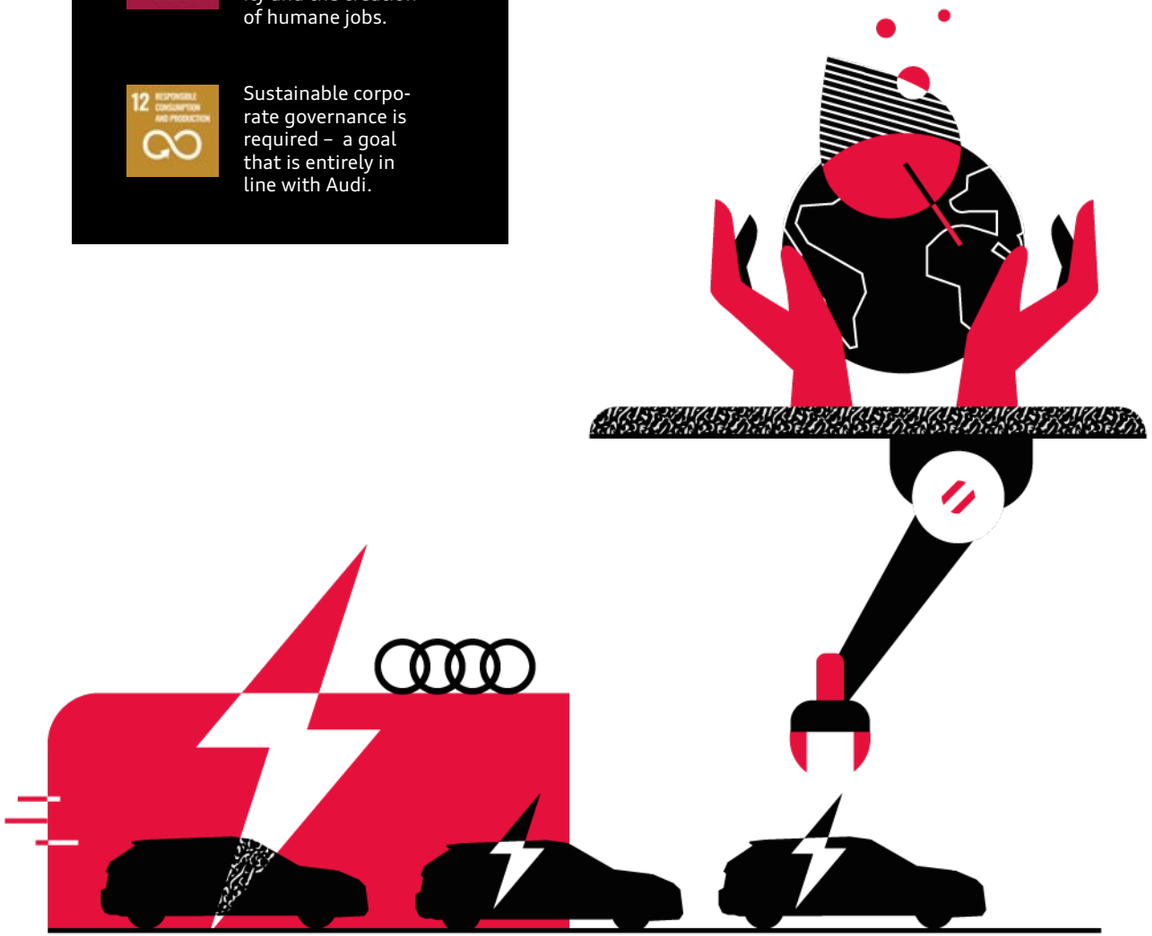
In connection with the diesel issue, AUDI AG has made progress since 2015 on the many proceedings in a large number of countries. Individual and class action lawsuits brought by customers and/or environmental and consumer organizations are currently still pending against Volkswagen AG and other Volkswagen Group companies, including AUDI AG, in a number of countries. Among other things, they assert alleged rights to damages. Further agreements were reached in this regard in the year under review. The consultations with government agencies on technical measures relating to the diesel issue have largely been concluded. Audi remains in technical discussions with the responsible authorities in only a few cases.
There are also criminal proceedings and investigations still pending against individuals. Of particular note are the main trial proceedings that began at the Munich II Regional Court in September 2020 in which a former Chairman of the Board of Management of AUDI AG is defending himself against allegations in connection with the diesel issue. Partial agreement was also reached in the year under review concerning liability for damages by former members of the Board of Management.
The material expenses and earnings from the diesel issue are reflected in the special items described in the explanation of the Audi Group's financial performance (see page 42). In-depth information about the diesel issue can be found in the Volkswagen Group's Annual Report for the 2021 fiscal year.

UN Sustainable Development Goals

SDGs in the spotlight: how Audi is driving sustainable change

Goals include economic growth, increased productivity and the creation of humane jobs.

Sustainable corporate governance is required – a goal that is entirely in line with Audi.



Overall risk situation of the Audi Group

The overall risk situation in the Audi Group has scarcely changed compared with the previous year. While there was a shift of focus in terms of topics, the total number of internally reportable risks and their aggregated assessment remain largely constant compared with the previous year. On the basis of the information available at present, there continue to be no risks that could pose a threat to the Audi Group and material Group companies as going concerns.

Sustainability as the basis for the Audi Group's future viability

The topic of sustainability plays an important role in the strategy, throughout the entire value chain and in the management of the whole company group. The associated medium- and long-term opportunities and risks are explained in the following.

Focus on sustainability risks

The challenge facing the majority of car manufacturers is to comply with differing and constantly changing global regulations and legislation on vehicle emissions. This results, among other things, in a risk for Audi, too, that it will fail to meet the average target for CO_2 fleet emissions in the European Union. Moreover, there are risks in connection with the speed of the general transition to electric mobility and the associated market acceptance of Audi electric vehicles, partly because of the delayed development of the infrastructure.

Electrification as an opportunity

The consistent further development of alternative drive concepts – especially fully electric and electrified models – is a cornerstone of the Audi strategy. For example, all new models introduced by Audi on the global market from 2026 will be fully electric. Furthermore, sustainable operations are the basis at Audi for future-proofing the company. Audi therefore takes the return on investment (ROI) after CO_2 effects into consideration in its product decisions. The decarbonization index[1] and NEV share[2] are firmly established in the Audi Group as important key figures and help significantly to manage the company from a sustainability perspective.

Audi is investing in a sustainable future

To drive forward its transformation to a provider of sustainable and connected premium mobility, Audi is earmarking around EUR 18 billion for electrification and hybridization based on the planning round approved at the end of 2021. With a total investment of around EUR 37 billion, almost half of the upfront expenditure is going into these future-oriented topics.

In 2022, Audi will maintain its consistent efforts across the entire value chain to conserve resources and help the topic of sustainability become even more deeply rooted. That is the only way the brand with the Four Rings can offer customers sustainable premium mobility and remain economically successful.

[1] The decarbonization index (DCI) measures the average emissions of CO_2 and CO_2 equivalents (together Co_2e) over the entire life cycle of our portfolio of passenger cars and is stated in metric tons per vehicle. The DCI encompasses both direct and indirect CO_2e emissions at the individual production sites (Scope 1 and 2) as well as all further upstream and downstream CO_2e emissions over the life cycle of the vehicles sold – from the extraction of raw materials to the use of the vehicle and final disposal of old vehicles (Scope 3).
[2] The NEV (new energy vehicle) share expresses the percentage of all-electric (BEV) as well as electrified (PHEV) vehicles in relation to the total amount of vehicles produced by the Audi brand.

Premium brand group restructured

Text: Alexander Schmitzer

Bringing Audi, Lamborghini, Ducati and Bentley together in the Premium brand group will make these companies even stronger. The reasons:

The Passenger Cars business area within the Volkswagen Group is made up of the three brand groups Premium, Sport and Volume. The new Volkswagen Group management model reinforces these existing brand groups and emphasizes their role as independent operating units. Audi, which heads the Premium brand group within the Volkswagen Group, took over management responsibility for Bentley on March 1, 2021. As a result, the brand group now incorporates the Audi, Lamborghini, Ducati and Bentley brands. The Bentley brand was consolidated effective January 1, 2022.[1] In the future, Audi will focus even more strongly on synergy-based brand group management with clear and consistent reporting. By actively communicating selected key performance indicators and strategic goals for each brand, it will be possible to provide greater transparency and make clear commitments, thus helping to meet the requirements of the capital markets even more effectively.

As far as the management model itself is concerned, Audi relies on the principle of variable intensity across all divisions. The goal is to create maximum synergies between the brands without restricting their freedom or diluting their individual brand DNA. Central management and cooperation on cross-brand topics such as procurement, development, administration and the establishment of new business models will produce uniform, coordinated process steps. At the same time, this gives the brands the opportunity to reinvest freed-up capacities in brand-specific activities. The grouping of the brands offers great potential for technical synergies, particularly against the backdrop of the future platform strategy. Additional success factors for the Premium brand group lie in a harmonized corporate, brand and product strategy and in integrating the brands into the existing committee and decision-making structures.

Full financial figures for Bentley at the level of the other brands will be published for the first time in the Q1/2022 Quarterly Update.

[1] The figures of the Bentley brand for the 2021 fiscal year are included in the Annual Report of the Volkswagen Group.

Lamborghini in the fast lane

The Lamborghini brand caused quite a stir in the supercar arena in 2021! With a total of 8,405 vehicles delivered, the company completed the best year in its history. At the same time, the luxury brand set out a clear electrification and sustainability plan.

In the 2021 fiscal year, Lamborghini continued the impressive successes of recent years, as evidenced by its key performance indicators.

Lamborghini finished the year 2021 with a remarkable record: 8,405 vehicles were delivered worldwide, an increase of 13 percent on the previous year and more than 2 percent compared with the pre-Covid year 2019. The most popular model with customers in 2021 was once again the Urus[1] with 5,021 vehicles delivered (+14 percent). Next in line is the Huracán (2,586 vehicles, +18 percent), which saw a sharp rise in sales thanks to the strong impetus provided by the Huracán STO.[2] A total of 798 of the Aventador were delivered to customers.

Lamborghini[3] achieved record revenue of EUR 1.95 billion in 2021. This represents an increase of 19 percent compared with 2020 and 4 percent compared with 2019.

Commitment plus transparency

The Premium brand group aims to increase the transparency of its financial reporting. For instance, Lamborghini[3] published its operating return on sales (ROS) for the first time. In fiscal year 2021, this key performance indicator reached 20.2 (16.2) percent, which is more than twice as high as in 2018. Alongside the figure itself, the company presented its strategic return target: Lamborghini aims to achieve an ROS of over 25 percent from 2030. Until then, the company is targeting an operating return on sales of between 22 and 25 percent.

The Lamborghini strategy is founded on a strong brand that is authentic, unexpected and bold. In addition to series-production vehicles, the model portfolio features what the company calls “few-off models”: exclusive and highly customized small-series vehicles such as the Lamborghini Sián Roadster.[4] Add-on services such as the “ad-personam”

[1] Lamborghini Urus: combined fuel consumption in l/100 km: 12.6 (NEDC); combined CO_2 emissions in g/km: 292; information on fuel consumption and CO_2 emissions in ranges depends on the selected wheel/tire combination.
[2] Lamborghini Huracán STO: combined fuel consumption in l/100 km: 14.0 (NEDC); combined CO_2 emissions in g/km: 322; information on fuel consumption and CO_2 emissions in ranges depends on the selected wheel/tire combination.
[3] The key performance indicators for the Lamborghini brand comprise the consolidated data for Automobili Lamborghini S.p.A. (Sant’Agata Bolognese, Italy) and Automobili Lamborghini America, LLC (Herndon, USA).
[4] Lamborghini Sián Roadster: combined fuel consumption in l/100 km: 19.8 (NEDC); combined CO_2 emissions in g/km: 449; information on fuel consumption and CO_2 emissions in ranges depends on the selected wheel/tire combination.

Most popular Lamborghini model with customers: the Urus.[1] 5,021 vehicles were delivered in 2021. 14 percent more than in 2020.

Photo: AUDI AG

program, offering customers maximum customization options, also play an important role.

A sustainability strategy with a heart

In 2021, Lamborghini presented a clear strategy for the future: “Direzione Cor Tauri,” named after the brightest star in the Taurus constellation. It is the roadmap to an electrified future that keeps the core values of supercars in focus. “Direzione Cor Tauri” encompasses the decarbonization of future models as well as the Sant’Agata Bolognese site, in line with Lamborghini’s comprehensive sustainability strategy. The ambitious transformation program envisages complete hybridization of the portfolio by the end of 2024. In total, the company plans to invest EUR 1.8 billion over the next five years, to be financed entirely from its own resources.

Sustainability also picked up speed at Lamborghini in 2021. Among the key projects was the launch of an initiative for more environmentally compatible logistics, which involved shifting the transportation of Urus bodies entirely to rail. This switch has helped reduce the CO_2 emissions associated with Urus logistics by 85 percent compared with the previous year. Lamborghini has been working toward greater sustainability for several years now. Through a series of programs and investments, Lamborghini was able to certify its entire plant as net carbon-neutral[5] in 2015.[6]

Millions of fans and followers

Lamborghini is one of the most popular brands on almost all social networks. On Instagram, for example, the brand has more than 31 million followers. That success is backed up by top scores in surveys of customer perception and dealer satisfaction. In addition, the brand benefits from a very young customer base compared with its competitors.

Deliveries to customers	Revenue	Operating profit	Operating return on sales (ROS)	Strategic ROS targets
8,405	1,948	393	20.2%	From 2030: > 25%
(2020: 7,430) +13.1%	(2020: 1,631) +19.4%	(2020: 264) +48.9%	(2020: 16.2%) +4.0 ppt.	Until then: 22–25%
	EUR million	EUR million		

Lamborghini Sián Roadster:[4] open-top hybrid supercar as a limited edition.

[4] Lamborghini Sián Roadster: combined fuel consumption in l/100 km: 19.8 (NEDC); combined CO_2 emissions in g/km: 449; information on fuel consumption and CO_2 emissions in ranges depends on the selected wheel/tire combination.
[5] The Premium brand group regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of brand group companies and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.
[6] In 2015, the entire plant was certified as carbon-neutral due to its new combined heat, power and refrigeration as well as district heating systems. This certification within the framework of the Carbon Neutrality program was granted by DNV GL (Det Norske Veritas Germanischer Lloyd), one of the world’s leading companies for environmental risk classification, assessment and management, marking the first time that a company has been awarded this status anywhere in the world.

Photo: AUDI AG

Ducati sets new records

In terms of deliveries and motorsport, 2021 was one of the most successful years in the history of Ducati. With this tailwind behind it, the motorcycle manufacturer is looking ahead with confidence and shaping the electric future with pioneering spirit.

Deliveries to customers

59,447

(2020: 48,042)
+23.7%

Record deliveries in 2021 with double-digit growth rates in all core markets

Revenue

878

(2020: 676)
+30%

EUR million

Driven above all by a strong development of deliveries and an improved product mix

Operating profit

61

(2020: 24)

EUR million before PPA

Operating return on sales (ROS)

7.0%

(2020: 3.6%)
+3.4 ppt.

Strategic ROS targets

From 2030
> 10%

Until then:
8–10%

Ducati V21L,[1] electric prototype for the FIM (Fédération Internationale de Motocyclisme) Enel MotoE™ World Cup.

Photo: AUDI AG

[1] The motorcycle shown is a concept that is not available as a series-production model.

2021 was a record year for Ducati. With 59,447 motorcycles, deliveries increased by around 24 percent compared with the previous year. This marks an all-time high. Operating profit reached EUR 61 million, with an operating return on sales (ROS) of 7.0 percent. Germany (6,107 deliveries, +11 percent year-on-year) remains the motorcycle manufacturer's third most important market after the USA (9,007 deliveries, +32 percent year-on-year) and Italy (8,707 deliveries, +23 percent year-on-year). In 2021, Ducati consequently grew at twice the rate of the overall market in the motorcycle segment above 500 cc. In the fourth quarter of 2021, the company presented nine new models. These are being introduced into the market in 2022. In launching the DesertX, a completely new development, Ducati is tapping into the promising touring enduro market. The most powerful model in the entire crossover segment in 2022 will be the Pikes Peak version of the 2021 bestseller, the Multistrada V4 (9,957 deliveries). In terms of the planned expansion of its model range, especially in the high-margin segments, Ducati has set itself even more ambitious goals for the future: From 2030 onwards, Ducati wants to generate an ROS of more than 10 percent. For the period until then, the target ROS corridor is between 8 and 10 percent.

But performance is a part of the Ducati DNA in terms of more than just its financial figures: In the MotoGP Championship, the brand won the 2021 team and constructors' titles – the latter for the second time in a row. By joining the FIM Enel MotoE™ World Cup in 2023, Ducati wants to demonstrate that top performance is also possible in the electric world, away from the combustion engine arena, and that the brand is focusing increasingly on sustainability. The company is the sole supplier for the race series. A first prototype of the fully electric Ducati V21L[1] has already been unveiled and tested on the racetrack. Ducati has always found inspiration for series production in the world of motorsport and views MotoE as a catalyst for future models.

An electric future together with Bentley

Bentley has been a part of the Audi Group since January 1, 2022. This long-established British car manufacturer stands for individualized luxury, perfect craftsmanship and powerful performance. In the electrified future, it will benefit from synergies with Audi.

Audi can welcome a special new addition this year. The time-honored Bentley brand, a purveyor to the British royal family, moved to Audi's area of responsibility in 2021 and will be included in the Audi Group's key performance indicators as of 2022.[1] Together with Audi, Lamborghini and Ducati, Bentley is part of the Premium brand group within the Volkswagen Group. In the automotive industry, Bentley stands for luxury and British tradition, two qualities that the company – established in 1919 and headquartered in Crewe (UK) – can leverage to the full as part of the Premium brand group. At the same time, Bentley will benefit from synergies with Audi in the future, especially when it comes to electrifying its vehicles.

As part of the "Beyond100" strategy for the future, Bentley will use the modular Premium Platform Electric (PPE) developed by Audi and Porsche for advancing the electrification of its models. By 2024, all Bentley models are also to be offered as plug-in hybrids. The Bentayga[2] is already available with hybrid drive, the Flying Spur[3] will follow as a hybrid model soon in Europe, too. The market introduction of the first fully electric Bentley is planned for 2025. As of 2026, only plug-in hybrid or purely battery electric models are to be built. And, starting in 2030, Bentley wants to offer fully electric vehicles only. Moreover, the company plans to be net carbon-neutral[4] at its production site in Crewe by 2030.

[1] The Bentley brand was consolidated effective January 1, 2022. For this reason, the figures for the 2021 fiscal year are not yet included in the Audi Group figures.
[2] Bentley Bentayga Hybrid: combined fuel consumption in l/100 km / kWh/100 km: 3.4/21.0 (NEDC), 3.4/25.8 (WLTP); combined CO_2 emissions in g/km: 77 (NEDC), 82 (WLTP). Information on fuel/electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.
[3] The Bentley Flying Spur Hybrid is available to order in most markets, but is currently not available in EU27, UK, Switzerland, Israel, Ukraine, Norway, Turkey and Vietnam. Fuel consumption and emission data not yet confirmed, vehicle undergoing type approval.
[4] The Premium brand group regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of brand group companies and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.

Photo: AUDI AG

The first luxury hybrid SUV from Bentley: Bentayga Hybrid.

Long-term success through compliance and integrity

Compliance Cockpit and compliance coaches, Whistleblower System and an integrity culture: The Compliance Management System controls adherence to laws and internal specifications at Audi. But only when the Management System is paired with a genuine compliance and integrity culture can added value be created for the company. Compliance and integrity are not only increasingly relevant for ratings and capital markets – customers and the general public, too, are paying more and more attention to the question of how legally compliant and ethical companies are in their business operations.

Text: Friederike Herbst
and Thomas Kutschbach

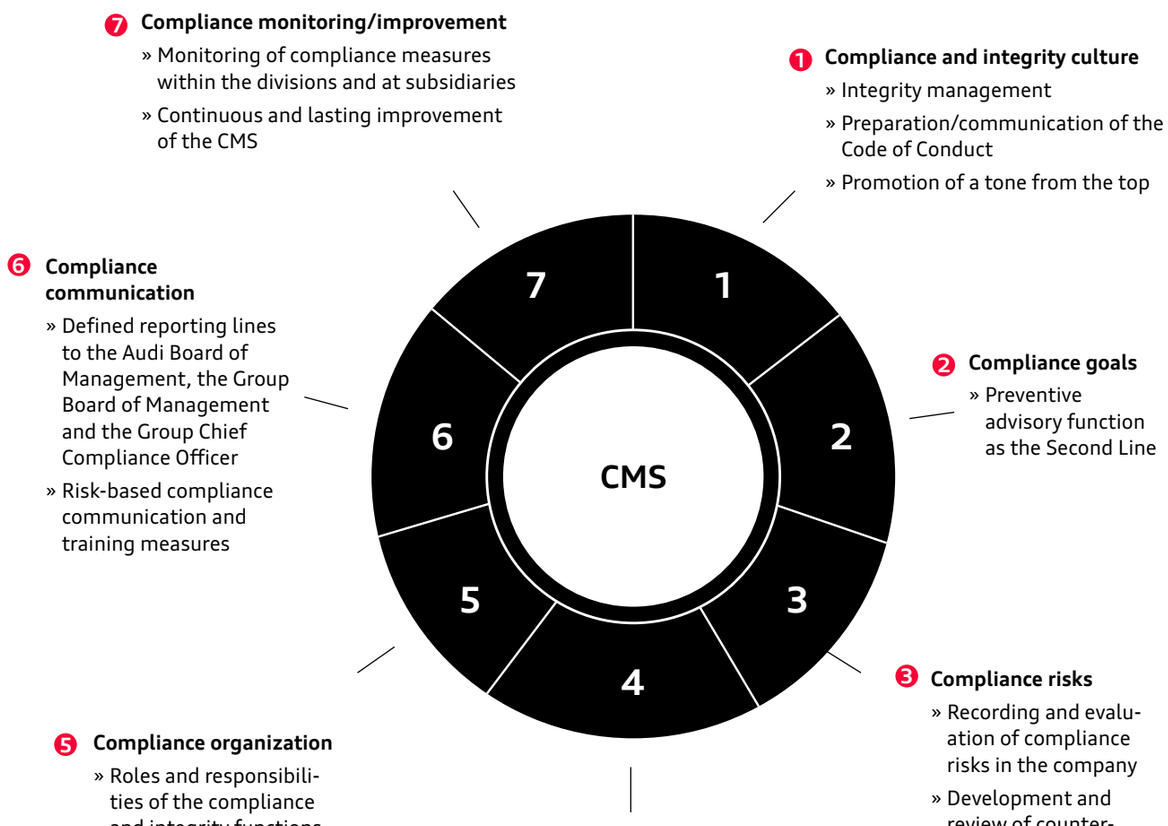
“Trust is good, control is better” is an old saying. The emphasis is on “old,” because the motto at Audi is: “Control is good, trust is better.”

Lawful and compliant conduct and acting with integrity enjoy top priority at Audi. They are the basis for the brand’s reputation, for the trust of customers and business partners, for the well-being of employees and, last but not least, for sustainable business success.

“We regard compliance and integrity as two sides of the same coin that are inextricably linked,” stresses Jochen Keller, Head of Compliance Group Entities and Corporate Regulations at AUDI AG. All employees – both in Germany and at the international participations – are called upon to play their part. “This will help us cultivate what we’re ultimately striving for: a contemporary corporate culture in which the Audi values are honored worldwide, in which we work together constructively and in which there’s no room for a culture of fear.”

The Audi Code of Conduct, the Group Essentials and the Code of Conduct for Business Partners serve as the foundation for this. “However, these three sets of guidelines alone are not enough. What we’re talking about here is a cultural change that we can’t simply prescribe or that will happen just because we

The Compliance Management System (CMS)
is divided into seven core elements and combines aspects of compliance and integrity.



Jochen Keller,
Head of Compliance Group Entities and Corporate Regulations at AUDI AG

publish documents about it," Keller points out. "The real change has to take place in people's minds, and so it has to be flanked continually by targeted training and communication measures on compliance and integrity." Another element supporting the effectiveness of compliance and integrity activities at the Volkswagen Group brands is the Together4Integrity (T4I) program.

The Audi Board of Management has established a Compliance Management System (CMS) as a basic organizational framework. This encompasses the company's principles, measures, processes and structures for permanent compliance with laws, internal provisions and rules of integrity.

The challenge: All aspects of the CMS should receive equal attention throughout the Audi Group. To manage and track activities at Audi and its subsidiaries worldwide, an integrated IT platform has been established – the Audi Compliance Cockpit. With the aid of various modules, compliance officers are able, among other things, to adapt training courses to specific companies, help employees identify conflicts of interest or implement policies locally.

In addition, various maturity indicators, such as training rates or the implementation statuses of measures, can be documented and evaluated. This supports KPI-oriented management of compliance and integrity. Compliance coaches at AUDI AG support the Audi companies as a first point of contact. They act as partners for the local compliance officers and are the internal interface to the various departments at Audi. The local compliance officers, in turn, are multipliers within their organizations. "This self-perception also characterizes the collaborative model of the Compliance department within the Audi Group," says Jochen Keller.

Audi sees compliance and integrity as instruments of prevention, designed to avert risks and damage to the company in a proactive manner. This begins right at the top management level: The Board of Management, Supervisory Board and in particular its Audit Committee are regularly informed about compliance, integrity and risk management. This ensures that rapid and effective countermeasures can be taken if necessary.

An important part of the compliance program is the Whistleblower System. It allows employees, business partners, customers or third parties to report potential regulatory violations in connection with the Audi Group. Each year, the Audi Investigation Office receives hundreds of hints. More than two-thirds of the reports were filed non-anonymously. "We interpret this as a vote of confidence in the system and our functioning compliance and integrity culture," says Jochen Keller.

Compliance

Compliance refers to the observance of legal provisions, internal company policies and voluntary commitments by the company, its bodies and employees.

Integrity

Audi understands integrity as responsible, entrepreneurial action geared towards values and principles that are recognized in society and agreed on within the company.

Together4Integrity (T4I)

As a holistic compliance and integrity program of the Volkswagen Group, "Together4Integrity" (T4I) is one of the sustainable results of the US Monitorship. This program underpins the effectiveness of compliance and integrity activities across the brands and will run until 2025.

