



## **Slavery and Human Trafficking Statement of Audi Business Innovation GmbH (2019 fiscal year)**

This statement has been issued in accordance with Section 54 of the United Kingdom Modern Slavery Act 2015. It describes all implemented measures of Audi Business Innovation GmbH on preventing forms of modern slavery and human trafficking.

### **Preamble**

We are very well aware of our responsibility to ensure the respect of human rights at our locations and within our Audi on demand mobility product. For us, this responsibility does not end at our office doors; it extends well beyond them.

### **Organization**

Audi Business Innovation GmbH is a company constituted under German law with headquarters in Ingolstadt, Germany. Audi Business Innovation GmbH was founded in 2013 by AUDI AG as a wholly-owned subsidiary, to re-think the core business of AUDI AG. As a subsidiary of AUDI AG, it is also part of the Volkswagen Group and is thus subject to the general legal requirements as well as the internal guidelines of the Volkswagen Group and AUDI AG. Audi Business Innovation GmbH also holds 100 percent of the shares of Audi e-gas Betreibergesellschaft mbH. In turn, the latter has a 100 percent interest in Audi Industriegas GmbH. Through this direct controlling influence, Group management and governance are ensured through guidelines, channels of reporting and committees.

The business activity of Audi Business Innovation GmbH is primarily directed towards working together with specialists from different industries in interdisciplinary teams in order to re-shape the mobility of the future and to implement innovative business models. This extends beyond the car as a product; the business activity of AUDI AG and of the Volkswagen Group is also expanded by the digital services of Audi Business Innovation GmbH. In response to the demands of tomorrow, innovative concepts, products and services are developed, implemented and operated along the interface between technology, digital business models and mobility. Further, Audi Business Innovation GmbH works in highly varied forms with external partners from the mobility sector.

With its locations, the main presence of Audi Business Innovation GmbH is in Munich. Its digital mobility products, however, are offered throughout Germany as well as in other European countries.

Compliance with sustainability standards, including in the areas of human rights, occupational safety and health protection, environmental protection and anti-corruption are, for Audi Business Innovation GmbH, the foundation of successful business activity. Only by working together with our business partners can we ensure compliance with sustainability standards and contribute towards the United Nations Sustainable Development Goals (SDGs). Actions taken by the Volkswagen Group and efforts to promote sustainability and to uphold and respect human rights within the Group and along the supply chain play a part in the Audi Group achieving these goals alongside its autonomously pursued measures.



## **Internal Measures**

### **General**

In January of the reporting period, the Group Board of Management – specifically Hiltrud D. Werner, Integrity & Legal Affairs, and Gunnar Kilian, Human Resources – appointed a coordinator for "Business & Human Rights", who is located within Group Compliance. Within the Audi Group, Compliance is equally tasked with the respective integration into the existing compliance management system and the centralised coordination of those responsible for "Business & Human Rights" at other business divisions. Combating modern slavery is one of the focal points of our activities in the area of "Business & Human Rights" – which is embodied, for instance in the current prioritisation of our Group-wide "salient business & human rights issues". For us, child labour and forced labour are serious violations of human rights and are therefore in particular prohibited.

In addition to the coordination, we prioritised a focal area in 2019 in the collaboration with external stakeholders. For example, AUDI AG supports the German Federal government's National Action Plan (NAP) "Business & Human Rights". More specifically, in 2019 we prepared an active cooperation together with representatives of the trade unions, NGOs, science, politics and the economy which will evolve in the automotive industry's sector dialogue "Business & Human Rights" under the aegis of the German Federal Ministry of Labour and Social Affairs (BMAS). Various approaches to combating modern slavery also play a key role here. We also actively seek a direct dialogue with stakeholders, e.g. as part of the stakeholder dialogue or the DICO's CSR/Human Rights task force. In addition, the Volkswagen Group was the first automotive manufacturer to be included in the "Business and Human Rights" Global Business Initiative (GBI) in 2019. The purpose of this corporate network is to engage in an exchange and participate in peer learning.

### **Audi Business Innovation GmbH Code of Conduct**

The Audi Group – and thus also Audi Business Innovation GmbH – updated its Code of Conduct in 2017 in line with the Volkswagen Group. It was adopted as a binding policy by all Audi Group brands by the end of 2017. The Code of Conduct is therefore identical across all brands and companies. It is permanently available to all employees on the intranet and also for third parties on the Internet and is continuously communicated in digital format and in print media as well as at internal company events. The Code of Conduct is based on common values and focuses on honest, morally correct and rule-compliant behaviour as well as the issue of "responsibility". Whether at the workplace, as a business partner or as a member of society, the Code of Conduct helps employees deal with the existing rules at the company and provides orientation, support, and advice. The rejection of all forms of modern slavery and human trafficking is also a central tenet of the Code of Conduct for the Audi Group as well for Audi Business Innovation GmbH. Further, employees of the Audi Group act in compliance with the principles of the UN Global Compact, the OECD Guidelines for Multi-national Enterprises and the declarations of the International Labour Organization (ILO).



## **Audi Business Innovation GmbH Whistleblower System**

The Whistleblower System is responsible for receiving and processing reports of serious regulatory and legal violations. Violations of human rights are strong indicators of a serious regulatory and legal violation. Our employees as well as individuals from outside the company can report regulatory and legal violations using whistleblowing