AUDI AG is responsible for rolling out and implementing the program in more than 40 subsidiaries and participations worldwide. The rollout at Audi is on track overall and will be completed by mid-2022.

Measures from the US Monitorship and Group functions are pooled in the T4I toolbox. Special T4I communication and participation formats for employees and managers support the further development of the corporate culture. Their individual implementation is managed independently by the respective companies.

Photo: AUDI AG

“Profound awareness of compliance and integrity”

How does Audi succeed in practicing compliance and integrity in its international participations? What is important to take into account when working with different products, customers and cultures? Four Audi Group compliance officers from Europe, Asia and Latin America give representative accounts of their experiences.

Claudia Scaramelli, Lamborghini Chief Compliance Officer

Photo: Lamborghini

“As a manufacturer of supercars in the luxury segment, we have a high degree of visibility – also and especially in the public eye. We are absolutely committed to keeping Lamborghini’s reputation strong. Part of our self-perception is that we fulfill the personal wishes and dreams of our customers. That’s why we sensitize our employees and business partners to the ethical principles on which we model our customer relationships. Our compliance team acts as a business enabler, supporting Lamborghini’s commercial success. We also provide advice for all third-party relationships using an intensive due diligence process that focuses on retail, licensing and sponsorship activities. And when it comes to living compliance authentically at Lamborghini, we rely not only on regular training but also on the impact of clear, powerful statements from our management: We use tone-from-the-top formats to communicate the most important core messages, such as responsibility and transparency. When employees get us involved to give advice – especially in the case of new projects – we can be sure that they have truly internalized the importance of adhering to the rules.Without the support of our co-workers and our compliance coach from AUDI AG, we would not be able to fulfill our role in this way. Our regular exchange is essential for finding solutions together – especially when it comes to questions that arise in our company for the first time.”

Aurora Claudia Quiñones Vazquez, Audi México Compliance Consultant

Photo: Audi México

“The Volkswagen Group is held in high esteem in Mexico. When San José Chiapa was chosen as a new Audi production location, the people here were extremely proud. Add to that the fact that we started from scratch about nine years ago. For those who helped build up this location, it’s not just a job; it’s a personal matter. Sadly, people in other countries often associate Mexico with corruption, and indeed our country does not score well in Transparency International’s Corruption Perceptions Index. Corruption was and still is a problem in Mexico, but there are signs of improvement now that the government has introduced appropriate legislation. Interestingly, it is precisely because of this history of corruption that many companies in Mexico already have a profound awareness of compliance and integrity, so our employees pretty much knew what we were talking about from the outset. Today, we see them incorporating the Audi values into all of their thoughts and actions. The topics of compliance and integrity are also addressed in detail in the onboarding process for new employees. In Mexico, personal interaction is very important in order to build up trusting working relationships. That’s why we often convey information at meetings, in open forums or by video message. I believe two things are crucial to establishing a functioning compliance and integrity culture: trust and role models. Managers shouldn’t just talk the talk, they’ve also got to walk the walk.”

“Audi customers in Singapore expect top quality from our vehicles – and that also includes adherence to all compliance and integrity principles throughout the value chain. In Singapore, corruption offenses can result in severe penalties, not to mention damage to the reputation of the company and the brand. Because our management attaches great importance to compliance, I’m involved in all relevant meetings in my role as compliance manager. I’m also in regular contact with my Compliance colleagues here in Asia and at the Audi headquarters to stay up to date with the latest developments. We use the Audi Compliance Cockpit to share best practices and leverage synergies. Once a quarter, I share information about studies on corruption cases or provide updates on local compliance measures in the ‘Compliance Bites’ newsletter. Information on lock screens is also a useful means of communication. Currently, messages about corporate culture or the Whistleblower System appear on the monitors.”

Wayne Ho,
Risk & Compliance Manager,
Audi Singapore

Photo: Audi Singapore

UN Sustainable Development Goals

SDGs in the spotlight: how Audi is driving sustainable change

Audi is committed to promoting decent work and sustainable economic growth – worldwide.

The aim is to combine entrepreneurial action with applicable rules and legislation as well as with social and the company’s own values.

Paola Mocàvero,
Ducati Chief Compliance Officer

Photo: Ducati

“Ducati is successfully involved in motorsport. As ambassadors of an exclusive motorcycle manufacturer, our race riders are also role models. The Ducatisti and we expect them to compete for victory in a sportsmanlike and courageous manner. But observing the rules both on and off the racetrack is also a form of coolness. After all, values such as respect, fairness and honesty matter just as much to all Ducatisti as the performance, sophistication and style of our motorcycles. This is something we communicate clearly when we talk about the strategic value of integrity. As a company we act with integrity to build trust – with our customers, business partners and in the public. Ducati has 17 subsidiaries around the world. Aligning the business interests of our brand with the rules of the Audi Group and the applicable laws of the respective markets could be a challenge. However, a clear set of rules, practice-oriented training and our lessons-learned approach help us avoid careless mistakes that could jeopardize our reputation. As we see it, compliance is not bureaucracy, but rather consulting work based on trust and oriented toward our business purpose. Ultimately, there is no business without compliance, but there is no compliance without business. For our work, it’s a great advantage that we are in close dialogue with Audi Compliance and the Audi Group brands Lamborghini, Italdesign and Volkswagen Group Italia.”

Products & Services

Precision work for electric mobility: copper wires of the stator in an electric motor.

New models, innovative mobility offerings and attractive services – stringently digitalized and electrified. Audi is ready for the future of mobility and aspires to play an even greater role as a provider of sustainable, individual premium mobility than it does today.

[1] The vehicles mentioned here are concept vehicles that are not available as series-production vehicles. The automated driving functions mentioned are technologies currently under development, are not available for series-production vehicles and work only within system limits. All possible uses of the technical systems and functions shown represent only a possible concept and are dependent on the respective legal regulations in the relevant country.

Photo: AUDI AG

Where progress becomes visible

The road to tomorrow's mobility is lined with many smart ideas that will excite customers. Five examples of how Audi is leading the way with the power of innovation.

A head-up display that augments reality

The optional augmented reality (AR) head-up display in the Audi Q4 e-tron and Audi Q4 Sportback e-tron shows important information directly on the windshield. This technology makes it possible to superimpose content over the real outside world and display it dynamically. The content thus appears to float virtually in front of the driver. This helps increase safety, since it allows the driver to see speed limits and traffic signs as well as assistance and navigation symbols more easily. The display showing the AR content to the driver is roughly the size of a screen with a 70-inch diagonal.

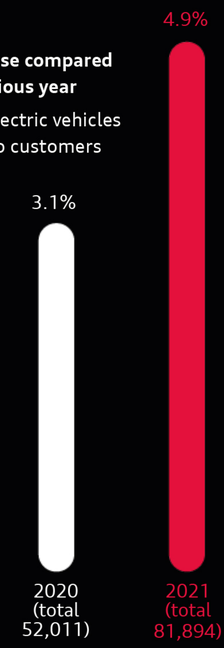
Illustrations: C3 Visual lab

Audi is moving rigorously toward an electric future

More than 123,000 Audi e-tron and Audi e-tron Sportback vehicles have been delivered to customers since their market launch. In 2021, the all-electric Audi portfolio was expanded by four models. This means that over the year, more new electric vehicles were launched on the market than internal combustion vehicles. The sporty Audi e-tron GT quattro[1] and Audi RS e-tron GT[2] models combine award-winning design and dynamic performance with a sustainable concept. In the premium compact segment, electric mobility is being made accessible to a broad audience with the Audi Q4 e-tron and Audi Q4 Sportback e-tron. The company's plans for the future are also marked by a clear commitment to electric mobility: It aims to have more than 20 fully electric models in its portfolio by 2026, and from that point onward, Audi will only newly launch fully electric models on the global market.

57.5% increase compared with the previous year

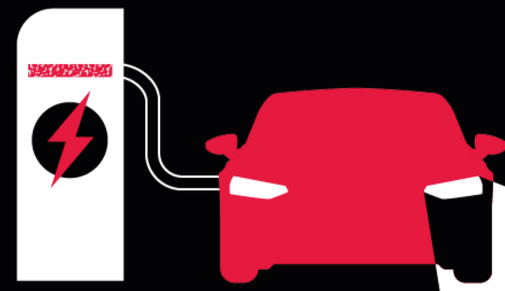
Share of all-electric vehicles in deliveries to customers in 2021



320,000
charging points

Energized – go further with the e-tron Charging Service

On average, the e-tron Charging Service[3] was used once every minute throughout Europe in 2021. Audi customers had no trouble charging their cars thanks to some 320,000 charging points spread across the 26 European markets in which the e-tron Charging Service is available (as of February 2022). In February 2019, when the service was launched, there were just 72,000 charging points. Since then, 24 million kWh of energy have been charged. Assuming an average consumption of 24 kWh per 100 kilometers, that corresponds to a driving distance of 100 million kilometers – enough to cover the distance between the earth and the moon 260 times on purely electric power.



100 kilometers in 5 minutes

The Audi e-tron GT quattro[1] is all about speed. This is evident not only in its acceleration and top speed, but also in the time required at the charging terminal. Under ideal conditions, five minutes of charging time are all it takes for a range of around 100 kilometers. One of the keys to this is the voltage level of the high-voltage battery. At 800 volts, the battery enables fast direct current (DC) charging with a maximum output of 270 kW.

Better vision with 1.3 million micro-mirrors in the Audi A8

A change of perspective allows us to see things in a new light, and mirrors have always been helpful in this regard. With around 1.3 million micro-mirrors in each headlight, the digital matrix LED light in the Audi A8 can be controlled with the utmost precision, bringing light into the darkness wherever it is needed. On highways, for example, this technology generates lane and orientation light that illuminates the driver's own lane particularly brightly.

[1] Audi e-tron GT quattro: combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC), 21.8–19.9 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.
[2] Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.
[3] For more details about the Audi e-tron Charging Service and rates click here.

“You can feel it with every fiber of your being – it’s awesome!”

When former ski star Felix Neureuther leaves his house in Garmisch-Partenkirchen and walks past the stone-clad wall down to his underground garage and through the gray metal gate, he enters his very own electric domain. Next to an e-mountain bike and an electric lawn mower stands the latest treasure in his collection: the fully electric Audi RS e-tron GT.[1] “This car is a beast. Its acceleration is incredible. You can feel it with every fiber of your being – it’s awesome!” says Neureuther enthusiastically.

The Audi RS e-tron GT[1] combines attractive design and technical innovation with pure power, delivering 475 kW (646 PS) in boost mode and acceleration from 0 to 100 km/h in 3.3 seconds in boost mode, yet still offering exceptional sustainability (combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0). This is because the car was delivered to customers as net carbon-neutral[2] – just like all the fully electric models supplied by the Four Rings in the USA and Europe since January 1, 2021.

Photos: Daniel Wollstein (Rightlight Media GmbH)

The ideal line to more sustainability

From procurement to recycling – Audi is systematically reducing the CO_2 emissions of its vehicles across their entire life cycle. Ski star Felix Neureuther discovers exactly what this means using the example of the Audi RS e-tron GT.[1]

Text: Benjamin Doerfel

[1] Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle’s selected equipment.
[2] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.

Felix Neureuther has been associated with Audi for over 20 years. He remained faithful to the Four Rings beyond the end of his active career and has been an Audi brand ambassador since December 2020.

[1] Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.

[2] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.

✓ Auditing firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft performed a limited assurance engagement on the following paragraphs up to the next subheading.

Saving CO_2 emissions in procurement and production ✓

To achieve this, Audi has a variety of measures in place in the upstream supply chain processes as well as in production and logistics. The goal is ambitious: For instance, by 2025 Audi wants production at all its own sites to be net carbon-neutral.[2] In 2018, the "CO_2 program in the supply chain" was also initiated with the aim of successively decarbonizing the supply chain. For this purpose, Audi Procurement relies on green energy, CO_2-reduced aluminum and CO_2-reduced steel as well as recycling concepts and secondary material in various areas. In this way, a total of more than 480,000 metric tons of CO_2 were saved in the supply chain in 2021.

There is a particular emphasis on aluminum, since its production is especially energy-intensive. The Four Rings have continually optimized recycling through the Aluminum Closed Loop. By turning aluminum waste from production into new aluminum, a total of more than 195,000 metric tons of CO_2 was avoided at the sites in Ingolstadt, Neckarsulm, Győr and the multi-brand site in Bratislava in collaboration with the suppliers concerned. As part of a pilot project, Audi is procuring 20-inch rims for the Audi RS e-tron GT[1] that are made from CO_2-reduced aluminum. The manufacturer Alcoa supplies the material from an innovative, self-developed smelting process that emits oxygen instead of carbon dioxide. Unlike traditional aluminum manufacturing processes, this technology does not cause any direct CO_2 emissions.

In addition, parts are in use that are made from recyclates – that is, recycled materials – such as Econyl, which is made entirely from reprocessed nylon fibers and is used, among other things, as a material for carpets and floor mats for the Audi RS e-tron GT.[1]

Good news for drivers of an Audi RS e-tron GT:[1] Thanks to its 800-volt technology, the high-voltage battery with 84 kWh of net capacity can be recharged extremely quickly.

Cell production with renewable energy ✓

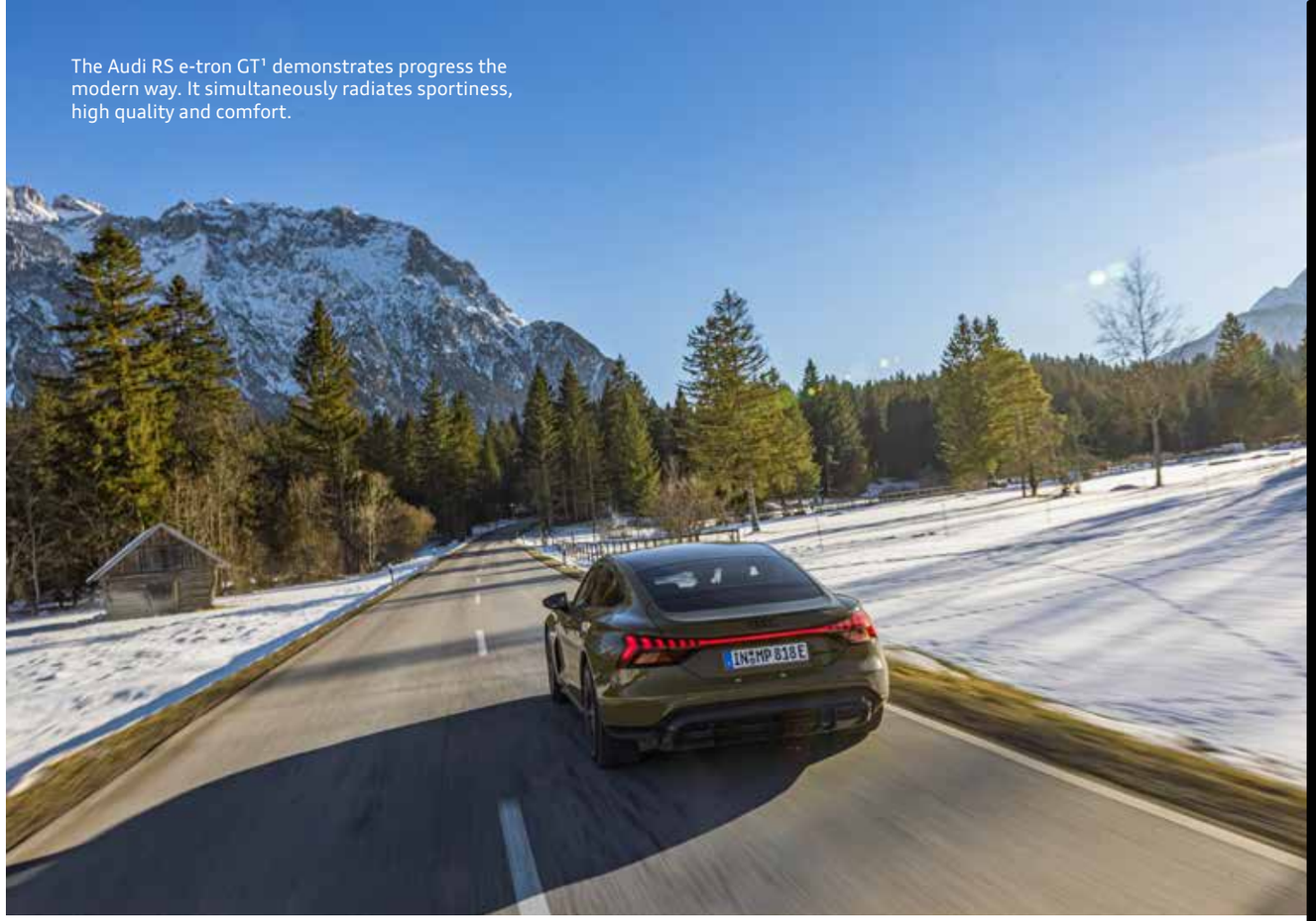
Another focal point is the high-voltage battery whose production is very CO_2-intensive. To counteract this, Audi has reached an agreement with its battery cell manufacturers for new electric models to be sold in the USA and Europe: Only renewable energy that is not produced from nuclear power or fossil fuels may be used for cell production. Audi uses climate protection projects to offset CO_2 emissions that cannot be avoided in the supply chain and in production despite the measures that have been implemented to date.[3]

In accordance with its Code of Conduct, the Four Rings work only with partner companies in the area of procurement that are committed to the same environmental protection values and goals in terms of environmental protection, employee rights and compliance (integral part of the contract). A Sustainability Rating that is mandatory in the Volkswagen Group records and governs how suppliers are implementing sustainability standards.

Electric mobility supports climate protection

As an Audi brand ambassador and a parent, Felix Neureuther is also committed to sustainability. For him, this is the issue facing us today and in the future. “As a father of two, I think we need to work to ensure that our

The Audi RS e-tron GT[1] demonstrates progress the modern way. It simultaneously radiates sportiness, high quality and comfort.



Felix Neureuther understands the importance of electric mobility for climate protection – one of the reasons why he is a great fan of the Audi RS e-tron GT.[1]

“Leave a clean planet for future generations.”

[1] Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle’s selected equipment.
[2] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.
[3] This statement refers to the net carbon-neutral delivery of fully electric vehicles in Europe and the USA since January 1, 2021.
[4] The decarbonization index (DCI) measures the average emissions of CO_2 and CO_2 equivalents over the entire life cycle of the Audi passenger car portfolio and is stated in metric tons of CO_2 per vehicle. It includes both direct and indirect CO_2 emissions at the individual production sites (Scope 1 and 2) as well as all further direct and indirect CO_2 emissions over the vehicles’ life cycle (Scope 3).
[5] Information on complaints procedure: see page 67ff.
[6] This figure applies exclusively for CKD production in China.

Photos: Daniel Wollstein (Rightlight Media GmbH)

CO_2 targets and measures at Audi ✓

Audi has set itself ambitious targets of net carbon-neutral[2] production at all its sites by 2025. The company wants to play its part in upholding the Paris Climate Agreement by becoming net carbon-neutral[2] by 2050 at the latest. In addition, it plans to have more than 20 fully electric vehicles on the market by 2026. Audi will invest more than EUR 18 billion for this by 2026. From then on, the brand only wants to introduce new models on the global market that are fully electric. Consequently, Audi will gradually phase out the production of combustion vehicles by 2033, with the possible exception of China. Here, the possibility of longer production depending on local demand is currently being investigated.

On the road to climate-friendly mobility, Audi is using the decarbonization index (DCI),[4] which is the central key indicator for climate targets for all brands in the Volkswagen Group. The DCI is a strategic indicator for reducing CO_2. The DCI factors in the entire value chain – from the extraction of raw materials and production to the provision of fuel and electricity and vehicle emissions to recycling. Audi is rigorously implementing measures at all points of the value chain. Product- and portfolio-related CO_2 topics in the product utilization phase are dealt with at Audi by the CO_2 steering committee. Additional decarbonization through voluntary company measures is the province of the decarbonization index working group, which was especially set up for this purpose. Both the CO_2 steering committee and the decarbonization index working group have a direct connection as warranted to the full Board of Management of AUDI AG.[5] Measured against 2018, the DCI of Audi is expected to fall by 40 percent by 2030.[6] In 2021, measures taken in the supply chain and utilization phase already helped to prevent 2.5 million metric tons of CO_2.

Since 2021, the DCI has been an integral part of target achievement for the purposes of management remuneration. In 2022, the Environment, Social and Governance (ESG)-related components used to calculate management remuneration were expanded to include, for example, sales classified as “green” according to the EU taxonomy or the company’s performance in a sustainability rating.

Neureuther, who is in close touch with nature, loves the landscapes in and around Garmisch-Partenkirchen. He enjoys exploring his home territory most of all in his Audi RS e-tron GT[1] – sporty, elegant and sustainable.

Photo: Daniel Wollstein (Rightlight Media GmbH)

Audi's commitment to clean electricity ✓

Audi is actively driving regenerative power generation in Germany. The company is working with partners from the energy industry to build new wind and solar farms in Europe by 2025. These farms are expected to generate around five terawatt hours of additional green electricity, which corresponds to a capacity of around 250 new wind turbines, for example. The first project, a solar park in the German state of Mecklenburg-Western Pomerania, is being developed in collaboration with the German utility company RWE as a joint project with the Volkswagen Group. The plant came on stream in January 2022 and is designed for a total capacity of 170 million kilowatt hours. Encompassing nearly 420,000 solar panels, it is one of the largest independent solar parks in Germany, and further projects are in planning. Moreover, production of the Audi RS e-tron GT[1] at the Böllinger Höfe facility in Neckarsulm uses 100 percent eco-electricity. The heat required for production is provided by a combined heat-and-power plant fired with biogas.

Electric driving is only as "green" as the electricity.

planet remains livable for future generations," says Neureuther. To achieve this, significant CO_2 reductions are required. Felix Neureuther understands the importance of electric mobility for climate protection: "It helps reduce CO_2 emissions. This is the only way we can leave a clean and healthy planet for future generations."

The Bavarian is very attached to his homeland. He loves the mountains, the snow and the unspoiled landscape. His hope for the future is that his children will be able to enjoy it just as much as he can. His daughter Matilda is four years old and is already skiing. And in 20 years' time? The snow cover in Neureuther's homeland is shrinking, and the effects of climate change have long since been noticeable in Upper Bavaria. "As a skier, I've experienced first-hand how the glaciers have changed over the years. It's a frightening trend," says Neureuther. To play his part, he has built a home designed for sustainability, featuring lots of wood, a state-of-the-art energy system in the basement and a photovoltaic system on the roof.

[1] Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.

Pure energy and progressive performance

Almost five metres long: The sculptural design of the Audi RS e-tron GT[1] unites the dynamic proportions of a gran turismo with the unmistakable characteristics of an Audi RS model.

"The great thing about the photovoltaic system is that we can charge our electric car practically free of charge, which is just fantastic." His delight is palpable. When Felix Neureuther pulls the cable out of his Audi RS e-tron GT[1] in his garage after charging, he flashes a beaming smile that could even outshine the gleaming black and gray wall box.

Charging with green electricity ✓

Audi is well aware that electric driving is only as "green" as the electricity used. That is why the company is supporting customers in producing as little CO_2 as possible throughout the utilization phase of their electric models. Audi has a range of offers designed to make charging easy and, with renewable energy, environmentally friendly for as many customers as possible. Since most charging takes place at home, the Four Rings offer wall boxes that can be operated absolutely carbon neutrally, in conjunction with green electricity provider Elli, for example.

[1] Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.

Fleet emissions and consumption ✓

As its contribution to the "two-degree goal" of the Paris Climate Agreement, Audi is concentrating, among other things, on reducing the CO_2 emissions of its vehicle fleet. Based on provisional figures, the company surpassed its CO_2 fleet targets for Europe within the Volkswagen emissions pool in 2021. With a calculated value of 122 g/km,[7,9] Audi was below the legally prescribed 129 g/km. Fleet consumption in China (fully built-up (FBU) vehicle for export) in 2021 was 8.4 l/100 km[8,9] (2020: 7.9 l/100 km).

[7] Subject to the official data of the European Commission in the annual CO_2 fleet monitoring report of the Volkswagen emissions pool.
[8] Subject to official publication by the Ministry for Industry and Information Technology (MIIT) in the annual CO_2 fleet monitoring report.
[9] Since January 2021, newly registered vehicles must state WLTP (Worldwide Harmonized Light Vehicles Test Procedure) values in all countries that have adopted EU legislation on vehicle usage. This new standard has replaced the NEDC (New European Driving Cycle) standard, which applied from1992 onwards. The WLTP standard takes the average driving situation more extensively into account than the NEDC and therefore discloses a more realistic figure for fuel consumption and CO_2 emissions. The WLTP figure is therefore higher than the old NEDC figure. A precise conversion of the values between the two methods is not possible.

Photos: Daniel Wollstein (Rightlight Media GmbH)

The Audi Audi RS e-tron GT[1] takes a break. Felix Neureuther takes a moment to enjoy nature. As an Audi brand ambassador and father, he is committed to sustainability.

Photo: Daniel Wollstein (Rightlight Media GmbH)

For charging on the go, by 2025 Audi and its joint venture IONITY are planning to install more than 5,000 additional fast-charging points with charging capacity of up to 350 kW at over 1,000 locations in Europe – using completely renewable energy sources. The Audi Charging Hub is the vision of a premium charging experience – with high-power charging (HPC) points that Audi customers can book in advance and a connected optional lounge area. At the pilot location in Nuremberg, the Audi RS e-tron GT[1] can charge enough energy for up to 100 kilometers in just over five minutes, and a charge from 5 to 80 percent takes just under 23 minutes under ideal conditions (according to WLTP).

New life for old batteries ✓

Even when the useful life of an electric Audi comes to an end, the company takes care of the recycling and other uses of the vehicle battery.

Audi batteries are given a second life in applications such as fast-charging stations, for example at the Audi Charging Hub. Or they can be used as stationary energy storage devices to temporarily store electricity from power stations during phases of surplus energy. For this purpose, Audi is cooperating with the utility company RWE in the North Rhine-Westphalian town of Herdecke, for instance. RWE operates an energy storage system there that features used lithium-ion batteries from electric vehicles from Audi. With the help of 60 battery systems, this novel storage on the premises of the RWE pumped-storage power plant at the Lake Hengstey reservoir will provide intermediate storage of around 4.5 megawatt hours of electricity.

Seamless power

Felix Neureuther needs fast power, too, whether on the ski slopes or when driving his car in the Bavarian mountains. When he is behind the wheel, you can feel how much he loves sporty driving. He is particularly impressed with the stepless electric acceleration of the RS e-tron GT:[1] “Torque is transmitted much more directly when accelerating compared with a combustion model. The power, the dynamics, everything is seamless. It’s hard to describe. You have to experience it for yourself.”

As the sun slowly sinks behind the snow-capped mountain peaks, Felix Neureuther takes a short break in the Audi RS e-tron GT[1] to take in the magnificent panoramic views of the Alps. Nature was the Bavarian’s first great love, and he couldn’t imagine life without it: “For a long time I’ve wanted a vehicle that combines sportiness and sustainability. The Audi RS e-tron GT[1] is ideal for me – both logically and emotionally.”

“The power, the dynamics, everything is seamless.”

[1] Audi RS e-tron GT: combined electric power consumption in kWh/100 km: 20.2–19.3 (NEDC), 22.6–20.6 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle’s selected equipment.

UN Sustainable Development Goals

SDGs in the spotlight: how Audi is driving sustainable change

- Audi is committed to the expansion of affordable, sustainable energy for mobility.
- Audi contributes to sustainable, long-term economic growth that simultaneously reduces environment impact.
- The goal is to design cities and residential areas inclusively and sustainably – in part through safe mobility.
- At issue is the promotion of resource and energy efficiency as well as a sustainable infrastructure.
- Every kilogram of CO_2 saved counts in the immediate battle against climate change and its effects.

AWESOME DUO FOR THE FUTURE

The future is electric, automated, connected – and it can't come soon enough! The showcars Audi A6 Avant e-tron concept[1] and Audi grandsphere concept[1] provide pointers to what premium mobility will look like in the future.

Text: Manfred Dittenhofer

AUDI A6 AVANT E-TRON CONCEPT[1]

AUDI GRANDSPHERE CONCEPT[1]

[1] Audi A6 Avant e-tron concept and Audi grandsphere concept: The vehicles mentioned and shown here are concept vehicles that are not available as a series-production vehicle. The automated driving functions mentioned are technologies currently under development, are not available for series-production vehicles and work only within system limits. All possible uses of the technical systems and functions shown represent only a possible concept and are dependent on the respective legal regulations in the relevant country.

Photos: AUDI AG

A glimpse of the future

Photo: AUDI AG

[2] The vehicle mentioned and shown here is a concept vehicle that is not available as a series-production vehicle. The automated driving functions mentioned are technologies currently under development, are not available for series-production vehicles and work only within system limits. All possible uses of the technical systems and functions shown represent only a possible concept and are dependent on the respective legal regulations in the relevant country.

The very first glimpse of the Audi A6 Avant e-tron concept[2] awakens a sense of yearning. Yearning for the future to begin right now – for this elegant form of mobility to become a reality. But customers will need to wait a little longer for the series-production version of this Avant to reach dealers. But we can promise one thing: This wait will be a time of incredible anticipation of a vehicle that will be among the first Audi models in the C segment to have the new Premium Platform Electric (PPE) as its basis. A platform that redefines the notion of "premium" and what distinguishes a full-size vehicle. This concept car reveals what we can expect in an electrically powered Audi in the near future.

Better visibility

The road becomes a stage

The Audi A6 Avant e-tron concept² uses projectors to actively communicate with its surroundings and the driver.

Aesthetics combined with safety: The Audi A6 Avant e-tron concept² uses LED projections on the ground to greet its passengers. These projections are more than just eye-catchers – they also function as communication elements. Symbols cast onto the road surface can warn cyclists of a car door being opened, for example. The same technology is used to project the turn indicators dynamically onto the road surface as well. It is all about seeing and being seen: Next-generation digital matrix LED headlights can increase safety by means of projections – lane and orientation light – onto the road in front of the vehicle. In addition, the front headlights illuminate the road clearly and brightly. Intelligent lighting control reacts automatically to traffic situations, the weather and the surroundings.

Photos: AUDI AG

² The vehicle mentioned and shown here is a concept vehicle that is not available as a series-production vehicle. The automated driving functions mentioned are technologies currently under development, are not available for series-production vehicles and work only within system limits. All possible uses of the technical systems and functions shown represent only a possible concept and are dependent on the respective legal regulations in the relevant country.

Play of light

Here’s looking at you

Slim headlights, a closed Singleframe grille: This Avant² is recognizable in a flash as an electrically powered Audi.

The ultra-slim digital matrix LED headlights of the Audi A6 Avant e-tron concept² do more than simply cast bright light onto the road. Projectors are also located further below in the front of the vehicle: Suppose drivers parked next to a wall while the car is charging – they could keep themselves entertained by playing a built-in video game projected onto the wall. This video game was developed specially for the show-car and illustrates what digital features are conceivable in future Audi models. Beneath the headlights there are striking, low-set air inlets of an inverted U-shape to cool the drive, battery and brakes.

Photos: AUDI AG

² The vehicle mentioned and shown here is a concept vehicle that is not available as a series-production vehicle. The automated driving functions mentioned are technologies currently under development, are not available for series-production vehicles and work only within system limits. All possible uses of the technical systems and functions shown represent only a possible concept and are dependent on the respective legal regulations in the relevant country.

DYNAMISM
AND ELEGANCE

Design e-volution

The hallmark of every Avant model built by Audi: sporty character emanating from design features that catch the eye and hold your attention.

The Audi A6 Avant e-tron concept[2] is a very special Avant. Approach it from the side and you will notice one design feature above all: The profile along the vehicle's underbody is reminiscent of an aircraft's wing. This wing shape will become a typical feature on Audi series-production models with electric drive. The latest-generation digital OLED elements that make a three-dimensional light strip at the rear possible are also among the special design features.

Photos: AUDI AG

[2] The vehicle mentioned and shown here is a concept vehicle that is not available as a series-production vehicle. The automated driving functions mentioned are technologies currently under development, are not available for series-production vehicles and work only within system limits. All possible uses of the technical systems and functions shown represent only a possible concept and are dependent on the respective legal regulations in the relevant country.

AVANTgarde

Let the show begin

With its elegant lines, the Audi A6 Avant e-tron concept² adds a new chapter to the Audi Avant success story.

Whether viewed from the front, back, side or from above, there is no doubting Audi's prowess in creating highly emotional automobiles with remarkable styling. The roof of the Audi A6 Avant e-tron concept² appears to be floating. That is partly down to the roof spoiler that runs along the glass roof from the A-pillar up to the slanting C-pillar. Among its many other features, it produces very good aerodynamics – the showcar has an excellent drag coefficient. Those aerodynamics are part of the key to understanding how the Audi A6 Avant e-tron concept² achieves a range of up to 700 kilometers (WLTP).² It does so with a high-performance battery that is also very quick to recharge: It takes just 10 minutes to "fill up" enough energy for around 300 kilometers.²

² The vehicle mentioned and shown here is a concept vehicle that is not available as a series-production vehicle. The automated driving functions mentioned are technologies currently under development, are not available for series-production vehicles and work only within system limits. All possible uses of the technical systems and functions shown represent only a possible concept and are dependent on the respective legal regulations in the relevant country.

Photos: AUDI AG

UN Sustainable Development Goals

SDGs in the spotlight: how Audi is driving sustainable change

Audi promotes sustainable industrialization and drives innovations forward.

The aim is to use natural resources sustainably and efficiently and to avoid waste or recycle it.

Welcome to the future

Photo: AUDI AG

[3] The vehicle mentioned and shown here is a concept vehicle that is not available as a series-production vehicle. The automated driving functions mentioned are technologies currently under development, are not available for series-production vehicles and work only within system limits. All possible uses of the technical systems and functions shown represent only a possible concept and are dependent on the respective legal regulations in the relevant country.

The Audi grandsphere concept[3] embodies what Audi plans to achieve in the full-size category over the coming years. The vehicle will become a platform for experiences, embedded in a holistic digital ecosystem. This concept car excites people as soon as they approach it. As the doors swing open automatically – the rear doors are rear-hinged, the front doors have their hinges at the front – you see before you a vast expanse of space because the Audi grandsphere concept[3] does not have a B-pillar. This not only simplifies getting into and out of the car, it also demonstrates first-class comfort in a revolutionarily redesigned interior that becomes an experiential space during the automated drive – just as self-driving Audi models might offer in the future. While technology and handling always used to be top of the list in automotive development, the Audi grandsphere concept[3] demonstrates that while these attributes are still just as important, the focus is now increasingly on the interior when a new model is created. The electric drivetrain and automated driving will provide the necessary creative freedom for this.

Photos: AUDI AG

[3] The vehicle mentioned and shown here is a concept vehicle that is not available as a series-production vehicle. The automated driving functions mentioned are technologies currently under development, are not available for series-production vehicles and work only within system limits. All possible uses of the technical systems and functions shown represent only a possible concept and are dependent on the respective legal regulations in the relevant country.

SEDAN OF THE FUTURE

Electrifying high-class

PPE – three letters that denote not just Premium Platform Electric, but the very future of electric mobility.

The front end of the Audi grandsphere concept[3] reinterprets the brand's typical Singleframe radiator grille: Flowing lines form a hexagon. The technical basis is the Premium Platform Electric (PPE). The core element of PPE is the high-performance battery between the axles. In conjunction with 800-volt charging technology, it enables charging times that are more like a classic refueling stop for a car with combustion engine.[3]

Together with a range in excess of 750 kilometers (WLTP),[3] that makes the Audi grandsphere concept[3] unquestionably fit for long-distance driving. The concept car has separate electric motors mounted on the front and rear axles that use electronic coordination to deliver quattro drive on demand and execute a perfect balance between driving dynamics and energy efficiency.

Enjoy with
all the senses

From cockpit to lounge

The Audi grandsphere concept[3] illustrates the brand's ambition to define the future shape of premium mobility.

Unlike many electric cars, the Audi grandsphere concept[3] does not look futuristic at all, but rather emphasizes traditional beauty ideals – both outside and in. Particularly its automated driving (level 4) can now bring all passengers a new dimension of freedom.

Because whereas the comfort zone in many classic sedans was focused on the rear compartment, the best seats in the vehicle are now moving to the front row. The two individual front seats can be tilted back to an angle of up to 60 degrees into a perfect resting position. The result is first-class comfort and an interior that is closer in character to a lounge than an automobile. Many of the technologies and design features combined here are expected to become mainstream in future Audi series-production vehicles over the next few years.

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Photos: AUDI AG

COCKPIT ON DEMAND

Freedom for something new

In the Audi grandsphere concept,[3] automated driving creates an innovative sphere of experience.

Climb into the Audi grandsphere concept[3] for the first time and you will initially be surprised by the biggest innovation: not a single dial, no flat screens, no touchscreens. Instead of the familiar cockpit, the Audi grandsphere concept[3] presents a calm expanse featuring natural materials of the highest quality. Wood, wool and textile fabric predominate. A place to feel at ease, where relaxation is possible without the glow of displays.

No instruments, screens or displays? So how do drivers get information if they want to take control of the Audi grandsphere concept[3] themselves? There are displays – in the form of projections onto the wood surfaces beneath the windshield. These can be controlled by eye tracking and gestures and enable travel time to be used productively – for video conferences, for example. The steering wheel and pedals are concealed while the Audi grandsphere concept[3] is in automated mode and only emerge when the driver chooses to take over – or has to because the conditions do not permit driving in the automated modes.

Photos: AUDI AG

[3] The vehicle mentioned and shown here is a concept vehicle that is not available as a series-production vehicle. The automated driving functions mentioned are technologies currently under development, are not available for series-production vehicles and work only within system limits. All possible uses of the technical systems and functions shown represent only a possible concept and are dependent on the respective legal regulations in the relevant country.

Value Creation & Production

The seat upholstery made from Dinamica microfiber feels like suede, but contains nearly one-half recycled polyester.

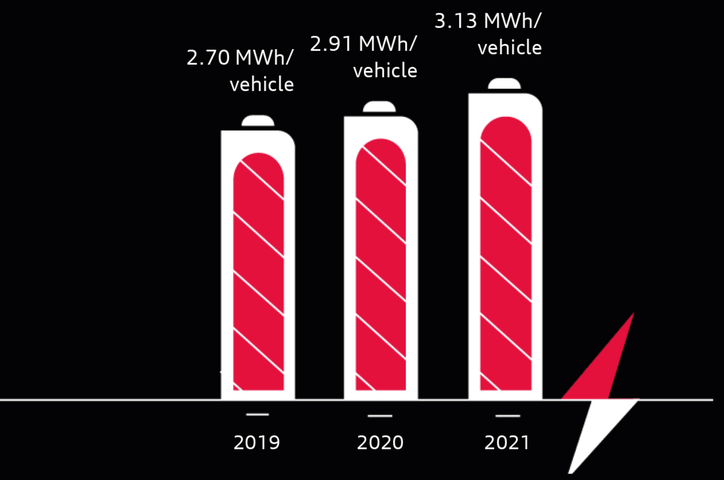
Audi's goal: The company wants to achieve net carbon-neutral[1] operations at its sites by 2025. The path to this goal is paved with courageous innovations, highly digitalized manufacturing in smart factories, environmentally friendly production and responsible action in the sense of a circular economy along the entire value chain.

[1] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.

Measurable progress

Audi has been consistently reducing its ecological footprint for many years now – and the progress made toward greater sustainability and environmental protection in Production and Logistics at its global sites is measurable.

In 2021, the development of environmental key figures was again strongly influenced by supply shortages, as well as by the resulting decline in the number of vehicles produced. The positive effects of the measures implemented at the sites to reduce their environmental impact were, however, lessened or partially negated as a result. Non-production activities at the sites, including development activities, for example, are also having more of an impact due to the lower volume of vehicles. A look at important key figures along with some background information:



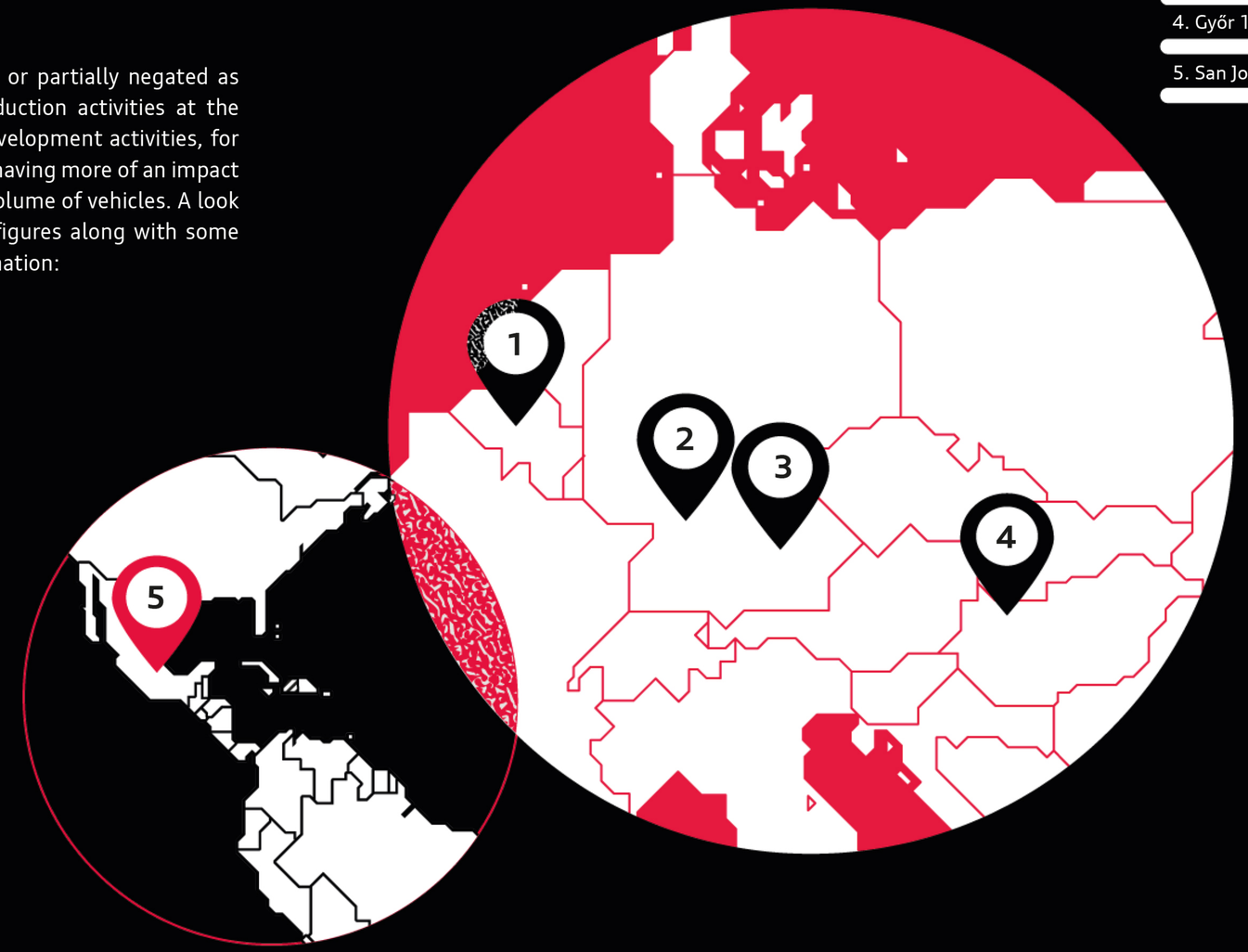
Energy intensity of the Audi Group – Automotive segment[5] MWh/veh.

Audi looks back on a year of successful energy management with ongoing optimizations. The energy intensity of the Group relating to automotive production including component manufacturing was 3.13 MWh per vehicle[5] for the year under review. The slight increase over the prior year is due in part to the semiconductor shortage (see page 35, chapter “Financial situation”), which in turn resulted in a decline in the number of vehicles produced, which led to a higher base load per vehicle. Departures from the standard processes to which production and energy supply are geared once again posed a challenge and impacted the effectiveness of energy reduction measures.

Illustrations: C3 Visual lab

Carbon-neutral[1] Audi sites[2] (status 2021)

The goal is for all Audi production sites to be net carbon-neutral[1] by 2025. This includes CO_2 emissions generated directly at the site (Scope 1[3]) and indirect CO_2 emissions from energy procured through external suppliers (Scope2[4]).



1. Brussels 100%
2. Neckarsulm 65%
3. Ingolstadt 70% (including Münchsmünster and Neuburg)
4. Győr 100%
5. San José Chiapa 80%

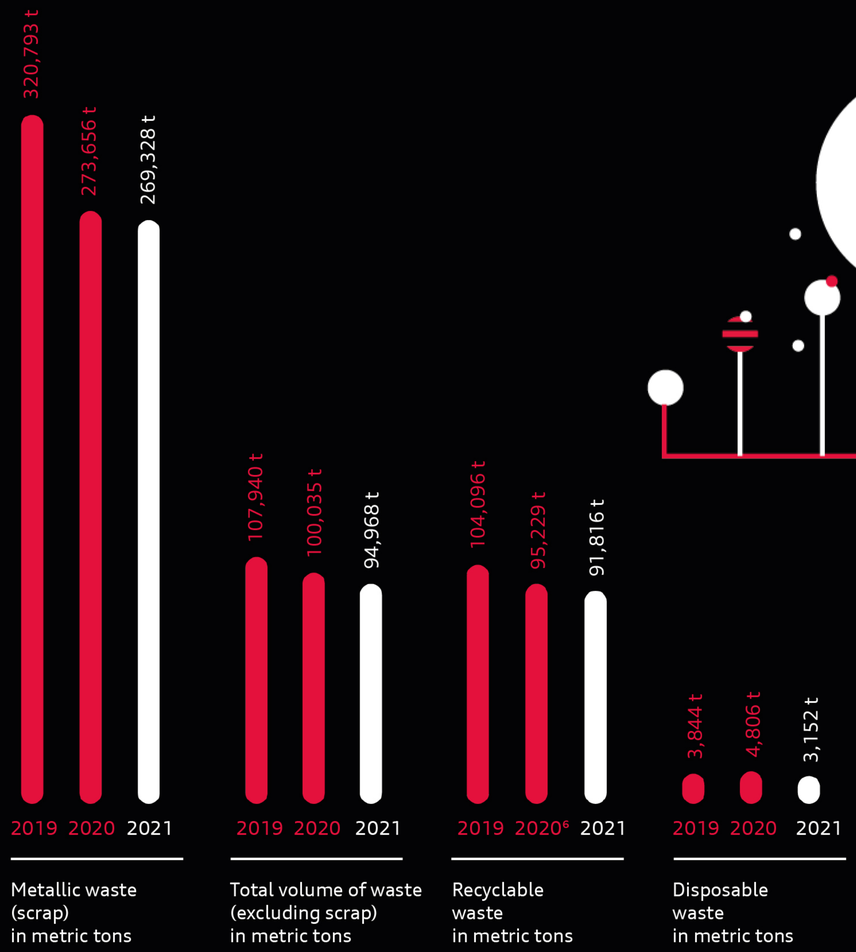
[1] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.

[2] The reported figures establish the amount of CO_2 emissions already saved at the sites through the use of renewable and low CO_2 energy sources in relation to theoretical maximum CO_2 emissions based on an energy supply that relies solely on fossil energy sources.

[3] Scope 1: 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. These emissions account for a significant portion of Scope 1 according to GHG Protocol.
[4] Scope 2: Indirect CO_2 emissions. This figure measures the CO_2 emissions generated during the production of purchased energy (electricity, heating, cooling). They account for a significant portion of Scope 2 according to GHG Protocol.
[5] The energy intensity indicated refers to automotive production (including component manufacturing). This is calculated by dividing the overall energy consumption of car and component plants by the number of cars built at the sites.

Less waste per vehicle

As part of the continuous improvement of processes, new recycling options have been identified for “disposable waste.” Audi has thus succeeded in reducing the volume of waste per vehicle. In the year under review, the Group produced a total of 94,968 metric tons of waste – excluding “metallic waste (scrap).” As much as 96.68 percent of this was recyclable. In relation to the “recycling of hazardous waste” – 38,829 metric tons in 2021 (2020: 42,188 metric tons) – Audi is aware of the various framework conditions and local statutory requirements and complies with them. No major discharges of chemicals, oils or wastes to the environment occurred during the reporting period.



[6] The figures for non-production-specific recyclable waste reported for 2020 have been adjusted to reflect subsequent reports of excavated soil and construction site waste at the Brussels site.
[7] Audi plants: Ingolstadt and Neckarsulm (Germany), Brussels (Belgium), Győr (Hungary), San José Chiapa (Mexico).

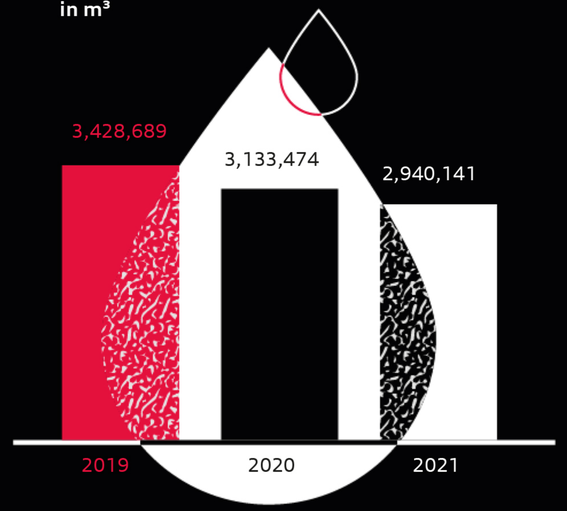
Illustrations: C3 Visual lab

56 parameters

Keeping nature intact

Biodiversity is one of the four action areas of the cross-site Audi environmental program Mission:Zero (see page 94). To help preserve biodiversity, Audi is implementing projects at all its locations to counteract the loss of flora and fauna. Biodiversity projects designed to create open spaces in harmony with nature make Audi’s commitment to this issue quite literally visible – and it is now also measurable thanks to a biodiversity index, whose Group-wide development was driven forward by Audi in 2021. The index covers 56 parameters – for example, wildflower strips of native plants, the number of native species (flora and fauna) and training activities for employees – and is calculated at five Audi production sites.[7] The advantage: It is easier to track progress and compare plants – plus separate projects can be merged into something bigger with more of an impact.

Fresh water consumption in the Audi Group in m³



Precious water

Careful use of resources such as water is an important goal of the Audi environmental program Mission:Zero. In 2021, the Audi Group further reduced its water consumption significantly in comparison with the previous year. Notable measures include the use of purified water during the painting process at the Mexico site as well as optimized water recirculation at other Audi production sites.

Fast, recycled assistance: Employees at the Neckarsulm site use more than 160 different assembly tools created by the 3D printer. The raw material for them is sourced from plastic waste generated during production.

The Audi code for sustainability

From BattMAN ReLife to 3D scanning: Audi uses a variety of innovative digital solutions to optimize efficiency and environmental protection in production. Below are four examples.

Text: Benjamin Doerfel

Photo: AUDI AG

This mission is well under way: Audi has set itself the ambitious goal of being net carbon-neutral[1] throughout the company by 2050. For this purpose, the company launched Mission:Zero, the production division's environmental program that has advanced decarbonization in this area considerably. The plants in Győr (Hungary) and Brussels are already net carbon-neutral,[1] as is production of the Audi e-tron GT quattro[2] at the Böllinger Höfe site in Neckarsulm. Audi aims to achieve this at all its production sites by 2025. Digitalizing production is a key lever on the challenging path of Mission:Zero with its sustainability goals of decarbonization, resource efficiency, water usage and biodiversity. Efficient systems and innovative high-tech solutions are the cornerstones of fully connected, digitalized and sustainable production. Four examples show that efficiency and sustainability in production complement each other perfectly thanks to digitalized processes.

[1] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.
[2] Audi e-tron GT quattro: combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC), 21.8–19.9 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.

Turning waste into something new

The idea is as simple as it is effective: In a pilot project in Neckarsulm, Audi employees are currently producing assembly tools themselves from plastic waste – with the help of 3D printers. For this purpose, packaging used to protect fragile components, such as loudspeakers or sensors, is collected and sorted by type. With the help of special equipment, these plastic blisters are shredded into granules and dried. A filament maker heats the granules to temperatures as high as 450 degrees Celsius and then presses them into plastic filaments. These are the source material for the 3D printers, which subsequently create production tools from them. In this way, employees not only get tools that are tailored precisely to the task at hand; they also receive them more quickly and sustainably than assembly tools that are manufactured externally and from plastic that has not been recycled. Among the tools are pressing aids, which are a kind of extended finger that makes it easier for production workers to attach clips to the car body, or assembly tools that can be used to accurately fit the four Audi rings to the rear of the car, for example. The 3D printing experts at the site have also developed their own software that can cut the design time for assembly equipment by up to 80 percent.

By using augmented reality, Audi increases efficiency and protects the environment in logistics planning.

Working sustainably in virtual space

Digital, connected working with significantly fewer business trips – 3D scans make this a reality. Moreover, virtual planning makes processes more efficient and sustainable. The Audi e-tron GT quattro,[2] for example, is the first Audi model for which the assembly procedures and associated logistics processes were tested exclusively virtually and without any physical prototypes. With the help of virtual reality (VR), every work step and every action were simulated in advance in digital space. This kind of virtual planning is now used throughout the Group and provides for completely new work processes – and not just during the coronavirus pandemic. To ensure that everything runs smoothly in the factory later on, the production facility in question must be reproduced accurately and to scale. Using special hardware and software, the 3D scans create a virtual reproduction, including all equipment, tools and shelves. The 300,000 square meters of production space at the Neckarsulm site, where the Audi e-tron GT quattro[2] is manufactured, have already been digitalized for this.

Thanks to the VR solution Audi has developed, employees from all over the world can meet in virtual environments, work collaboratively and optimize the later production processes at an early stage. Virtual planning is particularly sustainable because it saves not only time, but also materials by reducing the number of expensive prototypes. It also cuts carbon emissions by eliminating the need for business trips.

In the future, parts from the 3D printer will also allow individual elements to be physically tested in virtual space.

Overspray-free painting allows Audi to apply two different colors in the same painting process. Here, the roof of a car is being painted black.

Resource-saving paintwork

Saving costs and time while also protecting the environment – Audi achieves all this with overspray-free painting (OFP). This means that two different colors are applied in the same painting process – first the entire body in the customer's preferred color, then the roof in black. Until now, two-color paint finishes have inevitably involved two painting processes, with masking-off beforehand.

OFP technology revolutionizes this time-consuming and material-intensive process. A robot-controlled high-precision instrument measures the laser-brazed seam between the car's roof and side panel frame. An applicator then applies a black paint that was specially developed for this method to the roof – with millimeter precision and without spray mist. The precise alignment of the fine strips of black paint creates a clearly defined contrast to the rest of the car – all in one painting line and in a single painting process. OFP technology not only reduces the amount of paint used; it also eliminates the need for masking material. This enables Audi to save resources and to offer its customers a further customization option through a contrasting paint finish. The paint shop in particular show how important the use of state-of-the-art technologies is for resource-friendly production. Audi requires much less material simply because of improved application techniques that reduce the thickness of the individual paint coats by micrometers. Considering the production of the raw materials, this also saves energy and emissions in the supply and disposal chain – so using less paint benefits the environment in a number of ways.

[2] Audi e-tron GT quattro: combined electric power consumption in kWh/100 km: 19.6–18.8 (NEDC), 21.8–19.9 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.

Photos: AUDI AG

Photo: AUDI AG

UN Sustainable Development Goals

The activities of Audi contribute to these SDGs

Audi is working to create a resilient infrastructure, promote sustainable industrialization and support innovation.

Through its sustainable production, Audi also fosters sustainable consumption. Resource and energy efficiency are two key elements in this context.

BattMAN ReLife breathes new life into batteries

This BattMAN may not save human lives as a superhero, but it can give a second life to used high-voltage batteries. For Audi, environmental protection and resource conservation do not end with the delivery of the vehicles – recycling allows high-voltage batteries to be used again in a wide variety of applications.

The BattMAN (Battery Monitoring Analysis Necessity) ReLife analysis software developed by Audi Brussels in collaboration with recycling experts at Volkswagen Group Components examines the condition of high-voltage batteries in a matter of minutes.

This quick check is utilized at the battery recycling pilot plant that Volkswagen Group Components has been operating in Salzgitter since early 2021. Depending on the capacity that the test system determines, there are three possible scenarios for a battery:

Robin Krause,
Business unit steering of battery development for the area of Recycling and Second Life

1. Remanufacturing: Due to its good to very good condition, the battery can be remanufactured and then used as a replacement part in an electric vehicle.

2. Second life: Due to its fair to good condition, the battery can have a second life outside an electric vehicle for many years to come, for example as stationary storage in a fast-charging station such as an Audi Charging Hub.

3. Efficient recycling: Batteries and battery modules that have really reached the end of their useful life are carefully broken down by mechanical processes, yielding individual fractions such as aluminum, copper, plastics and “black powder” for recycling. The “black powder” contains graphite and valuable battery raw materials like lithium, nickel, manganese and graphite, which can be separated by hydrometallurgical processes and then reprocessed.

The test procedure using BattMAN ReLife software enables Audi to return high-voltage batteries to the reusable materials cycle and conserve resources. Recycling helps ensure future supplies for cell production. After all, recycled battery raw materials are just as efficient as new ones.

[1] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.

Mission:Zero – less is more

With its clear commitment to the Paris Climate Agreement, Audi has pledged to actively promote an environment worth living in and to build a sustainable future. Numerous measures along the value chain contribute to the AUDI AG vision of achieving net carbon neutrality[1] throughout the company by 2050.

Climate change, water shortage, dwindling resources and the loss of biological diversity concern everybody and are among the greatest challenges today. Mission:Zero is the cross-site environmental program at Audi. It bundles all the measures to reduce the ecological footprint in Production and Logistics with the central goal of making all Audi production locations worldwide net carbon-neutral[1] by 2025.

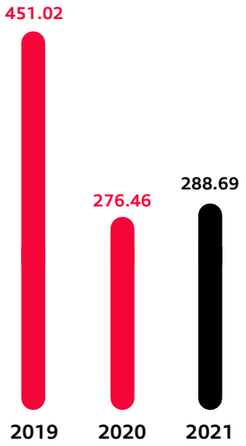
→ More information on **Mission:Zero** is available online at: www.audi.com

Emissions per vehicle

Intensity of greenhouse gas emissions (Scope 1[5,7] and Scope 2[6,7]) in kg CO_2/vehicle

Despite the successful implementation of further CO_2-reducing measures at the sites, such as procuring 100 percent eco-electricity at the external locations of the Ingolstadt site or using biogas for the combined heat and power plant (CHP) at the Böllinger Höfe site in Neckarsulm, total CO_2 emissions per vehicle (in kg) have risen slightly. Among the main reasons for this were a weather-induced increase in the amount of natural gas purchased, the effects of the coronavirus pandemic and downscaled production with irregular production days as a result of supply shortages (higher base load). The intensity quotient – the intensity of greenhouse gas emissions related to automotive production including component manufacture – amounted to 288.69 kg CO_2 per vehicle in the year under review.

Emissions
Automotive segment
(including components)
in kg/vehicle



Further environmental key figures can be found in the Appendix on page 119ff.

[5] Scope 1: 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. These emissions account for a significant portion of Scope 1.
[6] Scope 2: Indirect CO_2 emissions. This figure measures the CO_2 emissions generated during the production of purchased energy (electricity, heating, cooling). They account for a significant portion of Scope 2 according to GHG Protocol.
[7] The process of selecting relevant emissions and the emission factors used are anchored in Volkswagen standard 98000 (→ see "Environmental management" text on the right), as is the entire key figure collection process. Generally, Audi uses the real emission factors of the energy suppliers. If this is not possible, calculations are conducted on the basis of the VDA's standard factors.

Environmental management at Audi

Audi carefully analyzes environmental aspects in its worldwide manufacturing network – with the vision of building its cars in net carbon-neutral plants[1] 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.

The Audi production sites in Germany and abroad have management systems accredited according to DIN EN ISO 14001[3] or DIN EN ISO 50001.[4] The European sites, in particular, are validated additionally in accordance with the EMAS, the premium standard of the European Union. It requires that the sites in question demonstrate the sustained improvement of their environmental performance to specially accredited environmental experts. Compliance with legal requirements is the starting point for this.
The Board of Management defines the environmental and energy policy, which is binding for the entire company. Its requirements are reviewed periodically and amended as necessary.

The environmental and energy policy 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 main point of 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 respective environmental protection officer.

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.

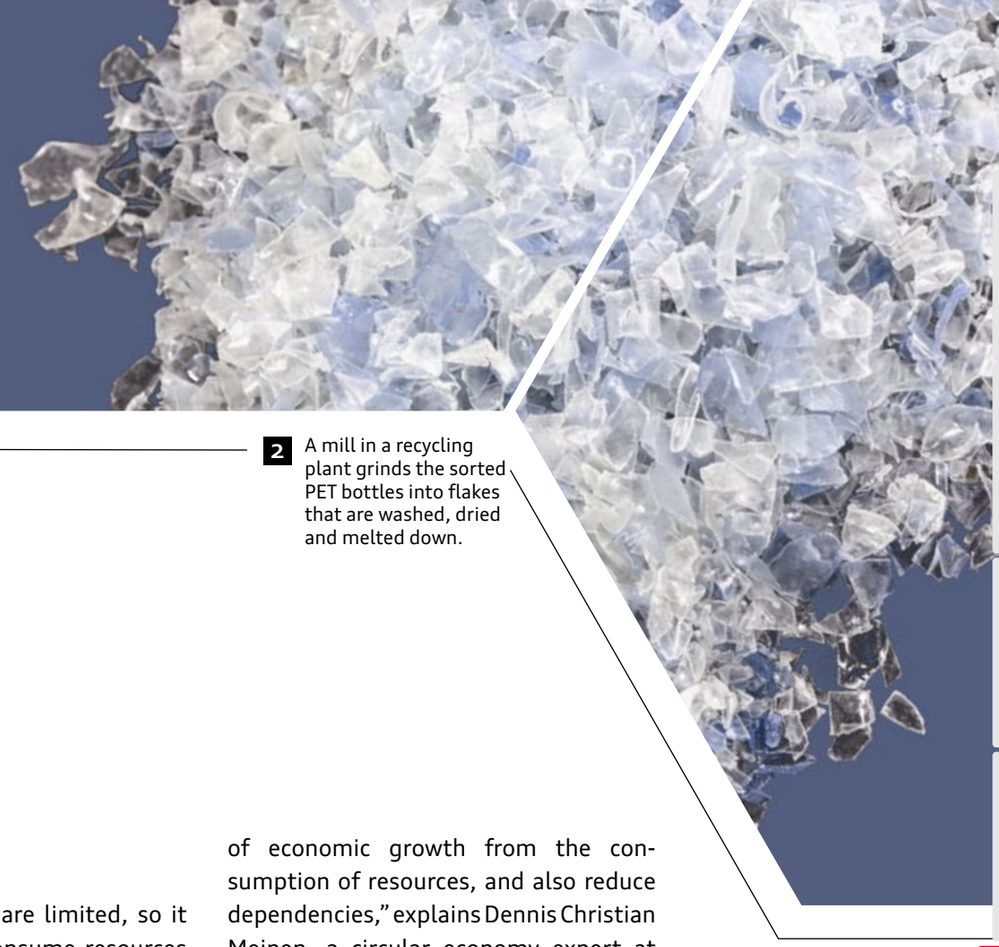
The figures may contain estimates if, for example, they are based on statements from energy suppliers that were not available when data was collected. If significant deviations between the actual values and the reported data are identified in the following year, the data is updated. The individual key figures for 2020 were updated in this report using the actual values for 2020.

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), 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, Munchsmunster, Neckarsulm, Brussels, Győr, and Sant'Agata Bolognese sites; including San Jose Chiapa) is also shown separately for better comprehensibility.

[1] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.
[3] ISO 14001: Ingolstadt, Neckarsulm, Győr, Brussels, San José Chiapa, Sant'Agata Bolognese and São José dos Pinhais sites.
[4] ISO 50001: Ingolstadt, Neckarsulm, Győr, Brussels, San José Chiapa and Sant'Agata Bolognese sites.

1 Consumers already know jewelry and bags made from PET bottles. For the first time, Audi is now offering seat upholstery made of recycled material for the new A3, for example.



2 A mill in a recycling plant grinds the sorted PET bottles into flakes that are washed, dried and melted down.

Audi is pursuing the vision of a circular economy

From product design and purchasing to production and marketing and all the way to reuse and recycling: Audi is evaluating and following a number of different approaches for implementing closed cycles in the automotive value chain.

Text: Manfred Dittenhofer and Sven Schulte-Rummel

Photos: AUDI AG, Shutterstock

The earth's resources are limited, so it is important not to consume resources faster than they can be regenerated or reproduced each year by the earth and its ecosystems. Sustainable operations are therefore at the core of the Audi strategy.

One approach from the perspective of AUDI AG is to close material loops in the sense of creating a circular economy and to focus consistently on using progressive technology to start shaping tomorrow's world today.

"Efficient use of resources is essential, especially considering the transformation toward electric mobility. Closed material loops enable the decoupling of economic growth from the consumption of resources, and also reduce dependencies," explains Dennis Christian Meinen, a circular economy expert at Audi. A circular economy strives to preserve the value of the product and the materials for as long as possible and to avoid downcycling.

Considering the entire value chain

The full potential of the circular economy can only be exploited if the entire and very complex automotive value chain – which extends from development and material procurement to production and sales and all the way to utilization and recovery – is considered and, to a certain degree, rethought. According to Meinen: "At Audi we want to find sustainable business models that

Already established: Aluminum Closed Loop reduces the consumption of fresh resources in car manufacturing

Audi began its groundbreaking work with the use of aluminum as a body material back in 1994: The first generation of the Audi A8 was the first series-production sedan to have an all-aluminum body. The material has been used in increasingly more model lines for over 25 years. The production of aluminum is especially energy-intensive, so ensuring that it is used as efficiently as possible is self-evident for Audi.

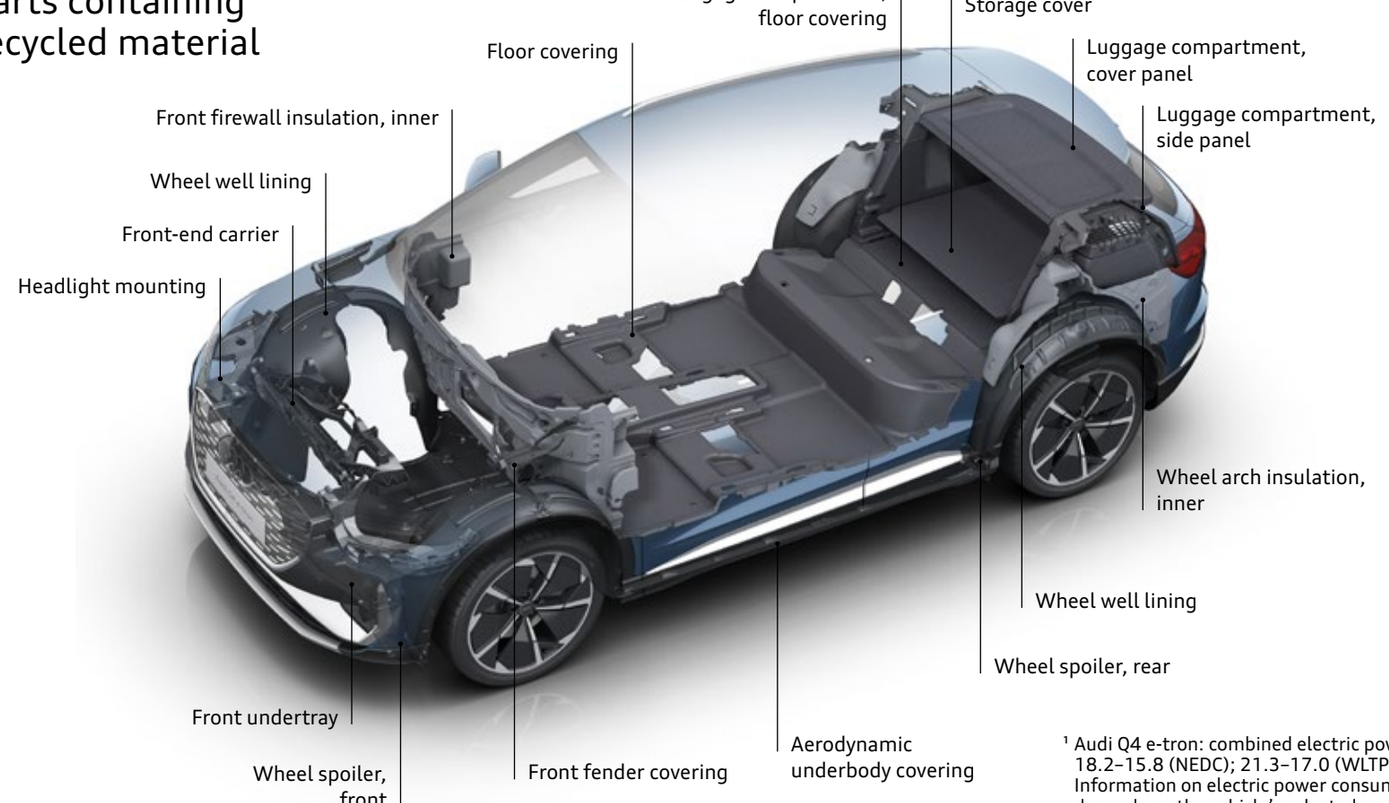
Today, Audi and its suppliers are able to recycle aluminum offcuts into materials with the same quality as new ones, eliminating a large proportion of the energy-intensive production of new aluminum. In this way, a net total of more than 195,000 metric tons of CO_2 (2020: 165,000; 2019: 150,000) were avoided in 2021. And Audi is aiming to further increase the proportion of secondary material, with the aluminum recovered being fed back into the recycling loop for use in the press shop.

can be implemented to the ultimate benefit of all stakeholders." As early as 2017, for example, Audi launched an Aluminum Closed Loop in vehicle production, demonstrating just how effective a circular economy can be (see box on left).

With a view to bundling the ongoing activities in the company and increasing the spotlight on the topic, Audi established a project house in August 2021 with experts from all of the divisions working together to find solutions – in exchange with external partners, too.
"We cannot achieve the transformation single-handedly," says Dennis Christian Meinen, considering the complex value chain. "We are working hand in hand with partner companies and research

3 Jets then form endlessly long ropes of plastic from the mass. After they have cooled, a machine shreds the plastic ropes into small pieces. This results in a granulate – also known as recyclate – that can be processed into threads through extrusion.

Audi Q4 e-tron[1]
Parts containing recycled material



[1] Audi Q4 e-tron: combined electric power consumption in kWh/100 km: 18.2–15.8 (NEDC); 21.3–17.0 (WLTP), combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.

Photos: AUDI AG

4 These threads are then used to produce fabrics that have the same haptic and optical quality standards as classic textile upholstery.

organizations in the project house to take decisive steps toward a circular vehicle. The key signals are laid as early as the product design and not simply when individual parts arrive at the plant gates or even at the recycling stage."

Keeping recycling in mind right from the outset

Who gives any thought to recycling an Audi at the first glimpse of a new one? Audi does! Aspects such as reuse and recyclability are considered as early as the development stage of a vehicle – and thus years before the first series-production vehicle leaves the plant. Statutory requirements create the framework for this planning.[2]

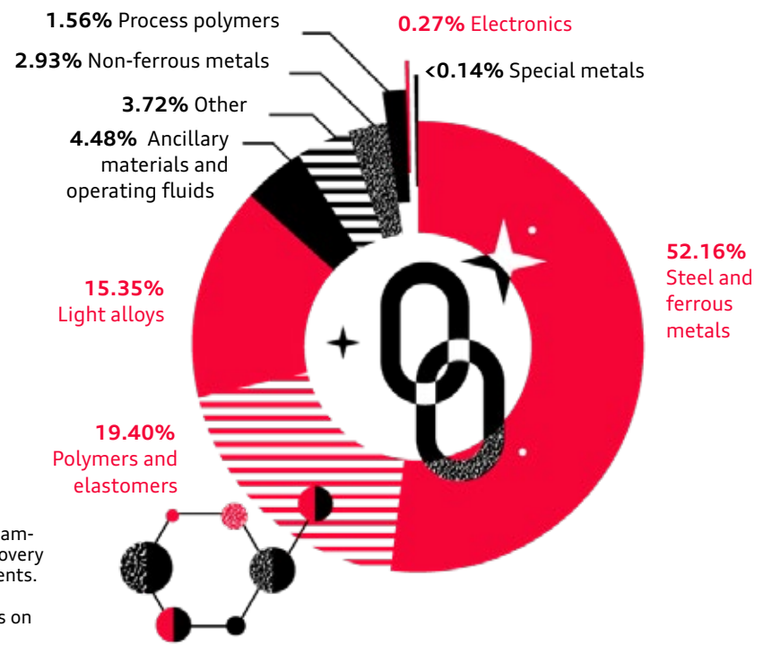
Each part has to be considered individually when the vehicle reaches its end of life in terms of deciding what further action to take. Initially, of course, the goal should be to reuse or repair. For instance, transmissions can be reconditioned and resold for reuse, while lithium-ion batteries from electric vehicles can start a new life as energy storage devices when they no longer meet the exacting requirements for use in a vehicle.

Using recyclates in new vehicles

Processed plastics derived from a recycling process, otherwise known as recyclates, are being used in more and more vehicles as a contribution to resource conservation. The goal is not just to reduce carbon emissions, but also to use resources efficiently.

The Audi Q4 e-tron[1] electric SUV has more than two dozen parts that contain a proportion of recycled material (see infographic on previous page). The material from which these parts are manufactured comes from sources such as industrial production waste and is also used to produce components like the front-end carrier – a part that has to meet particularly high mechanical demands. What is more, a significant proportion of the headlight mounts, wheel well liners, fender covers, floor covering and the wheel spoilers is made from secondary raw materials.

Volume of raw materials processed by Audi in 2021



Plastics from mechanical processing in automotive engineering

Some 250 kilograms of plastic parts are used on average today in an Audi. The plastics used in vehicle engineering are identified by embossings, for example. After they have been shredded and separated from other materials, plastic parts can be converted into synthetic granulate again in a further process.

However, this mechanical recycling of plastic usually reaches its limits when mixed plastic waste is processed and different adhesives and fillers (e.g. glass fibers) or lacquers are used. In addition, the quality of the plastics decreases with each mechanical processing step, to the extent that they can generally no longer be used in vehicle construction and especially not for safety-relevant parts.

Audi's "Chemical recycling of plastics in automotive engineering" pilot project targeted the creation of smart circular systems for plastics and the establishment of this method as a complement to mechanical recycling and to replace energy recovery.

[2] There are clear laws on the socially important topic of recycling: The German End-of-Life Vehicle Ordinance, for example, requires since 2015 that, of the average net weight of a vehicle, at least 95 percent be subject to reuse or recovery relative to the total number of end-of-life vehicles in a given year. Audi naturally fulfills these statutory requirements.
[1] Audi Q4 e-tron: combined electric power consumption: 18.2–15.8 kWh/100 km (NEDC); 21.3–17.0 kWh/100 km (WLTP), combined CO_2: 0 g/km. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle's selected equipment.

Photos: AUDI AG, Illustration: C3 Visual Lab

5 There are various upholstery designs for the Audi A3 that contain up to 89 percent recycled material.

Chemical recycling of plastics

Can the concept of the Aluminum Closed Loop (page 97) also work with other materials and with a view to recycling vehicles? This is a challenge especially in terms of mixed plastic waste that cannot be sorted by type – but one that Audi is ready to embrace. Chemical recycling offers very promising results and can contribute to more sustainable production. Audi is working with partner companies from research and industry on this method and successfully completed a pilot project in 2021.

The process is extremely complex, involving collecting, shredding and heating various plastics, which can also contain foreign substances and lacquers. Using pyrolysis technology – a thermochemical conversion process in which the bonds within the molecules are broken down at high temperatures – pyrolysis oil is produced at a temperature of 500 degrees Celsius, while a large proportion of the other substances settle at the bottom as solid matter. Combustion is prevented by extracting oxygen. The pyrolysis oil can then be used to produce plastic components with the same product high quality as new products. This recycled plastic can even be used for safety-relevant parts.

Smart circular systems reduce the use of resources

The chemical recycling of plastic offers enormous potential to significantly increase the number of sustainably produced automobile components. What is more, when used to produce parts, the process should help reduce CO_2 emissions in comparison with the energy recovery[3] of plastics. The use of pyrolysis oil is a good example of how the use of resources – in this case crude oil – and the ecological footprint can be reduced while maintaining the same product quality and safety.

The “Chemical recycling of plastics in automotive engineering” pilot project targeted the creation of smart circular systems for plastics and the establishment of this method as a complement to mechanical recycling and replacement of energy recovery.[3] Not only was the project a success, but so too was the manner in which Audi supported and drove forward the project: with overarching cooperation between science and industry.

[3] If waste can no longer be used for materials recycling, then energy recovery is a further option. In this context, for example, waste can be incinerated in a waste incineration plant and used as energy – in the form of heat and/or electricity.

UN Sustainable Development Goals

SDGs in the spotlight: how Audi is driving sustainable change

Audi promotes sustainable industrialization and drives innovations forward.

The aim is to use natural resources sustainably and efficiently and to avoid or recycle waste.

The battle against climate change must be pursued at a global level. Audi is involved in this effort through numerous measures.

Employees & Society

The way forward: Over 85,000 Audi employees worldwide are working successfully on the mobility of tomorrow.

Audi practices social responsibility and solidarity within and outside the factory gates, assuming responsibility for both employees and society. In the process, the company keeps its eye on many different facets – all of which focus on the individual.

Photo: Stocksy

More than a job

You can only generate enthusiasm in other people if you are enthusiastic yourself. This is why Audi makes sure it offers attractive working conditions. Important facts and figures about working at the Four Rings.

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 of its employees, while also promoting their physical and mental performance.Accident frequency in the Audi brand group[3] in 2021 was 4.6[1] (2020: 6.2[3]). The attendance rate at AUDI AG in 2021 was 95.4 percent[2,4,5] and therefore at exactly the same level as in the previous year.

Developing and nurturing competences:

A transformation calls for new key competences, since competence and qualification needs change. The Audi Akademie pools all training activities at Audi – from vocational training to advanced training and competence development – and thus helps to secure Audi's competence lead in collaboration with the various departments. Up to 2025, AUDI AG is providing a training and development budget of as much as 500 million euros. As well as this, there is an additional budget of 100 million euros for customer training measures. In 2021, a total of 57,982[6] (2020: 53,029) employees of AUDI AG in Germany participated in one of 7,862[6] (2020: 7,291) training measures. They completed a total of 518,918[6] (2020: 532,832) hours.

Self-determined work:

Audi creates leeway for various different life phases to take account of employees' needs. This also includes modern working time models for employees. At the end of 2021, 4,373[1] (2020: 4,327) employees had a part-time contract at AUDI AG.

The Audi Group workforce

comprised 85,750[2,4] people in 2021, slightly fewer than in the previous year (87,996). The proportion of women increased in 2021 to 15.4 percent[1,4] (2020: 15.2).

Audi is strengthening the work-life balance:
Employees can for instance work part-time or take care-giver 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 makes it easier for them to resume their careers. In 2021, a total of 3,729[1] (2020: 3,788) employees of AUDI AG took parental leave, of whom 1,648 (2020: 1,598) were female and 2,081 (2020: 2,190) male. On average, employees took 10 months of parental leave, as in the previous year.

More figures on the Audi workforce can be found in the appendix on page 122ff.

[1] As of December 31 of the year under review.
[2] Average for the year.
[3] The key figure for accident frequency states the number of accidents that result in at least one day's absence from work per million hours worked. This key figure is reported for the Audi brand group from 2021. The Audi brand group includes all vehicle-producing companies excluding Lamborghini and Ducati, which are reported separately (see page 122ff.). The key figures for 2019 and 2020 relate exclusively to AUDI AG.
[4] Excluding apprentices.
[5] The attendance rate is calculated using the formula 100 – (sick days/payment-relevant days) * 100.
[6] Live online or face-to-face training, excluding web-based training.

Illustrations: C3 Visual Lab

In the middle of the transformation

Electric, digital, automated: Technical Development is playing a key role in the rapid transformation of Audi. And it has powerful answers: continuous development rather than cyclical thinking. Design from the inside out. A new culture of leadership and collaboration. And last but not least: extensive training measures.

Text: Klaus Werle

If Jan Michel were to sum up the unpredictability of our time in words, the doctor of physics would need just four letters: VUCA. This abbreviation stands for volatility, uncertainty, complexity, ambiguity. Michel has been Chief Transition Architect for Technical Development at Audi since June 2020. In lectures, articles and talks, he emphasizes the one thing that is absolutely certain in this VUCA world: Everything changes.

This is an abstract insight, but also the everyday reality of the employees in Technical Development. Take Markus Zimmermann, for instance, who studied automotive and engine engineering in Stuttgart. His first job brought him to Audi as a developer in 2012, where he worked on component development for internal combustion engines. “V8, V10, those large-volume engines were really very appealing,” says the 37-year-old. “But as soon as I started at Audi, I knew I wouldn’t spend my life working on combustion engines.” Today, his main focus is on the electrical components of hybrid models.

From combustion engine to electric motor, from mechanical to digital

Today, society has an entirely new view of mobility. Sales in the sector will shift – from the combustion engine to electric drive, from hardware to software solutions. “The future of mobility is fully electric, connected, highly digital and, above all, seamlessly integrated into our customers’ lives. To this end, we have adopted completely new ways of thinking and working in Technical Development,” says Oliver Hoffmann, Audi Board Member for Development since March 2021.

The goal is clear: a comprehensive and seamless ecosystem for electric and automated cars. This requires an efficient approach to developing internal combustion engines that will be phased out and electric vehicles that are being ramped up – as well as a distinctive Audi DNA for future products. Oliver Hoffmann: “We want to describe the basic genetics of our products very clearly: What will an Audi vehicle of the future look like? How will it drive and what will it feel like?” The automotive industry is in

Photo: AUDI AG

Once a developer of large-volume engines, he now works on electric drives and batteries: automotive and engine engineer Markus Zimmermann.

UN Sustainable Development Goals

SDGs in the spotlight: how Audi is driving sustainable change

Goals are inclusive, equal and high-quality education as well as opportunities for lifelong learning.

It is essential to seize the opportunities of a fair digital and ecological transformation in order to promote sustainable economic growth.

one of the most challenging and exciting decades in its history. Technical Development plays a central role in this – it is in the process of making fundamental changes. And it has powerful answers: ambitious goals, a passion for technology and a spirited cultural transformation.

Goals: What do we want to achieve?

"The fact that the future is electric," says Zimmermann, "has been obvious for some time." He already wrote about the thermal management of batteries back at university in his thesis. Nowadays, nearly all manufacturers are pursuing the strategy that cars should merely purr gently in the future rather than roar loudly. From 2026, Audi will only introduce new models with electric drive onto the market – in line with the corporate strategy "Vorsprung 2030" (see also page 19).
Even more important than electric, however, is connectivity, the "software readiness" of all elements. "The car of the future is becoming a mobile device," says Michel, driven by a revolution in user behavior: What was once a quick and convenient means of getting from A to B is soon to be transformed into an office or movie theater or shopping mall. All the more so with the advent of automated driving. In the future, when customers can relinquish the actual task of driving at times, it will be the design and features of the interior that serve as the main selling points.

Designed from the inside out

Technical Development is prepared for this: Instead of first designing the exterior, cars in the future will be conceived from the inside out. The interior is set to become a living environment for customers, thus dominating the entire design process. Take lighting, for example: "We are moving away from pure displays and toward communication,"

"Whether you work in Technical Development or any other division of the company – systems engineering concerns everyone."

Jan Michel
Chief Transition Architect for
Technical Development

"We all have to be more flexible, more adaptable and more cooperative. The core elements of our culture are willingness, perseverance and the determination to travel new paths."

Anna Gutzmann
Project Manager for
Communication and Culture

explains Dietmar Scherer, Head of Strategy in Technical Development. To keep abreast of the customer's needs and of technological advances, Technical Development is focusing its work on a new guiding principle: continuous development rather than cyclical thinking. Instead of working toward individual milestones such as the start of production, the division acts like a tech company: The development of a model is never completed. Instead, it is continually improved and kept up to date – with software updates, for example. All with the high quality and safety standards of the Audi brand.

Matrix structure instead of functional silos

Another core principle is systems engineering. Whereas engineers formerly thought primarily in terms of parts, vehicles are now broken down into systems that are geared to the relevant software solutions. For example, while turn signals were once developed as a separate part, they now belong to the parking system, in which an abundance of functions such as sensors, steering and the turn signals must interact with each other. "Anyone who has not understood and internalized systems engineering will have trouble in our industry in the coming years. Whether you work in Technical Development or any other division of the company – systems engineering concerns everyone," explains Jan Michel.
A formula was devised in September 2020 to breathe life into systems engineering, and it still applies: "The project leads, the line implements." In other words, The product line structure that is responsible for the vehicle projects determines the "what" and "when" of products, while Technical Development is responsible for the "who" and "how." Chef engineers, whose position was newly created, are the connecting thread, taking responsibility for the technical content and allocating the budgets.

"The future of mobility is fully electric, connected, highly digital and, above all, seamlessly integrated into our customers' lives. To this end, we have adopted completely new ways of thinking and working in Technical Development."

Oliver Hoffmann
Member of the Board of Management of AUDI AG,
Technical Development

Using and building on available knowledge

If cars are changing, the people who develop them must be able to do different things. "We want to make sure that nobody gets left behind during the transformation. We place great emphasis on professional development," explains Technical Development strategist Dietmar Scherer. Reorientation is often closer than you think. At the end of 2019, for example, battery development in Ingolstadt was in need of support – and according to Zimmermann: "I was instantly able to offer my knowledge, for example in the field of vehicle tests, but I also learned a lot," he says. Zimmermann is meanwhile responsible

for battery modules in plug-in hybrids such as the Audi Q7[1] or Audi Q8.[2] His task is to ensure that the batteries comply with the requirements and safety regulations outlined in the specifications.

Thousands of training courses for the future

The company offers numerous training measures, focusing on the transformation and the skills that employees will need in the future. “That is why we are investing in our employees. We have allocated a training and development budget of as much as 500 million euros up until 2025,” says Sabine Maassen, Board Member for Human Resources, “and are investing an additional 100 million euros in the transformation budget. This allows us to drive the personnel transformation from within and rely on our own workforce. These training programs play a particularly important role in Technical Development.”

In 2021 alone, around 6,000 participants from Technical Development took part in transformation-related training programs – from software development and data analytics to electric drives and charging technology to system and function development and systems engineering. Many other of the some 10,500 employees in Technical Development will receive the necessary training in the coming years – at the TH Ingolstadt, Heilbronn University of Applied Sciences or the Technical University of Munich, TÜV Süd, in the division and Group academies and at the Neckarsulm site, which is being expanded into a center of competence for electric mobility and high-voltage batteries.

Since 2018, about 500 Technical Development employees have already pursued further training in four existing university programs. For instance, Zimmermann and 20 co-workers in his new department completed a customized program at the TH Ingolstadt on battery development and management, safety issues and competition analysis – in a total of eight lectures plus a final exam.

Common to all measures is: “We know we have ambitious goals. But we are proceeding thoughtfully to achieve them and making sure we involve our employees early on,” says Edith Öchsner, Head of Resource and Process Management in Technical Development. An engine specialist is obviously not going to become a hardcore coder overnight – but why shouldn’t chassis experts expand their knowledge to include electric drives? “A basic understanding of technical development and the processes in the company is crucial,” says Zimmermann, “then new contents can be adapted quickly.”

“We are investing in our employees. We have allocated a training and development budget of as much as 500 million euros up until 2025.”

Sabine Maassen
Member of the Board of Management of AUDI AG, Human Resources and Organization

“We make sure we involve our employees early on.”

Edith Öchsner
Head of Resource and Process Management, Technical Development

“We want to make sure that nobody gets left behind because of the transformation. We place great emphasis on professional development.”

Dietmar Scherer
Head of Strategy in Technical Development

Transformation works only if employees are enthusiastic, motivated and courageous

New technology, new collaboration, new qualifications – this is an enormous undertaking that will prepare Technical Development for the challenges of the future. One thing is certain: Transformation primarily begins in the mind. It is about inspiring employees, getting them on board and motivating them to actively help shape the change. After all: “We all have to be more flexible, more adaptable and more cooperative,” says Anna Gutzmann, Project Manager for Communication and Culture. That starts with management: Top down was yesterday – today’s matrix is about reaching consensus and pursuing shared goals.

This is mirrored in a new understanding of technology: “We don’t just think about improving cars. We want to make our customers’ lives better and more simple,” says Hoffmann. Ultimately technology is not an end in itself; it needs to be what Audi refers to as “meaningful technology.” Success in development is therefore no longer measured by individual features, but by the overall customer experience.

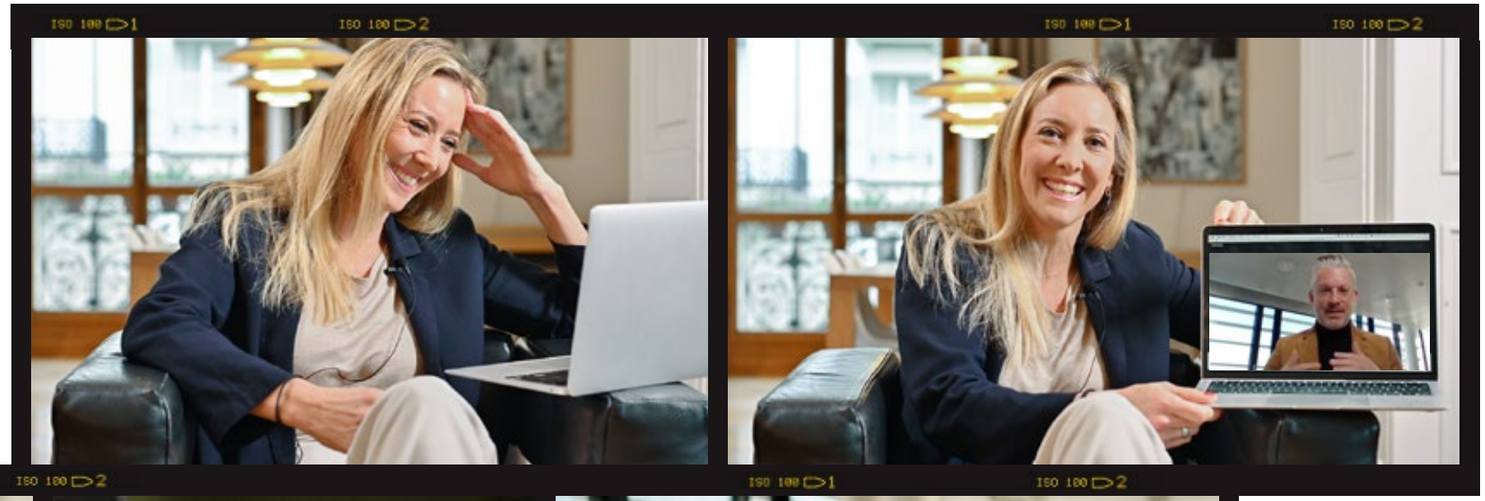
Keeping an open mind

And finally, the values. Success in the VUCA world is achieved by team players, not lone warriors. By open-mindedness rather than stubborn insistence. “The core elements of our culture are willingness, perseverance and the determination to travel new paths,” says Gutzmann.

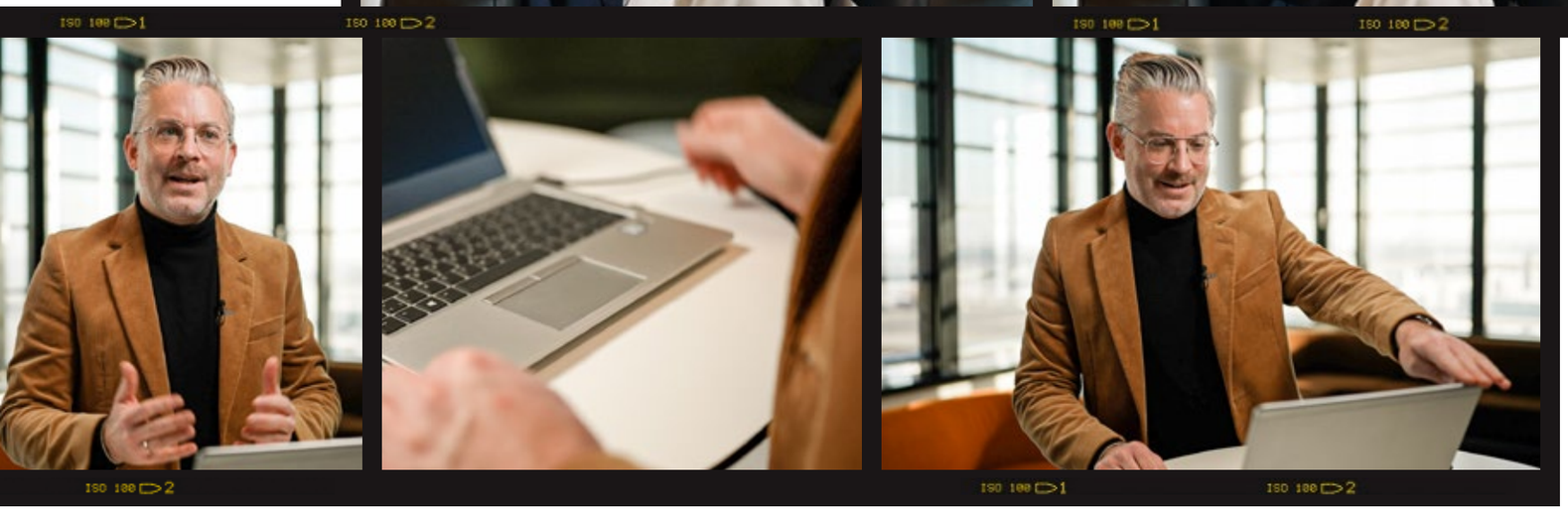
Markus Zimmermann already knows how fulfilling it can be to break new ground. “I didn’t have the sense with the combustion engine that I could contribute anything else fundamentally new.” In comparison, batteries are parts that leave many questions unanswered: “Here I have the opportunity to do genuine pioneer work.” True to the motto of Technical Development: “Our best time is yet to come.” The transformation has only just begun. Change is now day-to-day business.

[1] Audi Q7 TFSI e: combined fuel/electric power consumption in l/100 km / kWh/100 km: 2.4/20.3–2.2/19.9 (NEDC), 2.2/23.9–2.0/23.0 (WLTP); combined CO_2 emissions in g/km: 54–50 (NEDC), 51–45 (WLTP). Information on fuel/electric power consumption and CO_2 emissions in ranges depends on the vehicle’s selected equipment.
[2] Audi Q8 TFSI e: combined fuel/electric power consumption in l/100 km / kWh/100 km: 2.8/22.9–2.6/21.9 (NEDC), 2.6/25.2–2.1/23.5 (WLTP); combined CO_2 emissions in g/km: 63–59 (NEDC), 60–48 (WLTP). Information on fuel/electric power consumption and CO_2 emissions in ranges depends on the vehicle’s selected equipment.

Photos: AUDI AG



Committed expert: Prof. Dr. Dorothée Baumann-Pauly performs research and teaches in the field of human rights. She advocates making greater use of scientific know-how in the development of universal standards.



Integrated sustainability: Marco Philippi is committed to establishing ESG as an integral decision-making criterion in all minds and processes at Audi.

Photos: Tobias Kempe, François Wavre

“Stand strong together for human rights”

Supply chains in the automotive sector are highly complex. How can a company like Audi help ensure that human rights are respected – and at all stages of the vehicle life cycle? What challenges are there, and what progress has been made? In this interview, Prof. Dr. Dorothée Baumann-Pauly, Director of the Geneva Center for Business and Human Rights, and Marco Philippi, Head of Audi Procurement Strategy, shed light on current approaches to due diligence – from raw materials to recycling, from AI-based monitoring to supplier diversity.

In June 2021, the German Bundestag passed the Act on Corporate Due Diligence in Supply Chains, which will apply from January 1, 2023, to companies with at least 3,000 employees. What does this act change?

Dorothée Baumann-Pauly: First of all, this German legislation is very welcome because it increases companies’ awareness of the issue – human rights in the supply chain have probably never been so high on the agenda. On the other hand, many questions about implementation remain unanswered. For instance, the act only affects a company’s direct suppliers, but often the biggest risks lie much further down the supply chain. I also worry that the due diligence obligations arising from this legislation will be shunted completely to companies’ legal departments when they should actually be rooted in their core business, in the directly affected divisions and departments, and should be seen by companies as an opportunity to take on more responsibility for the entire supply chain.

What is the Audi position on this act?

Marco Philippi: We expressly welcome the fact that a binding legal framework has now been established. The act is derived from the United Nations Guiding Principles on Business and Human Rights, with which we have already increasingly aligned our business practices – so the content comes as no surprise to us. We’re currently reviewing which due diligence obligations we already fulfill and where we still need to make adjustments. We’ve also already engaged in constructive, multi-stakeholder discussions on aspects of practical implementation as part of the German government’s Industry Dialogue, which grew out of the National Action Plan for Business and Human Rights. But yes, there are still questions to be answered.

The act in brief

Overview of the new Act on Corporate Due Diligence in Supply Chains

Applies
from January 1, 2023, to companies based in Germany with 3,000 or more employees and from 2024 to companies with 1,000 or more employees.

Governs
compliance with human and environmental obligations in the upstream and downstream value chains as well as in the company's own business operations.

Punishes
violations with fines and penalties (up to 2 percent of consolidated annual sales) and exclusion from public contract awards.

Photo: François Wavre, Illustration: C3 Visual lab

Prof. Dr. Dorothée Baumann-Pauly, born in Göppingen, Germany, teaches at the Institute of Management of the University of Geneva and is Director of the Geneva Center for Business and Human Rights. She has been researching, teaching and publishing in the fields of business ethics, corporate social responsibility, global governance and multi-stakeholder initiatives for many years. In addition, she is Research Director at the NYU Stern Center for Business and Human Rights.

Can you briefly explain which ones?
Philippi: It's still unclear which criteria the responsible authority will use to check for compliance with individual legal requirements. To address Prof. Dr. Baumann-Pauly's point: We will not be leaving the implementation of further requirements solely to Compliance and the legal department. At Audi, operational implementation is the responsibility of the specialist departments, for example here in Procurement. Our legal department serves as our sparring partner here. As far as the act's focus on direct suppliers is concerned, it's true that the most serious risks arise primarily in lower levels of the supply chain. To stand strong together for human rights there as well, we're already engaging with suppliers further down the chain, prioritized according to the level of risk – for example through transparency projects or targeted collaboration on initiatives with various stakeholders. However, there is still some risk with regard to our more than 14,000 direct suppliers, but here we can exert much greater influence on the basis of our contractual relationship. We do this in a variety of ways, such as by incorporating certain obligations – including those in relation to human rights – into our contracts in the form of the Code of Conduct for Business Partners of the Volkswagen Group or by using our Audi Sustainability Rating. A business relationship with Audi is only possible if the rating is positive.

Prof. Dr. Baumann-Pauly, you have been doing research on human rights along the supply chain for a long time. Where do you see the most urgent challenges for companies like Audi?
Baumann-Pauly: One of the main problems is that globally operating companies sometimes have to deal with nation states where it is almost impossible to enforce the rule of law. This gap must be closed – especially when it comes to indirect suppliers who extract raw materials locally. In the

automotive sector, that applies above all to the basic materials needed to produce batteries for electric cars, namely nickel, lithium, copper and cobalt. I have done extensive research on cobalt, more than two-thirds of which currently comes from the Democratic Republic of the Congo. The conditions there are very difficult: great poverty, widespread corruption, regional conflicts and many regulatory loopholes. In small-scale mining, which accounts for about 30 percent of production in the Congo, miners dig deep tunnels with their hands or very simple tools to get to the cobalt – and these tunnels often collapse. In some areas, children also help with the mining. Nobody can solve such serious problems alone. In other words, when companies source raw materials from these areas, they must act in concert and develop universal standards together with civil society representatives. We're currently developing one such standard under the Cobalt Action Partnership, which is an initiative of the Global Battery Alliance (GBA) co-founded by Audi. The aim here is to establish clear, binding rules for small-scale cobalt mining in the Congo. These kinds of rules create greater security – for investors and customers, too.

Wouldn't one solution be to simply replace problematic raw materials?
Baumann-Pauly: In the medium term, surely not all of the raw materials with a problematic mining background can be replaced; doing so would only shift the problems elsewhere. Lithium-ion batteries and their components will certainly be the key to electric mobility over the next 10 years, I would say. We should accept that and also see the opportunity it presents, for example, for the socioeconomic development of countries like the Congo. Above all, we need to create more transparent indicators for investors – for instance, the issue of trust should play a more important role in partnerships between companies and suppliers. The scientific community can make an important contribution to the development of appropriate metrics.

Marco Philippi, born in Munich, Germany, holds an MBA and a diploma in business administration and has been working for the Volkswagen Group in various functions since 2004. In 2019, he was appointed Head of Procurement Strategy in Ingolstadt, where he is responsible for sustainability in the supply chain and innovation management with suppliers.

What approach would you suggest to achieve maximum human rights standards in the supply chain?
Baumann-Pauly: Engaging in dialogue with all stakeholders in a spirit of partnership. If the relationship between manufacturer and suppliers is close, there is much more leverage for mutually agreeable solutions. And yes: Trust plays a key role. In this respect, car companies have a major advantage because, unlike companies in other industries, they usually have long-standing relationships with their suppliers. By making targeted use of these relationships and all pulling together, they can achieve far more than through polarized debates with associations and NGOs.

Philippi: I think all the stakeholders are making good progress here. We have recognized the leverage we have as a company for integrating ESG criteria along the supply chain, and we will make greater use of this leverage in the future. ESG is embedded in our corporate strategy and is therefore an integral part of all our products and services. We already have a number of experts in the Group who focus exclusively on the issue of sustainability in the supply chain, and we will build on this. The aim is to establish ESG as an integral decision-making criterion in all minds and processes.

Mr. Philippi, what specific steps is Audi taking to ensure that human rights are also respected in the raw materials supply chains?
Philippi: Raw materials are incredibly important for the automotive industry. To put it loosely, we install almost half the periodic table into our vehicles. That's why the most efficient approach is to prioritize according to the level of risk. To this end, we have produced an objective analysis through the "Drive Sustainability" initiative showing which raw materials in which manufacturing areas pose the highest risks. The Volkswagen Group has used this as a basis for prioritizing 16 raw materials and developing a clear system for how we deal with them within the Group, with different measures depending on the raw material in question.

Photo: Tobias Kempe

Prof. Dr. Dorothée Baumann-Pauly is particularly concerned with the human rights situation in cobalt mining in Central Africa. She campaigns for clear, binding rules that create greater security in small-scale mining.

Photo: François Wavre, Illustration: C3 Visual lab

In the Volkswagen Group, Audi is responsible for due diligence with respect to aluminum. How do you go about this?
Philippi: Our responsibility for aluminum fits in well with our history: Ever since the Audi Space Frame at the latest, this light metal has played a major role in our car bodies. A good example of our approach is our involvement in the Aluminium Stewardship Initiative (ASI). Since the initiative was founded, we have helped develop a global standard for more sustainable aluminum and successfully implemented it at Audi. This standard requires, for example, that mining companies pay close attention to ecological, social and governance criteria when mining the aluminum ore bauxite – and thus also consider the concerns of local residents living near the mines. This is one of the reasons why representatives of indigenous peoples are an integral part of the organizational structure of the ASI.
Our Audi production locations around the world are gradually being certified by external auditing companies in accordance with the ASI standard. This ensures that compliance with the standard is monitored effectively – one reason why we were the first car manufacturer to receive the "ASI Performance Standard" and "Chain of Custody" certificates from the initiative. We've also made good progress in the area of recycling: Our Ingolstadt, Neckarsulm and Győr sites and the multi-brand site in Bratislava have all established the Aluminium Closed Loop, with more sites to follow. By increasing the share of recycled aluminum, we avoid the energy-intensive production of new aluminum. This enabled us to reduce our net carbon[1] emissions by more than 195,000 metric tons in 2021. Examples like these show that the responsible use of raw materials is a highly complex task. We need specific solutions for each raw material and each region.

[1] Audi regards net carbon neutrality as a state in which, following the exhaustion of other possible measures aimed at reducing the still remaining CO_2 emissions caused by the products or activities of Audi and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles, at least quantitative compensation is provided through voluntary and globally conducted compensation projects. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.

Human rights & Audi

Commitment to sustainability is more important than ever for companies and capital market players – especially when it comes to compliance with social and human rights standards. This not only benefits people and the environment, but also increases economic resilience. Globalization and different legal requirements around the world increase the level of complexity. That is another reason why Audi gives such high priority to consistently and continuously integrating ESG standards. Given that Audi works with more than 14,000 direct supplier companies from over 60 countries, this is a complex and global task.

Initiatives like the Aluminium Stewardship Initiative and the Global Battery Alliance are designed to help ensure more effective due diligence in raw materials sourcing. What can such platforms achieve?
Baumann-Pauly: I'm a big fan of these initiatives. They're the ideal places to discuss questions like: What should apply specifically to our industrial sector? What can we all agree on? That's why all stakeholders need to be heard there, including civil society groups, scientists and government representatives. If they all work together effectively, they will produce robust standards that can be put into practice.

Complaint mechanisms are considered an early warning system in supply chain management. What's Audi's approach here?
Philippi: Our complaint mechanism is a very important tool for us, taking transparency into consideration as well. Employees and third parties can use it at any time to actively draw attention to potential violations at partner companies. We have established various channels for this purpose. In addition to the Audi Whistleblower System, we also have the Speak-up email address that can be used to report potential violations by suppliers. We investigate all hints and work together with a multidisciplinary team of Audi experts and the affected partner companies to swiftly correct violations. If the violations are persistent and serious, we will ultimately stop working with the supplier companies concerned. However, our focus is clearly on preventing and improving: We regularly sensitize and train our employees and business partners, and we're increasingly relying on technology-assisted risk monitoring.

UN Sustainable Development Goals

SDGs in the spotlight: how Audi is driving sustainable change

The aim is to promote sustainable growth while respecting human rights.

All people should have equal opportunities – regardless of age, gender, origin or social status, among other things.

Stronger together: Audi endorses global partnerships for sustainable development.

Photo: Tobias Kempe

By this you probably also mean artificial intelligence (AI), which is expected to play a key role in the future – how exactly?

Philippi: For example, we have joined Porsche and Volkswagen in using technology from the Austrian start-up Prewave. The system collects publicly available news items in more than 50 languages from around 150 countries and evaluates them using AI. Here, too, we apply a risk-based approach. We're notified of any potential sustainability risks so that we can check the facts and take action if necessary. My experience over the last few years shows that standards have little value without effective monitoring. And AI-assisted monitoring enhances their effectiveness enormously.

So AI is one focal point of your work. But in 2022, you're also directing your attention to more diversity in business relationships. What strategy are you pursuing with this?

Philippi: With our "Supplier Diversity & Inclusion@Audi" initiative, we are promoting greater variety and openness and placing a stronger focus on diversity among our partners. For us, diverse means (small) companies whose purpose is to solve social and environmental problems, as well as companies that are owned or managed to at least 51 percent by members of underrepresented groups – for example, women, people with disabilities, BIPoC[2] or members of the LGBT_IQ[3] community. Recent studies show that a more diverse supplier structure not only makes for more creativity, but can also improve competitiveness and product quality, thus bringing clear business advantages for us. In other words, it is important to gain a better understanding of diversity and inclusion as performance drivers. We therefore hold workshops to familiarize our employees with processes, structures and possible levers for identifying the potential of diverse suppliers. Measures like these not only reflect our vision of a fairer, more sustainable and successful future; they also make us more attractive as an employer. And civil society as well increasingly wants companies to actively acknowledge and pursue their social responsibility.

Baumann-Pauly: I see this at the university every day. My classes are full. Students want to learn more about human rights as part of their management program; they have much broader interests today than cost optimization and technical accounting skills, for example. They want to be part of the solution.

[2] Black, Indigenous and People of Color.
[3] Lesbian, Gay, Bisexual, Transgender, Intersex, Queer. The underscore in LGBT_IQ symbolizes the range of transgender people.

Appendix

Technology of the future: In beginning the next phase of digital OLED development – the photo shows the interplay of light generated by a part exhibited by Technical Development – Audi is forging ahead into a new dimension of automotive lighting technology.

Photo: AUDI AG

Agenda 2030

17 goals for sustainable development: How Audi is making a contribution

At the 2015 United Nations (UN) General Assembly, 193 states adopted 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.

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 is guided by the Sustainable Development Goals. Internal workshops were conducted to identify the SDGs to which Audi can make the greatest contribution with its core business. For this purpose, the topics and results of the materiality analysis were compared with the SDGs, making it possible to determine where the company can make the greatest impact.

An overview of all 17 SDGs. The Agenda 2030 goals can only be achieved if nobody is left behind.

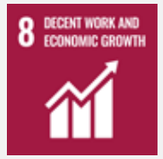
As a result, the five SDGs listed on the right have been pinpointed. Of course, Audi endeavors to make a comprehensive contribution and can therefore also work toward SDGs other than the five listed on the right. The stories in each chapter of the Audi Report provide examples of SDG-relevant activities at Audi. At each of these points, reference is made to the relevant Sustainable Development Goals, with a brief explanation of how the activities relate to them.

Reinstatement as a participant of the UN Global Compact

Audi can proudly announce its reinstatement to the UN Global Compact at the start of 2022, just one year after the Volkswagen Group's reinstatement. With this report, Audi wants to officially state its support of the 10 principles of the UN Global Compact.

Impact of the Four Rings

Audi focuses on five sustainability goals



Audi champions long-term, wide-scale economic growth, full and productive employment and humane work for everyone.

Audi is working on a robust infrastructure, promoting sustainable industrialization and supporting innovations.

Audi meets the challenges of urbanization with intelligent, sustainable and urban mobility concepts.

Audi promotes sustainable consumption, in part through its sustainable production. Resource efficiency and energy efficiency are two important core elements of this.

Audi develops and produces products that enable climate-friendly individual mobility.

Audi Sustainability Program

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.”

Sustainability Program

Operations and Integrity

(Table 1 of 1)

Goal	Measure	Target date	Comparison of SDGs
9 to 11 percent operating return on sales, from 2030 onwards >11 percent[1]	Implementation of the Audi Transformation Plan and the Audi Strategy	Continuous development	
Over 21 percent return on investment (ROI) as a strategic target[1]	Implementation of the Audi Transformation Plan and the Audi Strategy	Continuous development	
6.0 to 7.0 percent research and development ratio as a strategic target[1]	Implementation of the Audi Transformation Plan and the Audi Strategy	Continuous development	
4.0 to 5.0 percent ratio of capex[1] as a strategic target	Implementation of the Audi Transformation Plan and the Audi Strategy	Continuous development	
Self-finance the transformation to provider of sustainable, individual premium mobility	Implementation of the Audi Transformation Plan and the Audi Strategy	Continuous development	
EUR 15 billion measure potential through the Audi Transformation Plan on the cost and revenue side 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[2]	
Reinforce Group-wide compliance and integrity	Implementation of the Group-wide compliance and integrity program Together4Integrity in all companies through 2025	2025	
	Accompanying communication campaign Together4Integrity	2025	
Global protection and responsible handling of personal data	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	
Enhancement of an ESG management system	Enhancement of processes, methods, structures and robust data systems	2023	

[1] The strategic target corridor mentioned applies with immediate effect.
[2] The pandemic- and supply-related drop in volumes may result in slight delays.

Audi Sustainability Program

Products and Services

(Table 1 of 3)

Goal	Measure	Target 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 (completed)[1]	
Reduce environmental impact across the entire life cycle compared with the predecessor model[2]	Prepare product-based life cycle assessments for new vehicle models; validate and certify life cycle assessments; publish the data	Continuous development	
DCI: Reduction in the CO_2 footprint (life cycle) per vehicle model on a fleet basis by 30 percent by the year 2025 (as a contribution to the Group target) compared with the base year 2015 and by 40 percent by the year 2030 (base year 2018) – as a contribution to the Group target[3, 4]	Creation of DCI roadmap to describe the Audi contribution to achieving the Group's DCI target	2025	
Significantly reduce fuel consumption for every new vehicle compared with the predecessor model	Switch 70 percent of new vehicles with combustion engines sold worldwide to mild hybridization or plug-in hybridization	2022	
Expand the range of electric drive concepts	Availability of at least one plug-in hybrid in every core segment from compact class or higher (Audi A3)	2023 (completed)[5]	
	40 percent of new Audi vehicles feature an electric drive (availability of at least one battery electric vehicle for each core segment)	2025	
Ensure availability of charging systems for domestic 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 - Collaborations regarding home energy management systems (HEMS) - Innovative technologies	2020 (completed)[6]	

Audi Sustainability Program

Products and Services

(Table 2 of 3)

Goal	Measure	Target date	Comparison of SDGs
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 in Europe and the USA, as an incentive for electric vehicles	2022[5]	
Continuous expansion of charging infrastructure at Audi sites (worldwide)[7]	Need-based continuous expansion of charging infrastructure around the AUDI AG plant with the aim of providing sufficient charging options for both internal and public use by employees and customers, for example.	2022	
Global protection and responsible handling of personal data	Fine-tune the organizational processes to validate privacy by design, privacy by default	Continuous development	
Long-term maintenance of competitiveness with reference to fuel cell drive concepts	Various technology and market monitoring activities as well as safeguarding access to technology. The focus is on possible changes to framework conditions, e.g. future availability of renewable energies, etc.[8]	Continuous development to safeguard access to technology	

[1] Target reached in 2021.
[2] Will no longer apply in future, as included in DCI activities. This product-related environmental target will be revised as part of the further development of the DCI.
[3] The decarbonization index (DCI) quantifies the average emissions of CO_2 and CO_2 equivalents over the entire life cycle of the Audi passenger car portfolio and is stated in metric tons of CO_2 per vehicle. It includes both direct and indirect CO_2 emissions at individual production sites (Scopes 1 and 2), as well as all other direct and indirect CO_2 emissions over the life cycle of the vehicles (Scope 3).
[4] Fleet of new cars sold in EU, USA and China Export.
[5] Measure fulfilled in 2021.
[6] The extension of the range of functions was launched on the market in 2021; completed.
[7] Strategic realignment due to changed requirements.
[8] Focus on developing battery-powered electric vehicles, cf. technical clarity.

Audi Sustainability Program

Products and Services

(Table 3 of 3)

Goal	Measure	Target date	Comparison of SDGs
Ensuring technological compatibility of Audi products for use with synthetic fuels as a contribution to defossilizing the (existing) fleet[1]	Appraisal and implementation of the necessary technical requirements for the use of synthetic fuels	Continuous further development of technological compatibility (until vehicles with combustion engines are no longer sold)	9, 13
	Integrate a CO_2 capturing plant (capturing CO_2 from the air) in a power-to-gas or power-to-liquid plant	2021[2]	9, 13, 17
Responsibility for the safety of customers and other road users	Portfolio of predictive assistance and safety systems	Continuous development	9, 13
Enhance road safety	Further development of technologies toward assisted/automated driving	2025	3, 9
Develop an attractive mobility portfolio	Development of new business models as part of the new focus on synergies within the Group[3]	2028	9, 17

Audi Sustainability Program

Value Creation and Production

(Table 1 of 4)

Goal	Measure	Target date	Comparison of SDGs
Integrate sustainability into supplier relationships	Training for all procurement employees in order to raise awareness of sustainability standards in supplier relationships	Continuous development	8, 12, 13
	Training for suppliers in order to raise awareness of sustainability standards in the supply chain	Continuous development	8, 12, 13
	Sustainability rating (S-Rating) as a mandatory criterion for awarding contracts	Continuous development	8, 12
	Involvement in industry standards and Group tools to ensure compliance with environment-related and social standards in the supply chain	Continuous development	8, 12, 17
	Further development of the supply chain grievance mechanism; grievance channel is publicly accessible[4]	Continuous development	8, 10, 17
	Development of preventive measures relating to ESG risks in the supply chain	Continuous development	8, 12, 17

[1] The production and marketing of synthetic fuels is no longer one of the company's strategic goals. In this regard, the measure concerning the “extension of strategic partnerships and cooperation agreements regarding renewable energies R&D” was also terminated. However, Audi continues to work with industry specialists and energy suppliers and to contribute its own technical expertise.

[2] Audi is no longer pursuing this goal or measure, because the Audi power-to-gas plant (Audi e-gas plant in Werlte) was sold to an external company in March 2021 and is now operated by that company. The development of carbon capture technology nevertheless continues to be advanced at Audi and within the Volkswagen Group as part of other projects together with partners.

[3] Given the strategic realignment within the Group on new mobility and business models, Audi is adapting its mobility portfolio with the new strategy.

[4] The Speak-up e-mailbox for potential breaches by suppliers is publicly accessible at the Audi website: https://www.audi.com/en/company/sustainability/core-topics/value-creation-and-production/supply-chain-responsibility/commitment-is-an-act.html

Audi Sustainability Program

Value Creation and Production

(Table 2 of 4)

Goal	Measure	Target date	Comparison of SDGs
Integrate sustainability into the supply of raw materials	Development of circular economy concepts for the supply chain	Continuous development[1]	
	Raw Material Due Diligence Management: OECD-compliant raw materials management[2]	Continuous development	
	Adaptation of existing processes through successive implementation of human rights duty of care for critical raw materials in the supply chain	Continuous development	
Anchoring circular economy concepts in the company	Creating concepts for the recycling of high-voltage batteries	2025	
	Formulation of a KPI set for the internal management of circular economy concepts	2022	
Integrate environmental measures into the supply chain	Performance of CO_2 workshops with selected hotspot suppliers to identify measures with potential to reduce CO_2 emissions	Continuous development	
	Rollout of the Aluminum Closed Loop in other plants	2025	
	Anchoring the use of green electricity in the supply chain[3]	Continuous development	
	Development of a “Responsible Water Stewardship Program” for the supply chain	Continuous development	

Audi Sustainability Program

Value Creation and Production

(Table 3 of 4)

Goal	Measure	Target date	Comparison of SDGs
Act4Impact	Development and establishment of an “Audi Act4Impact Program” to make a positive impact together with the Audi partners	Continuous development	
Achievement of the Group target figure for 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	
Systematic reduction in overall energy consumption at the sites	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 net carbon-neutral[4]	Detailed planning and implementation of site-specific measures for achieving net carbon neutrality	2025	

[1] Measure implemented as planned in 2021. See chemical recycling pilot project, for example. Circular economy concepts will continue to be accelerated in the supply chain.
[2] See page 105ff.
[3] Hotspot-based procedure, like the use of green electricity in high-voltage battery production.
[4] Győr and Brussels already net carbon-neutral; Audi regards net carbon neutrality as a state in which at least quantitative compensation is provided through voluntary and globally conducted compensation projects, once other possibilities aimed at reducing the CO_2 emissions caused by Audi products or activities and/or currently unavoidable CO_2 emissions within the scope of the supply chain, manufacturing and recycling of Audi vehicles have been exhausted. Throughout the utilization phase of a vehicle, meaning from when a vehicle is delivered to a customer, CO_2 emissions produced are not taken into account.

Audi Sustainability Program

Value Creation and Production

(Table 4 of 4)

Goal	Measure	Target date	Comparison of SDGs
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 ASI certification of the aluminum components in the Audi e-tron[1] high-voltage battery	2021 (completed)	
	Extension of the ASI performance standard/chain of custody to include other aluminum components besides the high-voltage battery and other AUDI AG production sites	2024	
Integrating sustainability in the supplier chain and adding own value to high-voltage storage devices	Development of sustainability principles and collaboration on 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	

Audi Sustainability Program

Employees and Society

(Table 1 of 3)

Goal	Measure	Target date	Comparison of SDGs
Make working hours and place of work more flexible	Establishment of mobile working	Continuous development	
Update 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	
Promote employee health	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 12 percent and to 20 percent in the second management tier	2025[2]	
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	

[1] Audi e-tron: combined electric power consumption in kWh/ 100 km: 26.3–21.4 (NEDC), 28.4–21.7 (WLTP); combined CO_2 emissions in g/km: 0. Information on electric power consumption and CO_2 emissions in ranges depends on the vehicle’s selected equipment.

[2] The targets for the target corridor at the end of 2021 of 8.6 percent in the first management tier below the Board of Management and of 16.8 percent in the second management tier were both reached.

Audi Sustainability Program

Employees and Society

(Table 2 of 3)

Goal	Measure	Target 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[1] sites	Continuous development	
	Promotion of employee mobility by strengthening the provision of job tickets and promoting carpooling	Continuous development	
Further develop voluntary programs	Annual events/event formats at the Audi sites	Continuous development	
Promote a corporate culture within the meaning of the Volkswagen Group Essentials, the Audi corporate values and the Audi leadership principles	Group-wide execution of the role model program for managers and supervisors	Continuous development	
	Establishment of the Essentials Indicator to sustainably anchor the Volkswagen Group Essentials and to measure the progress in terms of culture	Continuous development	
	Support of the change of culture through initiatives, formats and events under the “KulturZeit” umbrella	Continuous development	
Increase employer attractiveness	Initiation and promotion of future-oriented events with the focus on corporate citizenship/innovation (e.g. MQ! Innovation Summit)	Continuous development	

Audi Sustainability Program

Employees and Society

(Table 3 of 3)

Goal	Measure	Target date	Comparison of SDGs
Provide access to education for the public	Public “Wissenschaft im Dialog” (Academia in Dialogue) events at the Ingolstadt & Neckarsulm sites	Continuous development	
Further development of research and teaching in future-focused fields at universities and institutes of higher education	Support of universities through endowed professorships	Continuous development	
Promote mental health	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	
Establishment of a new, integrity-based understanding of leadership	Initiation of a leadership program and development of the Leadership. Compass, including a chain of effect for the purposes of embedding it permanently within the company	Continuous development	
Encouraging employees to provide ESG ideas	Integration of sustainability aspects in the Audi Ideas Program	2024	

[1] Low employee presence at the Ingolstadt factory in 2020 and 2021 caused by the pandemic has resulted in a strategic realignment; the measure will initially not be implemented further.

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. Auditing firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft performed a limited assurance engagement on selected sustainability key figures for 2021 in the overview for the period from Friday, January 1, 2021, to Friday, December 31, 2021. The key figures audited are identified by the "✓" symbol.

→ The Independent Auditor's Report can be found on → page 125.

✓ Key figures for 2021 were subjected to a limited assurance engagement.

Audi Sustainability Key Figures

Operations and Integrity

	Unit	2021	2020	2019
Revenue [1]	EUR million	53,068	49,973	55,680
Operating profit	EUR million	5,498	2,569	4,509
Profit before tax	EUR million	6,929	4,187	5,223
Profit after tax	EUR million	5,649	3,774	3,943
Total capital investments	EUR million	3,972	3,654	4,223
Research and development activities	EUR million	3,913	3,662	4,426
Operating return on sales[1]	Percent	10.4	5.1	8.1
Return on investment[1]	Percent	16.7	7.4	12.7
Ratio of capex[1, 2]	Percent	3.8	3.8	4.9
Net cash flow[1]	EUR million	7,757	4,589	3,160
Equity ratio	Percent	39.3	36.1	42.5

[1] 2019 values influenced by the deconsolidation of multi-brand sales companies as of January 1, 2019. Further information on this is included in the Financial Report 2019, e.g. on page 8f. + 36f.
[2] 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.

Audi Sustainability Key Figures

Products and Services

	Unit	2021	2020	2019
Production				
Automotive segment	Cars[1]	1,581,164	1,664,265	1,802,073
	Engines and electric drives	1,621,468	1,662,481	1,969,731
Motorcycles segment	Motorcycles	59,214	44,827	51,723
Deliveries to customers				
Automotive segment[2,3]	Cars	1,688,978	1,700,258	1,853,833
Audi brand[3]	Cars	1,680,512	1,692,773	1,845,573
Germany	Cars	180,883	214,427	271,613
Outside Germany	Cars	1,499,629	1,478,346	1,573,964
Lamborghini brand	Cars	8,405	7,430	8,205
Other Volkswagen Group brands[2]	Cars	61	55	55
Motorcycles segment	Motorcycles	59,447	48,042	53,183
Product-related CO_2 emissions				
CO_2 emissions of the European (EU 27+2) fleet of new passenger cars for the Audi brand; EU not including UK from 2021 onwards	g CO_2/km (WLTP since 2021)[6]	122.1[5] ✓	102.9[4]	130.6[4,7]
Fleet consumption, China (FBU)[8]	l/100 km (NEDC) until 2020 l/100 km (WLTP for ICE and PHEV) from 2021[6]	8.4 ✓	7.7[9]	5.9

Audi Sustainability Key Figures

Value Creation and Production[10]

	Unit	2021	2020	2019
Energy				
Total energy consumption[11]	MWh	2,508,465 ✓	2,419,553	2,702,302
Automotive segment (incl. components)	MWh	2,482,125 ✓	2,396,752	2,678,671
	MWh/veh.	3.13 ✓	2.91	2.70
From renewable energy sources	MWh	1,600,020 ✓	1,534,262	1,339,256
Automotive segment (incl. components)	MWh	1,598,149 ✓	1,532,357	1,337,062
	MWh/veh.	2.02 ✓	1.86	1.35
Electricity	MWh	1,421,043 ✓	1,411,306	1,598,809
Automotive segment (incl. components)	MWh	1,404,137 ✓	1,396,591	1,583,286
	MWh/veh.	1.77 ✓	1.69	1.59
Heating (incl. district heating)	MWh	814,194 ✓	738,877	788,416
Automotive segment (incl. components)	MWh	804,760 ✓	730,792	780,308
	MWh/veh.	1.02 ✓	0.89	0.79
of which district heating	MWh	379,225 ✓	321,801	352,836
Automotive segment (incl. components)	MWh	378,602 ✓	321,406	352,364
	MWh/veh.	0.48 ✓	0.39	0.35
Combustion gases for production processes	MWh	273,006 ✓	269,096	314,759
Automotive segment (incl. components)	MWh	273,006 ✓	269,096	314,759
	MWh/veh.	0.34 ✓	0.33	0.32
Refrigeration (externally sourced)	MWh	222 ✓	273	318
Automotive segment (incl. components)	MWh	222 ✓	273	318
	MWh/veh.	0.0003 ✓	0.0003	0.0003
Exported energy[12]	MWh	3,156 ✓	3,291	
Automotive segment[12] (incl. components)	MWh	2,036 ✓	2,777	
	MWh/veh.	0.0026 ✓	0.0034	

[1] Including the Audi models that were manufactured locally by the associated companies FAW-Volkswagen Automotive Co., Ltd., Changchun (China) and, from 2021, by SAIC Volkswagen Automotive Co., Ltd., Shanghai (China).
[2] 2019 values influenced by the deconsolidation of multi-brand sales companies as of January 1, 2019. Further information on this is included in the Financial Report 2019, e.g. on page 8f. + 36f.
[3] This includes delivered vehicles built locally by the associated company FAW-Volkswagen Automotive Co., Ltd., Changchun (China).
[4] The CO_2 figures in g/km for 2019 and 2020 are based on the EU 27+3 and the NEDC emissions cycle.
[5] Subject to the official data of the European Commission in the annual CO_2 fleet monitoring report of the Volkswagen emissions pool.
[6] Since January 2021, newly registered vehicles must state WLTP (Worldwide Harmonized Light Vehicles Test Procedure) figures in all countries that have adopted EU legislation on vehicle usage. This new standard has replaced the NEDC (New European Driving Cycle) standard, which applied from1992 onwards. The WLTP standard takes the average driving situation more extensively into account than the NEDC and therefore discloses a more realistic figure for fuel consumption and CO_2 emissions. The WLTP figure is therefore higher than the old NEDC figure. A precise conversion of the values between the two methods is not possible.
[7] This is the final European Environmental Agency (EEA)-confirmed figure for 2019.
[8] Subject to official publication by the Ministry for Industry and Information Technology (MIIT) in the annual CO_2 fleet monitoring report.
[9] An adjustment of the 2020 figures was undertaken in June 2021 as part of the submission to the MIIT.
[10] Figures refer to the Ingolstadt, Münchsmünster, Neckarsulm, Brussels, Győr, San José Chiapa, Sant'Agata Bolognese (Lamborghini), Bologna (Ducati), Amphur Pluakdaeng (Ducati) sites. Only car-producing sites including component manufacturing are considered for the specific key figures. The environmental key figures for the current year are data as of January 27, 2022. The figures may contain estimates, if, for example, they are based on statements from energy suppliers that were not available when data was collected. If deviations between the actual values and the reported data are identified in the following year, the data is updated. The individual key figures for 2020 were updated in this report using the actual values for 2020.
[11] 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.
[12] The key figure was published for the first time in 2020, which is why no figures are available for 2019.

Audi Sustainability Key Figures

Value Creation and Production [1]

	Unit	2021	2020	2019
Fuels				
Total fuel use	MWh	1,008,240	982,376	1,066,997
Automotive segment (incl. components)	MWh	971,192	950,762	1,033,811
	MWh/veh.	1.23	1.15	1.04
From renewable energy sources[2]	MWh	165,860	135,423	
Automotive segment[2] (incl. components)	MWh	165,860	135,423	
	MWh/veh.	0.21	0.16	
Natural gas	MWh	907,494 ✓	866,575	946,821
Automotive segment (incl. components)	MWh	872,733 ✓	837,069	915,693
	MWh/veh.	1.10 ✓	1.02	0.92
Heating oil	MWh	7,909 ✓	15,905	6,813
Automotive segment (incl. components)	MWh/veh.	0.010 ✓	0.019	0.007
Diesel (test rigs)	MWh	16,573	20,275	24,537
Automotive segment (incl. components)	MWh	16,573	20,275	24,537
	MWh/veh.	0.02	0.02	0.02
Gasoline (test rigs)	MWh	76,264	79,620	88,825
Automotive segment (incl. components)	MWh	73,977	77,512	86,769
	MWh/veh.	0.09	0.09	0.09

Audi Sustainability Key Figures

Value Creation and Production [1]

	Unit	2021	2020	2019
Emissions[3]				
Total CO_2 emitted (Scope 1 and Scope 2)	t	233,062 ✓	231,632	451,725
Automotive segment (incl. components)	t	228,608 ✓	227,795	447,713
	kg/veh.	288.69 ✓	276.46	451.02
Of which direct (Scope 1) CO_2 emissions[4]	t	170,342 ✓	172,835	198,730
Automotive segment (incl. components)	t	166,723 ✓	169,666	195,409
	kg/veh.	210.54 ✓	205.92	196.85
of which indirect (Scope 2) CO_2 emissions[5]	t	62,719 ✓	58,796	252,995
Automotive segment (incl. components)	t	61,885 ✓	58,129	252,304
	kg/veh.	78.15 ✓	70.55	254.17
VOC emissions[6]	t	773 ✓	825	916
Automotive segment (incl. components)	t	773 ✓	824	913
	kg/veh.	0.98 ✓	1.00	0.92
Direct NO_x emissions[7]	t	172 ✓	178	190
Automotive segment (incl. components)	t	170 ✓	173	184
	kg/veh.	0.21 ✓	0.21	0.19
Sulfur dioxide	t	2.15	2.04	2.05
Automotive segment (incl. components)	t	2.15	2.04	2.05
	kg/veh.	0.003	0.002	0.002
Total dust	t	33	33	41
Automotive segment (incl. components)	t	33	32	41
	kg/veh.	0.04	0.04	0.04
CO_2 reductions in logistics[8]	t CO_2e	–[9]	11,802 ✓	13,525
Intensity quotients for greenhouse gas emissions (Scope 1 and 2)[4,5,10]	kg/veh.	288.69	276.46	451.02

[1] Figures refer to the Ingolstadt, Münchsmünster, Neckarsulm, Brussels, Győr, San José Chiapa, Sant'Agata Bolognese (Lamborghini), Bologna (Ducati), Amphur Pluakdaeng (Ducati) sites. Only car-producing sites including component manufacturing are considered for the specific key figures. The environmental key figures for the current year are data as of January 27, 2022. The figures may contain estimates, if, for example, they are based on statements from energy suppliers that were not available when data was collected. If deviations between the actual values and the reported data are identified in the following year, the data is updated. The individual key figures for 2020 were updated in this report using the actual values for 2020.

[2] The key figure was published for the first time in 2020, which is why no figures are available for 2019.

[3] The process of selecting relevant emissions and the emission factors applied are anchored – like the entire key figure collection process – in the Volkswagen standard 98000 (see page 95). Audi generally uses the real emission factors of the energy suppliers. If this is not possible, calculations are made on the basis of the VDA's standard factors.

[4] 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. These emissions account for a significant portion of Scope 1 according to GHG Protocol.

[5] Indirect CO_2 emissions: This figure measures the CO_2 emissions generated during the production of purchased energy (electricity, heating, cooling). These emissions account for a significant portion of Scope 2 according to GHG Protocol.

[6] VOC (volatile organic compounds) emissions: This figure consists of emissions from paint shops, test rigs and other facilities.

[7] Direct NO_x emissions: This key figure consists of NO_x emissions caused by plant boiler houses, paint shops and the operation of test rigs.

[8] In Germany, rail shipments are handled by DB Schenker entirely carbon-neutrally: All shipments from and to the German production locations Ingolstadt and Neckarsulm operated by DB Schenker are CO_2-free.

[9] Since 2020, the key figure "CO_2 reductions in logistics" has only been reported in the following year. The reason for this is the change in the reporting process,as a result of which the key figure cannot be evaluated on the publication date at present.

[10] Intensity quotients of greenhouse gas emissions: sum total of direct and indirect CO_2 emissions per vehicle produced. Stated in kg of CO_2/vehicle.

Audi Sustainability Key Figures

Value Creation and Production [1]

	Unit	2021	2020	2019
Water				
Total fresh water consumption	m³	2,940,141 ✓	3,133,474	3,428,689
Automotive segment (incl. components)	m³	2,847,505 ✓	3,060,097	3,360,040
	m³/veh.	3.60 ✓	3.71	3.38
Fresh water consumption, internal catchment	m³	1,814,687 ✓	1,887,602	2,057,909
Automotive segment (incl. components)	m³	1,743,089 ✓	1,831,589	2,014,522
	m³/veh.	2.20 ✓	2.22	2.03
Rainwater used	m³	196,079 ✓	172,926	165,207
Surface water from lakes, rivers, oceans	m³	509,809 ✓	572,606	611,311
Groundwater	m³	1,108,799 ✓	1,142,070	1,281,391
Fresh water consumption, externally sourced	m³	1,125,454 ✓	1,245,872	1,370,780
Automotive segment (incl. components)	m³	1,104,416 ✓	1,228,508	1,345,518
	m³/veh.	1.39 ✓	1.49	1.36
Wastewater				
Volume of wastewater	m³	1,603,431 ✓	1,808,352	1,872,285
Automotive segment (incl. components)	m³	1,579,995 ✓	1,778,986	1,847,827
	m³/veh.	2.00 ✓	2.16	1.86
Direct discharge[2]	m³	4,355	8,918	18,529
Indirect discharge[2]	m³	1,575,640	2,386,336	1,829,298
Wastewater load[2]				
Chemical oxygen demand	kg	299,823 ✓	309,271	360,154
Total phosphorous content as phosphorous (P)	kg	3,361 ✓	3,901	3,247
Total nitrogen as nitrogen (N)	kg	32,269 ✓	26,339	31,648
Zinc	kg	94 ✓	85	160

Audi Sustainability Key Figures

Value Creation and Production [1]

	Unit	2021	2020	2019
Waste				
Total volume of waste (excluding scrap)	t	94,968 ✓	100,035	107,940
Automotive segment (incl. components)	t	93,517 ✓	98,875	106,692
	kg/veh.	118.10 ✓	120.00	107.48
Recyclable waste	t	91,816 ✓	95,229	104,096
Automotive segment (incl. components)	t	90,428 ✓	94,145	102,940
	kg/veh.	114.20 ✓	114.26	103.70
Other recyclable waste	t	47,578 ✓	46,279	56,936
Automotive segment (incl. components)	t	46,366 ✓	45,281	55,873
	kg/veh.	58.55 ✓	54.96	56.29
Hazardous recyclable waste	t	38,829 ✓	42,188	40,782
Automotive segment (incl. components)	t	38,691 ✓	42,138	40,729
	kg/veh.	48.86 ✓	51.14	41.03
Non-production-specific recyclable waste[3]	t	5,409 ✓	6,762	6,378
Automotive segment[3] (incl. components)	t	5,371 ✓	6,727	6,338
	kg/veh.	6.78 ✓	8.16	6.38
Disposable waste	t	3,152 ✓	4,806	3,844
Automotive segment (incl. components)	t	3,089 ✓	4,730	3,751
	kg/veh.	3.90 ✓	5.74	3.78
Other disposable waste	t	1,253 ✓	1,206	414
Automotive segment (incl. components)	t	1,245 ✓	1,164	383
	kg/veh.	1.57 ✓	1.41	0.39
Hazardous disposable waste	t	1,588 ✓	3,253	3,170
Automotive segment (incl. components)	t	1,533 ✓	3,219	3,109
	kg/veh.	1.94 ✓	3.91	3.13
Non-production-specific disposable waste	t	311 ✓	347	260
Automotive segment (incl. components)	t	311 ✓	347	259
	kg/veh.	0.39 ✓	0.42	0.26
Metallic waste (scrap; completely recyclable)	t	269,328 ✓	273,656	320,793
Automotive segment (incl. components)	t	268,706 ✓	273,120	320,200
	kg/veh.	339.33 ✓	331.47	322.56

[1] Figures refer to the Ingolstadt, Münchsmünster, Neckarsulm, Brussels, Győr, San José Chiapa, Sant'Agata Bolognese (Lamborghini), Bologna (Ducati), Amphur Pluakdaeng (Ducati) sites. Only car-producing sites including component manufacturing are considered for the specific key figures. The environmental key figures for the current year are data as of January 27, 2022. The figures may contain estimates, if, for example, they are based on statements from energy suppliers that were not available when data was collected. If deviations between the actual values and the reported data are identified in the following year, the data is updated. The individual key figures for 2020 were updated in this report using the actual values for 2020.
[2] Direct dischargers: Münchsmünster site; indirect dischargers: Ingolstadt, Münchsmünster, Neckarsulm, Brussels, Győr, Sant'Agata Bolognese (Lamborghini), Bologna (Ducati), Amphur Pluakdaeng (Ducati) sites.
[3] The figures for non-production-specific recyclable waste reported for 2020 have been adjusted to reflect subsequent reports of excavated soil and construction site waste at the Brussels site.

Audi Sustainability Key Figures

Employees and Society

	Unit	2021	2020	2019
Workforce				
Workforce Audi Group[1,2]	Number	85,750 ✓	87,996	90,783
Domestic companies[1,2]	Number	56,889 ✓	58,432	60,083
of which AUDI AG	Number	55,936 ✓	57,437	58,940
Ingolstadt plant	Number	41,189 ✓	42,131	42,904
Neckarsulm plant	Number	14,747 ✓	15,306	16,036
Foreign companies[1,2,3]	Number	26,073 ✓	26,612	27,669
Audi Brussels S.A./N.V.	Number	3,015 ✓	3,052	2,922
Audi Hungaria Zrt.	Number	12,039 ✓	12,391	13,079
Audi México S.A. de C.V.	Number	5,069 ✓	5,233	5,268
Automobili Lamborghini S.p.A.	Number	1,830 ✓	1,769	1,788
Ducati Motor Holding S.p.A.	Number	1,560 ✓	1,337	1,290
Apprentices [1]	Number	2,337 ✓	2,493	2,585
Temporary workforce, Audi Group[4]	Number	1,226	1,326	1,957
Average length of service, AUDI AG[2,4]	Years	18.7 ✓	18.3	17.9
Turnover rate, AUDI AG[1,2,5,6]	Percent	0.7 ✓	0.6	0.7
New hires, Audi Group	Number	1,820	2,181	4,214
New hires, AUDI AG	Number	815	920	1,310
Average age[2,4,6]	Years	42.3 ✓	41.8	41.5
Share of production employees[4]	Percent	48.0	48.4	48.5
Share of non-production employees[4]	Percent	49.0	48.7	48.5
Age structure, AUDI AG[2,4]				
< 30 years	Percent	12.1 ✓	12.9	14.3
30-50 years	Percent	56.4 ✓	56.6	55.1
> 50 years	Percent	31.5 ✓	30.5	30.6

Audi Sustainability Key Figures

Employees and Society

	Unit	2021	2020	2019
Proportion of women[4]				
Audi Group[2]	Percent	15.4 ✓	15.2	15.0
AUDI AG	Percent	15.9 ✓	15.8	15.6
of which apprentices	Percent	22.8 ✓	23.8	25.5
of which industrial apprentices	Percent	19.3 ✓	20.3	22.3
of which clerical apprentices	Percent	63.6 ✓	74.2	80.6
Management[7,8]	Percent	13.0 ✓	12.5	11.9
Audi Brussels S.A./N.V.	Percent	7.3 ✓	7.0	6.9
Audi Hungaria Zrt.	Percent	12.6 ✓	12.8	13.0
Audi México S.A. de C.V.	Percent	14.7 ✓	14.8	14.2
Automobili Lamborghini S.p.A.	Percent	19.6 ✓	20.2	20.5
Ducati Motor Holding S.p.A.	Percent	18.1 ✓	17.6	19.0
Average training time per employee AUDI AG				
Training time, total	Hours	9.1	9.0	13.0
Production employees	Hours	6.0	5.6	8.3
Non-production employees	Hours	11.8	11.7	16.7
Employees in management positions	Hours	13.7	15.6	23.8

[1] Average figure for the year.
[2] Excluding apprentices.
[3] Excluding staff not belonging to the Audi Group employed by other Volkswagen Group companies.
[4] As of Dec. 31 of the year under review.
[5] Employee turnover takes the following into account: terminations by the employer and/or employee without a rehire guarantee.
[6] Excluding fixed-term employees.
[7] Excluding leave on partial retirement phase.
[8] AUDI AG has management, senior management and top management levels. The key figure reports the percentage of women in all three management groups collectively.

Audi Sustainability Key Figures

Employees and Society

	Unit	2021	2020	2019
Other structural data				
Attendance rate, AUDI AG[1,2,7]	Percent	95.4 ✓	95.5	95.3
Accident frequency: Audi brand group[3,8]	-	4.6 ✓	6.2	6.2
Accident frequency: Automobili Lamborghini S.p.A.[12]	-	1.9	-	-
Accident frequency: Ducati Motor Holding S.p.A.[12]	-	2.8	-	-
Industrial accidents: Audi brand group[12]	Number	475	-	-
Industrial accidents: Automobili Lamborghini S.p.A.[12]	Number	6	-	-
Industrial accidents: Ducati Motor Holding S.p.A.[12]	Number	9	-	-
Proportion of academics, AUDI AG[2,3,4]	Percent	52.2 ✓	52.3	51.4
Proportion of foreign nationals, AUDI AG[3]	Percent	8.3 ✓	8.3	8.3
Proportion of people with severe disabilities, AUDI AG[2,3,6]	Percent	6.0 ✓	6.0	6.7
Contracts to workshops for people with disabilities, AUDI AG	EUR million	6.2 ✓	6.7	7.3
AUDI AG profit share per employee[5]	EUR	5,640 ✓	1,080	3,880
Employee donations[9]	EUR	1,621,586 ✓	1,284,240	1,296,507
Expenditure on corporate citizenship[10,11]	EUR million	16.4 ✓	15.1	17.5
Part-time employees, AUDI AG[3]	Number	4,373	4,327	4,448
Employees on parental leave, AUDI AG[3]	Number	3,729	3,788	3,753
Number of female employees on parental leave, AUDI AG	Number	1,648	1,598	1,448
Number of male employees on parental leave, AUDI AG	Number	2,081	2,190	2,305
Average duration of parental leave	Months	10	10	9
AUDI AG Ideas Program				
Savings	EUR million	142.9 ✓	94.5	101.3
Implementation quota	Percent	58.0 ✓	53.4	54.4

[1] Average figure for the year.
[2] Excluding apprentices.
[3] As of Dec. 31 of the year under review.
[4] With respect to non-production employees.
[5] Payment in the following year; average figure for a skilled worker at AUDI AG.
[6] Up to 2019, the severe disability quota was calculated based on the Social Code (SGB) and, from 2020, based on the percentage of employees with severe disabilities and equal opportunities.
[7] The attendance rate is calculated using the formula 100 – (sick days/payment-relevant days) × 100.
[8] The key figure for accident frequency states the number of accidents that result in at least one day's absence from work per million man-hours worked. This key figure will be reported for the Audi brand group from 2021 onwards. The Audi brand group includes all vehicle-producing companies excluding Lamborghini and Ducati, which are reported separately. The key figures for 2019 and 2020 relate exclusively to AUDI AG.
[9] AUDI AG Christmas donation, "Last Cents" campaign and donation to flooding victims.
[10] Included in 2021: company top-up to the Christmas donation: €282,904.00.
[11] Includes expenditure in the fiscal year in the areas of education, science, foundations; including donations; not including sponsorship
[12] These key figures will be reported for the first time from 2021.

Audi fuel/electric power consumption and emission figures

All data apply to features of the German market.
As of: February 28, 2022

Models	Combined fuel consumption (l/100 km) (NEDC)	Combined CO_2 emissions (g/km) (NEDC)
Audi A1 Sportback	5.6–4.6	128–107
Audi A1 citycarver	5.2–4.9	119–112
Audi Q2	7.7–4.1	176–107
Audi Q3	9.0–4.5	205–118
Audi Q3 Sportback	9.0–4.5	206–119
Audi A3 Sportback	8.8–3.9	201–99
Audi A3 Sedan	8.7–3.8	198–97
Audi TT Coupé	8.5–5.8	194–132
Audi TT Roadster	8.7–6.0	200–137
Audi A4 Sedan	7.1–4.0	167–104
Audi A4 Avant	8.8–4.0	201–106
Audi A4 allroad quattro	7.2–4.8	168–126
Audi A5 Sportback	8.8–4.0	200–105
Audi A5 Coupé	8.7–4.0	199–104
Audi A5 Cabriolet	8.2–4.2	188–112
Audi Q5	7.5–4.7	185–123
Audi Q5 Sportback	7.6–4.7	186–123
Audi A6 Sedan	7.6–4.3	173–114
Audi A6 Avant	11.6–4.5	265–118
Audi A6 allroad quattro	7.8–5.0	178–132
Audi A7 Sportback	11.6–4.4	265–117
Audi Q7	12.1–6.9	278–181
Audi Q8	12.3–6.9	281–182
Audi A8	10.8–6.5	248–170
Audi R8 Coupé	13.0–12.9	299–294
Audi R8 Spyder	13.4–13.0	306–297
Lamborghini Urus	12.6	292
Lamborghini Huracán	14.5–14.0	335–322
Lamborghini Aventador	20.1–19.6	464–447
Lamborghini Sián	19.8	449

Models	Combined CNG consumption (kg/100 km) (NEDC)	Combined CO_2 emissions (g/km) (NEDC)
Vehicles with natural gas drive		
Audi A3 Sportback g-tron	3.6–3.5	99–96
Audi A4 Avant g-tron	4.1–3.9	111–105
Audi A5 Sportback g-tron	4.1–3.8	111–104

Models	Combined fuel/electric power consumption (l/100 km / kWh/100)	Combined CO_2 emissions (g/km)
Plug-in hybrid vehicles	NEDC specification WLTP specification	NEDC specification WLTP specification
Audi Q3 TFSI e	2.1/14.6–1.8/14.5 2.1/17.2–1.6/15.8	48–41 47–36
Audi Q3 Sportback TFSI e	2.1/14.6–1.8/14.5 2.0/17.0–1.6/16.0	47–42 46–37
Audi A3 Sportback TFSI e	1.4/12.9–1.3/12.0 1.4/15.8–1.1/14.5	33–29 31–24
Audi Q5 Sportback TFSI e	2.0/19.6–1.8/19.3 1.8/21.7–1.5/20.3	45–42 43–35
Audi Q5 TFSI e	1.9/19.5–1.8/19.3 1.8/21.6–1.5/20.1	44–41 42–35
Audi A6 Sedan TFSI e	1.6/17.9–1.4/16.7 1.4/19.6–1.0/17.5	36–31 34–23
Audi A6 Avant TFSI e	1.7/18.2–1.5/17.5 1.5/20.2–1.1/18.3	37–34 36–27
Audi A7 Sportback TFSI e	1.6/17.9–1.4/16.9 1.5/19.9–1.1/18.1	36–32 35–26
Audi Q7 TFSI e	2.4/20.3–2.2/19.9 2.2/23.9–2.0/23.0	54–50 51–45
Audi Q8 TFSI e	2.8/22.9–2.6/21.9 2.6/25.2–2.1/23.5	63–59 60–48
Audi A8 TFSI e	2.1/20.5–2.0/19.6 2.2/23.9–1.7/21.9	49–45 49–39

Models	Combined electric power consumption kWh/100 km	Combined CO_2 emissions (g/km)
Fully electric vehicles	NEDC specification WLTP specification	NEDC specification WLTP specification
Audi Q4 e-tron	18.2–15.8 21.3–17.0	0 0
Audi Q4 Sportback e-tron	17.9–15.6 20.9–16.6	0 0
Audi e-tron	26.3–21.4 28.4–21.7	0 0
Audi e-tron Sportback	26.0–20.9 28.1–21.0	0 0
Audi e-tron GT quattro	19.6–18.8 21.8–19.9	0 0
Audi RS e-tron GT	20.2–19.3 22.6–20.6	0 0

The indicated consumption and emissions values were determined according to the legally specified measuring methods. Since September 1, 2017, type approval for certain new vehicles has been performed in accordance with the Worldwide Harmonized Light Vehicles Test Procedure (WLTP), a more realistic test procedure for measuring fuel consumption and CO_2 emissions. Since September 1, 2018, the WLTP has gradually replaced the New European Driving Cycle (NEDC). Due to the more realistic test conditions, the consumption and CO_2 emission values measured are in many cases higher than the values measured according to the NEDC. Additional information about the differences between WLTP and NEDC is available at www.audi.de/wltp.

At the moment, it is still mandatory to communicate the NEDC values. In the case of new vehicles for which type approval was performed using WLTP, the NEDC values are derived from the WLTP values. WLTP values can be provided voluntarily until their use becomes mandatory. If NEDC values are indicated as a range, they do not refer to one, specific vehicle and are not an integral element of the offer. They are provided only for the purpose of comparison between the various vehicle types. Additional equipment and accessories (attachment parts, tire size, etc.) can change relevant vehicle parameters, such as weight, rolling resistance and aerodynamics and, like weather and traffic conditions as well as individual driving style, influence a vehicle's electric power consumption, CO_2 emissions and performance figures.

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 car models," which is available free of charge at all sales dealerships and from DAT Deutsche Automobil Treuhand GmbH, Hellmuth-Hirth-Str. 1, 73760 Ostfildern-Scharnhausen, Germany, or under → www.dat.de.

Independent auditor's report on a limited assurance engagement

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the annual and sustainability report of Audi AG. The following text is a translation of the original German independent assurance report.

To Audi AG, Ingolstadt

We have performed a limited assurance engagement on selected sustainability key figures for the year 2021 in the overview "Audi Sustainability Key Figures" as well as selected disclosures in the "Audi REPORT | combined annual and sustainability report" of the Audi AG, Ingolstadt, (hereinafter the "Company"), which have been marked with the symbol "✓" in the report for the period from 1 January to 31 December 2021 (hereafter the "report").

Our engagement exclusively refers to the disclosures marked with the "✓" symbol in the German PDF-version of the report. References to information outside the report as well as prior-year disclosures were not subject to our assurance engagement.

Responsibilities of the executive directors

The executive directors of the Company are responsible for the preparation of the report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (hereafter "GRI criteria") as well as the selection of the criteria to be assessed.

These responsibilities of the Company's executive directors include the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual disclosures that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a report that is free from material misstatement, whether due to fraud (manipulation of the report) or error.

Independence and quality assurance of the auditor's firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements - in particular the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the auditor

Our responsibility is to express a conclusion with limited assurance on the selected key figures and disclosures that are marked with the symbol "✓" in the report based on our assurance engagement.

We conducted our assurance engagement in accordance with 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 obtain limited assurance about whether any matters have come to our attention that cause us to believe that the selected key figures and disclosures that are marked with the symbol "✓" in the report of the Company are not prepared, in all material respects, in accordance with the GRI criteria. Not subject to our assurance engagement are references to information outside the report and prior-year disclosures.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

» Inquiries of employees concerning the sustainability strategy, sustainability principles and sustainability management of AUDI AG
» Inquiries of employees of the Company's headquarters as well as the employees responsible for the data capture and consolidation as well as the preparation of the report in order to assess the sustainability reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement on the selected key figures and disclosures that are marked with the symbol "✓" in the report
» Identification of likely risks of material misstatement regarding the selected key figures and disclosures

- Inspection of the relevant documentation of the systems and processes for compiling, aggregating and validating data, on which the selected key figures that are marked with the symbol "✓" are based in the reporting period and testing such documentation on a sample basis
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of the selected key figures that are marked with the symbol "✓" in the report
- Analytical measures at group level and on the level of selected sites regarding the quality of the selected key figures that are marked with the symbol "✓" in the report
- Conducting site visits to evaluate the processes for collecting, aggregating, and validating the data as well as the reliability of the reported data at group level
  - AUDI AG (Ingolstadt, Germany)
  - AUDI Hungaria Zrt. (Győr, Ungarn)
- Evaluation of the presentation of the selected key figures that are marked with the symbol "✓" in the report
- Critical review of the draft report to assess *plausibility and consistency.

Assurance conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected key figures and disclosures that are marked with the symbol "✓" in the report from 1 January to 31 December 2021 have not been prepared in all material aspects, in accordance with the GRI criteria. We do not express an assurance conclusion on references to information outside the report and prior-year disclosures.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General Engagement Terms and Liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 16 March 2022
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter
Wirtschaftsprüferin
[German Public Auditor]

Hans-Georg Welz
Wirtschaftsprüfer
[German Public Auditor]

GRI Content Index

The Audi Group is reporting on its sustainability performance for the year 2021 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 2021. 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 Audi Report was used for this service.

GRI Standards		Page	Comment
Universal Standards			
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organizational Profile			
GRI 102-1	Name of the organization, products and Services	15	
GRI 102-2	Activities, brands, products, and services	15, 72	
GRI 102-3	Location of headquarters	15	
GRI 102-4	Location of operations	15	
GRI 102-5	Ownership and legal form	15	
GRI 102-6	Markets served	15	
GRI 102-7	Scale of the organization	15, 33 f., 101	
GRI 102-8	Information on employees and other workers	15, 101, 122ff.	
GRI 102-9	Supply chain	29, 105ff.	
GRI 102-10	Significant changes to the organization and its supply chain	15ff., 62	
GRI 102-11	Precautionary principle or approach	58ff.	
GRI 102-12	External initiatives	105ff.	Audi is active in major international multistakeholder sustainability initiatives such as the Aluminium Stewardship Initiative and the Global Battery Alliance. Further information and supported organizations can be found under https://www.audi.com/en/company/sustainability/stakeholder-management.html.
GRI 102-13	Membership of associations		Audi works in a variety of initiatives, associations and work groups to discuss ecological, economic and social issues in partnership with stakeholders. The list (see below) of memberships and activities exemplifies the company’s dialogue with industry, politics, science and society. This is only a selection of Audi’s numerous involvements that also reflect the interests of the company’s stakeholders. This depiction was created using the five chapters of this report to illustrate the connections to the topics reported in the Audi Report 2021: **Strategy** > VDA Verband der Automobilindustrie e.V., Berlin > eNOVA Strategiekreis Automobile Zukunft, Berlin **Operations & Integrity** > Deutsches Institut für Compliance (DICO), Berlin > Gesellschaft für Datenschutz und Datensicherung e.V. (GDD), Bonn > Zentrum für Wirtschaftsethik gGmbH (ZfW), Berlin **Products & Services** > Deutsches Verkehrsforum e.V., Berlin **Value Creation & Production** > Biodiversity in Good Company Initiative e.V., Berlin > Co_2ncept plus – Verband der Wirtschaft für Emissionshandel und Klimaschutz e.V., Munich **Employees & Society** > Deutsche Gesellschaft für Arbeitsmedizin und Umweltmedizin e.V. (DGAUM), Lübeck > Initiative Women into Leadership e.V., Düsseldorf > Diversity Charter, Berlin > Verein zur Förd. kult. Belange in der Region IN, Ingolstadt www.audi.com/en/company/sustainability/stakeholder-management.html

GRI Standards		Page	Comment
Strategy			
GRI 102-14	Statement from senior decision-maker	2	
GRI 102-15	Key impacts, risks, and opportunities	58ff.	
Ethics and Integrity			
GRI 102-16	Values, principles, standards, and norms of behavior	58ff., 67ff.	www.audi.com/en/company/integrity-compliance-and-risk-management/compliance.html
GRI 102-17	Mechanisms for advice and concerns about ethics	67ff.	www.audi.com/en/company/integrity-compliance-and-risk-management/whistleblower-system.html
Governance			
GRI 102-18	Governance structure		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 at which they exercise their rights with regard to the stock corporation's affairs. AUDI AG is held by a sole shareholder, Volkswagen AG. 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 network. At the time the report was completed, the Board of Management of AUDI AG 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 is provided on the website of AUDI AG. www.audi.com/en/company/profile/company-management.html
GRI 102-19	Delegating authority		www.audi.com/en/company/sustainability/core-topics/operations-and-integrity/firmly-anchored-responsibility.html
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	24ff.	www.audi.com/en/company/sustainability/core-topics/operations-and-integrity/firmly-anchored-responsibility.html
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	13f.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 102-22	Composition of the highest governance body and its committees		www.audi.com/en/company/profile/company-management.html
GRI 102-23	Chair of the highest governance body		www.audi.com/en/company/profile/company-management.html
GRI 102-24	Nominating and selecting the highest governance body	5	www.audi.com/en/company/profile/company-management/methods-and-practices-of-the-board-of-management-and-supervisory.html
GRI 102-25	Conflicts of interest		www.audi.com/en/company/profile/company-management/methods-and-practices-of-the-board-of-management-and-supervisory.html https://www.audi.com/en/company/profile/company-management/information-on-corporate-governance-practices.html
GRI 102-26	Role of highest governance body in setting targets, values, and strategies	13f.	www.audi.com/en/company/sustainability/core-topics/operations-and-integrity/firmly-anchored-responsibility.html
GRI 102-27	Collective knowledge of highest governance body		www.audi.com/en/company/sustainability/core-topics/operations-and-integrity/firmly-anchored-responsibility.html www.audi.com/en/company/profile/company-management.html
GRI 102-28	Evaluating the highest governance body's performance		www.audi.com/en/company/profile/company-management/methods-and-practices-of-the-board-of-management-and-supervisory.html
GRI 102-29	Identifying and managing economic, environmental, and social impacts	13f.	
GRI 102-30	Effectiveness of risk management processes	58ff.	
GRI 102-31	Review of economic, environmental, and social topics	13f.	
GRI 102-32	Highest governance body's role in sustainability reporting		www.audi.com/en/company/sustainability/core-topics/operations-and-integrity/firmly-anchored-responsibility.html

GRI Standards		Page	Comment
GRI 102-33	Communicating critical concerns	67ff.	Regular exchanges take place regarding the activities of Governance, Risk & Compliance. Within this framework, the Chief Compliance Officer presents scheduled and ad hoc reports to the Board of Management, Supervisory Board, Group Chief Compliance Officer and Group Integrity Officer, including reports on the Whistleblower System. Also included in the reporting duties of Governance, Risk & Compliance are quarterly risk reports and the internal Governance, Risk & Compliance report for the year, which are submitted to the Board of Management of AUDI AG and the Audit Committee of the Supervisory Board of AUDI AG.
GRI 102-34	Nature and total number of critical concerns	67ff.	In 2021, 455 reports of possible regulatory violations were received. This is in line with the previous year's level. The reports contained substantial information and were mostly non-anonymous, confirming once again that trust in the Whistleblower System is high.
Stakeholder Engagement			
GRI 102-40	List of stakeholder groups	13f.	
GRI 102-41	Collective bargaining agreements		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 applicable legislation, directives, accident prevention regulations, wage agreements and works agreements reached in favor of the employees.
GRI 102-42	Identifying and selecting stakeholders	13f.	www.audi.com/en/company/sustainability/stakeholder-management.html

GRI Standards		Page	Comment
Stakeholder engagement			
GRI 102-43	Approach to stakeholder engagement	13f.	www.audi.com/en/company/sustainability/stakeholder-management.html The cooperation between employee and employer representative bodies exemplifies how stakeholder engagement works: Delegates of the employee representative bodies of the Audi Group meet at least twice a year in the framework of the Audi Committee to advise on topics of international importance for the Group as a whole and to enter into exchanges in this regard with the Audi Board of Management. In addition, individual support is provided for the respective sites on specific topics. The spokesperson for the Audi Committee is the Chair of the General Works Council of AUDI AG, Peter Mosch, with Supervisory Board mandates in Volkswagen AG and AUDI AG. On the Supervisory Board of AUDI AG, the elected employee representatives perform duties such as monitoring executive management, approving important corporate processes and appointing the members of the Board of Management. The intention is to give a voice to international colleagues in this and other key committees too and to represent the interests of the employees as well as the interests of the domestic sites. The Social Charter, which will also be implemented in the Audi Group at AUDI AG in the future, was amended at the end of 2020 and, following this revision, defines economic efficiency and job protection as equal-ranking corporate goals. In addition to the scope of application being extended to all Group companies in which the Volkswagen Group has a majority interest (> 50 percent), VW also endeavors to promote its goals among companies in which it holds a non-controlling interest. The Social Charter serves as a binding basis for organizing relationships with suppliers and other business partners (Code of Conduct for Business Partners). This update also points out the need to set up appropriate management systems to implement the Declaration of Human Rights, and establishes some of these systems accordingly. The following principles have been newly included: no harassment, protection of young employees, fire and environmental protection, protection of confidential information, protection of freedom of conscience, opinion and religion, protection of physical integrity, prohibition of torture. In addition to the Social Charter, there is also a Charter on Labor Relations, a Charter on Temporary Work and a Charter on Vocational Education, which set out guiding principles on the respective topics for the entire Group. 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.
GRI 102-44	Key topics and concerns raised	13f.	www.audi.com/en/company/sustainability/stakeholder-management.html

GRI Standards		Page	Comment
Reporting Practice			
GRI 102-45	Entities included in the consolidated financial statements		https://www.audi.com/content/dam/gbp2/en/company/investor-relations/reports-and-key-figures/annual-reports/fact-pack-2021.xlsx
GRI 102-46	Defining report content and topic boundaries	13f.	
GRI 102-47	List of material topics	13f.	
GRI 102-48	Restatements of information		The way in which the information is presented has not changed since the previous year.
GRI 102-49	Changes in reporting		There have been no changes in reporting compared with the previous year.
GRI 102-50	Reporting period	2	
GRI 102-51	Date of most recent report	2	
GRI 102-52	Reporting cycle	2	
GRI 102-53	Contact point for questions regarding the report	139	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	127	
GRI 102-55	GRI content index	127	
GRI 102-56	External assurance	125f.	
Topic-specific Disclosures			
Economic Performance			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 112ff.	
GRI 103-2	The management approach and its components	33ff., 112ff.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html

GRI Standards		Page	Comment
GRI 201	**Economic Performance 2016**		
GRI 201-1	Directly generated and distributed economic value	33ff., 118	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	50ff., 58ff.	
Procurement Practices			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 105ff., 112ff.	
GRI 103-2	The management approach and its components	105ff., 112ff.	www.audi.com/en/company/sustainability/s-rating.html
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 204	**Procurement Practices 2016**		
GRI 204-1	Proportion of spending on local suppliers		Audi is an internationally operating company and maintained production facilities in 12 different countries around the world during the reporting period. Services and products are procured on the basis of a global supplier base, with a focus on resource-optimized procurement. The term “major operations” is used to refer to sites in Europe and North America; associated companies in China are not included in this analysis. The term “local” refers to the entire region in which the respective operation is located. Under these assumptions, the volume of products and services procured locally by major operations accounted for 60.7 percent of the total Audi procurement volume in the year under review. Of that figure, Europe accounted for 52.4 percent (Germany: 39.4 percent) and North America for 8.3 percent.

GRI Standards		Page	Comment
Anti-corruption			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 67ff., 112ff.	
GRI 103-2	The management approach and its components	67ff., 112ff.	
GRI 103-3	Evaluation of the management approach	67ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 205	**Anti-corruption 2016**		
GRI 205-1	Operations assessed for risks related to corruption		The Audi Group places a high priority on preventing corruption. Within the company, the department Compliance AUDI AG/ Management Systems (I/GC-A) helps ensure sustainable prevention of corruption. As part of the Internal Compliance Risk Assessment (ICRA) standard process, compliance risk profiles are drawn up for each company, including for the subject area of corruption. Each company has to implement specific individual measures once the risk profile has been created, which help mitigate the risk. In addition, the Audi Compliance Risk Assessment (CRA) is used to identify division-specific compliance risks for AUDI AG. Corruption is among the core compliance issues here as well. In the year under review, 44 national and international participations were supported in the compliance focal area of anti-corruption in the course of consultancy inquiries, the implementation of policies 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 the process. In addition, the proper implementation of measures is verified as part of on-site inspections and external audits. Companies can also report risks, problems and incidents in the area of corruption, among others, to the Compliance AUDI AG/ Management Systems (I/GC-A) department as part of hot topic reporting. No hot topics in relation to corruption were reported in the year under review. In late 2021, AUDI AG implemented an IT system to help employees avoid corruption and deal with conflicts of interest. A successive rollout of this anti-corruption tool at the participations has been underway since the beginning of 2022.
GRI 205-2	Communication and training about anti-corruption policies and procedures	67ff.	In view of particularly strict criminal law provisions, the “Dealing with public officials” web based training (WBT) has been mandatory for all indirect employees, managers and members of the Board of Management since 2020. At 99.69 percent, it achieved the highest participation rate among the mandatory training measures, followed by the “Anti-corruption” WBT, which is also mandatory for everyone, at 99.22 percent. The new Board Members for the E and F divisions received executive training on the Audi Code of Conduct and anti-corruption.
GRI 205-3	Confirmed incidents of corruption and actions taken		In 2021, three suspected cases of serious regulatory violations concerning corruption were forwarded by the Audi Investigation Office to an investigating unit for further examination. Two of these cases were found not to be in violation of the rules, while one case resulted in the imposition of personnel measures.
Anti-competitive Behavior			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 112ff.	
GRI 103-2	The management approach and its components	112ff.	
GRI 103-3	Evaluation of the management approach	58ff.	
GRI 206	**Anti-competitive Behavior 2016**		
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Cases of actual and suspected violations of anti-trust law are isolated cases. The total number of cases is not reported for confidentiality reasons.
Materials			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 96ff., 112ff.	
GRI 103-2	The management approach and its components	90f., 96ff., 112ff.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html

GRI Standards		Page	Comment
GRI 301	**Materials 2016**		
GRI 301-1	Materials used by weight or volume	96ff., 98	
GRI 301-2	Recycled input materials used	96ff.	
GRI 301-3	Reclaimed products and their packaging materials	92ff., 96ff., 121	
Energy			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	90f., 95, 112ff.	
GRI 103-2	The management approach and its components	94, 95, 96ff., 112ff.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 302	**Energy 2016**		
GRI 302-1	Energy consumption within the organization	90f., 95, 119	302-1 f: The process of collecting key figures including definition of scope is anchored in the Volkswagen standard 98000 (see page 95) and does not provide for extrapolation at overall site level.
GRI 302-3	Energy intensity	90f., 95, 119	
GRI 302-4	Reduction of energy consumption	90f., 95, 119	
Water and Effluents			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 90f., 95, 112ff.	
GRI 103-2	The management approach and its components	90f., 94, 95, 112ff.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html

GRI Standards		Page	Comment
GRI 303	**Water and Effluents 2018**		
GRI 303-1	Interactions with water as a shared resource	90f., 121	
GRI 303-2	Management of water discharge-related impacts	90f.	
GRI 303-4	Water withdrawal	90f., 95, 121	303-4 c: All production sites are weighted according to the water stress present in the region. Necessary water management measures are derived from the assessment. 303-4 d: As with the entire process for collecting key figures, the process for identifying the relevant wastewater load and wastewater limits is anchored in the Volkswagen standard 98000 (see page 95). Owing to the size of the Group, Audi sites are subject to different legislation. Some incidents are dealt with at a local level. There is no Group data available on incidents at present for this reason.
Biodiversity			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 95, 112ff.	
GRI 103-2	The management approach and its components	90f., 94, 95, 112ff.	www.progress.audi/progress/en/a-visit-at-audis-natural-habitat-for-flora-and-fauna-on-its-production-site.html
GRI 103-3	Evaluation of the management approach	58ff., 90f.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 304	**Biodiversity 2016**		
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	90f.	www.progress.audi/progress/en/a-visit-at-audis-natural-habitat-for-flora-and-fauna-on-its-production-site.html

GRI Standards		Page	Comment
Emissions			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 95, 112ff.	
GRI 103-2	The management approach and its components	90f., 112ff., 95, 94, 73ff.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 305	**Emissions 2016**		
GRI 305-1	Direct GHG emissions (Scope 1)	90f., 95, 120	305-1 e: Generally, Audi uses the real emission factors of the energy suppliers. If this is not possible, calculations are conducted on the basis of the VDA's standard factors. As with the entire process for collecting key figures, this process is anchored in the Volkswagen standard 98000 (see page 95).
GRI 305-2	Energy indirect GHG emissions (Scope 2)	90f., 95, 120	305-2 a: The process of selecting relevant emissions and the emission factors used are anchored in Volkswagen standard 98000 (see page 95), as is the entire key figure collection process. Generally, Audi uses the real emission factors of the energy suppliers. If this is not possible, calculations are conducted on the basis of the VDA's standard factors. All Audi manufacturing sites were converted extensively to green electricity as of January 1, 2020. Owing to the size of the Group, a disproportionately high level of effort would be required to manually calculate all location-based emissions as a reference. No reporting therefore takes place for this reason. 305-2 e: The process of selecting relevant emissions and the emission factors used are anchored in Volkswagen standard 98000 (see page 95), as is the entire key figure collection process. Generally, Audi uses the real emission factors of the energy suppliers. If this is not possible, calculations are conducted on the basis of the VDA's standard factors.
GRI 305-4	GHG emissions intensity	95, 120	
GRI 305-5	Reduction of GHG emissions	90f., 95, 120	
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	120	305-7 b: The process of selecting relevant emissions and the emission factors used are anchored in Volkswagen standard 98000 (see page 95), as is the entire key figure collection process. Generally, Audi uses the real emission factors of the energy suppliers. If this is not possible, calculations are conducted on the basis of the VDA's standard factors.

GRI Standards		Page	Comment
Waste			
GRI 306	**Waste 2020**		
GRI 306-1	Waste generated and significant waste-related impacts	90f., 94, 95, 96ff., 112ff.	
GRI 306-2	Management of significant waste-related impacts	90f., 94, 95, 96ff., 112ff.	
GRI 306-3	Waste generated	90f., 121	
Environmental Compliance			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 112ff.	www.audi.com/en/company/integrity-compliance-and-risk-management/compliance/product-integrity-and-environmental-protection.html
GRI 103-2	The management approach and its components	112ff.	
GRI 103-3	Evaluation of the management approach	58	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 307	**Environmental Compliance 2016**		
GRI 307-1	Non-compliance with environmental laws and regulations		In 2021, AUDI AG did not face any significant fines and/or non-monetary sanctions and/or dispute resolution proceedings for non-compliance with environmental laws and regulations.

GRI Standards		Page	Comment
Supplier Environmental Assessment			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 105ff., 112ff.	
GRI 103-2	The management approach and its components	105ff., 112ff.	www.audi.com/en/company/sustainability/s-rating.html
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 308	**Supplier Environmental Assessment 2016**		
GRI 308-1	New suppliers that were screened using environmental criteria	29, 105ff.	https://www.audi.com/en/company/sustainability/s-rating.html
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	29, 105ff.	Volkswagen Sustainability Report (pages 98-99, pages 102-103)
Employment			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 101, 102ff., 112ff.	
GRI 103-2	The management approach and its components	101, 112ff., 122f.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html

GRI Standards		Page	Comment
GRI 401	**Employment 2016**		
GRI 401-1	New employee hires and employee turnover	101, 122f.	401-1 a: Data on the rate of new employee hires is not available since this key figure is not collected. Audi uses the absolute number of employees in relation to new employee hires. The fluctuation takes into account: terminations, exits at the employees' own request without a rehire guarantee, and service termination agreements. Absolute figures are not used as an internal control and are therefore not available in a reportable format. 401-1 b: The data for the entire Audi Group is not recorded systematically at present. Collecting this data manually would be highly complex due to the autonomy of the companies, and a disproportionately high level of effort would be required owing to the size of the Group. No reporting therefore takes place for these reasons and also due to the fact that the figure is not relevant for control purposes.
GRI 401-3	Parental leave	101, 122f.	
Labor/Management Relations			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 21ff., 30, 112ff.	
GRI 103-2	The management approach and its components	21ff., 30, 112ff.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 402	**Labor/Management Relations 2016**		
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. Besides statutory obligations, which are complied with in full, arrangements in company agreements also apply.

GRI Standards		Page	Comment
Occupational Health and Safety			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 112ff.	
GRI 103-2	The management approach and its components	112ff.	
GRI 103-3	Management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 403	**Occupational Health and Safety 2018**		
GRI 403-1	Occupational health and safety management system		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 operational processes, 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 bears overall responsibility for compliance with the statutory regulations on occupational health and safety. Furthermore, each operations leader is responsible for occupational safety in their supervisory and functional area. This is also laid down in a works agreement on occupational safety that covers all employees of AUDI AG.
GRI 403-2	Hazard identification, risk assessment, and incident investigation		Comprehensive risk assessments and regular workplace inspections including an evaluation are part of the basic repertoire in the daily work routine at Audi in order to prevent accidents and health impairments.
GRI 403-3	Occupational health services		Comprehensive health management at Audi ensures that employees have access to high-quality occupational health services. In the case of activities that are potentially hazardous to human health, for instance, occupational health medicals and suitability examinations are offered to ensure that the risk of damage to health is kept to a minimum.
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety		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.
GRI 403-5	Worker training on occupational health and safety		To guarantee that all aspects of occupational health and safety are observed, Audi offers a wide range of training courses for various employees in order to prevent potential hazards. For example, there are specific training courses for new employees, group leaders or employees who must work with critical machinery.
GRI 403-6	Promotion of worker health		The company offers a number of programs to promote the health of its workforce. For the past two years, most of the activities have taken place digitally – with the advantage that employees at both sites can participate and access is less complicated. On average, 150 employees take part in online presentations.
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		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.
GRI 403-8	Workers covered by an occupational health and safety management system		Occupational health and safety measures apply to all employees of AUDI AG.
GRI 403-9	Work-related injuries	101	In 2021, there was one fatal workplace accident in the Audi Group. Workplace accidents involving temporary workers or employees of external companies are not included in the reported accident frequency figure for reasons of confidentiality and data protection. All injuries sustained at any of the Audi Group's vehicle-producing companies are documented and analyzed in accordance with country-specific requirements. Similarly, all hazards that employees face at the companies are systematically assessed and documented as required by country-specific regulations. Details are not published for confidentiality reasons.
Training and Education			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 21ff., 30, 102ff., 112ff.	
GRI 103-2	The management approach and its components	21ff., 30, 101, 102ff., 112ff.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html

GRI Standards		Page	Comment
GRI 404	**Training and Education 2016**		
GRI 404-1	Average hours of training per year per employee	101, 102ff., 122f.	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	8, 9, 30, 102ff., 112ff.	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews		Taking equal opportunity and equal treatment into account, the disciplinary managers/supervisors conduct an annual appraisal meeting for all employees of AUDI AG with variable performance-based pay as well as for non-pay-scale employees.
Diversity and Equal Opportunity 2016			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	5, 7, 13f., 30, 112ff.	
GRI 103-2	The management approach and its components	30, 101, 112ff.	www.audi.com/en/career/diversity-at-audi.html
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 405	**Diversity and Equal Opportunity 2016**		
GRI 405-1	Diversity of governance bodies and employees	5, 122f.	www.audi.com/en/career/working-world/diversity-agents.html 405-1: The data for the entire Audi Group is not available since this information is not relevant for control purposes owing to the autonomy of the companies and the size of the Group. 405-1 b ii: Only the key figure for AUDI AG is relevant for control purposes owing to the size of the Group and the autonomy of the companies. The scope is limited to AUDI AG data for this reason.
GRI 405-2	Ratio of basic salary and remuneration of women to men		Through collective bargaining agreements involving the unions and management, AUDI AG undertakes to ensure that part-time and full-time employees receive equitable and fair pay; the activity alone determines remuneration.

GRI Standards		Page	Comment
Human Rights Assessment			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	7, 13f., 29, 105ff., 112ff.	
GRI 103-2	The management approach and its components	29, 105ff., 112ff.	audi.com/en/company/integrity-compliance-and-risk-management/compliance.html
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 412	**Human Rights Assessment 2016**		
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	7, 105ff.	Volkswagen Sustainability Report (page 96, 102) www.audi.com/en/company/sustainability/s-rating.html

GRI Standards		Page	Comment
GRI 412	**Human Rights Assessment 2016**		
GRI 412-2	Employee training on human rights policies or procedures		Audi uses a range of training measures to convey information on the topic of human rights in the company. For example, a chapter of the “Audi Code of Conduct and Ethical Decision-Making” WBT has been used since the end of 2018 to provide a basic understanding. The training is obligatory for the entire workforce. As of Dec. 31, 2021, 99.81 percent of all employees had completed the approx. 45-minute training. The topic is likewise anchored in the form of basic knowledge in the 30-minute WBT on “Compliance Awareness,” which has been available on a voluntary basis since the beginning of 2020. Around 240 employees took part in this training in the past year. Since the end of 2020, there is a 90-minute live online training course entitled “Business and Human Rights in the Corporate Context – Respecting Human Rights.” This training course can be booked by all employees, although it is specifically aimed at employees who have direct responsibility for or heightened impact on the topic in their everyday work. - Participation in the obligatory WBT Code of Conduct: 99.81% In figures: Actual participation: 53,445 Target participation: 54,089 (as of December 31, 2021) - Participation in the voluntary live online training course “Human Rights:” 50 participants (as of: December 31, 2021) (Note: five courses in total) - Participation in the voluntary WBT Compliance Awareness: Approx. 240 participants including repeat participants (as of: December 31, 2021) Further measures to raise employee awareness outside of training formats include presentations during online events on sustainability or compliance topics.
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	29, 105ff.	www.audi.com/en/company/sustainability/s-rating.html

GRI Standards		Page	Comment
Supplier Social Assessment			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	7, 13f., 29, 105ff., 112ff.	
GRI 103-2	The management approach and its components	29, 105ff., 112ff.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 414	**Supplier Social Assessment 2016**		
GRI 414-1	New suppliers that were screened using social criteria	105ff.	www.audi.com/en/company/sustainability/s-rating.html
GRI 414-2	Negative social impacts in the supply chain and actions taken	105ff.	Volkswagen Sustainability Report (pages 98-99, 102-103) www.audi.com/en/company/sustainability/s-rating.html
Customer Health and Safety			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	14, 112ff.	
GRI 103-2	The management approach and its components	112ff.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 416	**Customer Health and Safety 2016**		
GRI 416-1	Assessment of the health and safety impacts of product and service categories		Audi’s commitment to quality is based also and especially on social change, customer requirements, statutory and regulatory requirements as well as the binding internal Code of Conduct. All divisions formulate their quality requirements in goals, control these independently based on key figures, are subject to independent controls and contribute to the achievement of corporate goals. Audi attaches particular importance to producing high-quality and safe vehicles. And it continues to keep an eye on its products even after they have been delivered to customers – in line with product monitoring obligations. On the request of the Board of Management, the Product Safety Committee (APS) examines topic-related reports for delivered vehicles and products and initiates measures if requirements for the necessary product safety or regulatory conformity are not met. Likewise, the APS handles responses to inquiries from authorities and consumer protection associations in the area of product safety and conformity when vehicles and products already on the market are affected.

GRI Standards		Page	Comment
GRI 416	**Customer Health and Safety 2016**		
GRI 416-2	Incidents of noncompliance concerning the health and safety impacts of products and services		In addition to interfaces to the Environmental Compliance Management System (ECMS) and Product Compliance Management System (PCMS), the interface to the Compliance Management System (CMS) should also be highlighted in terms of continuous development and improvement. Goals in this respect include exchanging information on process weaknesses, initiating improvement measures when necessary and therefore minimizing compliance risks related to product safety and product conformity. In 2020, Audi began establishing product compliance and the Product Compliance Management System (PCMS) as a regulatory framework for ensuring product compliance in the company. Every employee plays their part in ensuring that product compliance risks are minimized by complying with regulations in the Corporate Policy U_059.
Marketing and Labeling			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 112ff.	
GRI 103-2	The management approach and its components	112ff.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 417	**Marketing and Labeling 2016**		
GRI 417-1	Requirements for product and service information and labeling	124	
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		There were no fines or sanctions related to marketing and communications during the 2021 reporting year.

GRI Standards		Page	Comment
Customer Privacy			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 112ff.	
GRI 103-2	The management approach and its components	112ff.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 418	**Customer Privacy 2016**		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		As in the previous year, there were no substantiated complaints concerning breaches of customer privacy in 2021.
Socioeconomic Compliance			
GRI 103	**Management Approach 2016**		
GRI 103-1	Explanation of the material topic and its boundary	13f., 112ff.	
GRI 103-2	The management approach and its components	112ff.	
GRI 103-3	Evaluation of the management approach	58ff.	www.audi.com/en/company/sustainability/stakeholder-management.html
GRI 419	**Socioeconomic Compliance 2016**		
GRI 419-1	Non-compliance with laws and regulations in the social and economic area		Any known cases of actual and suspected compliance violations are isolated cases without a systemic cause. The total number of cases is not reported for confidentiality reasons.

PUBLICATION DETAILS

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The vehicle is a concept vehicle that is not available as a series-production vehicle.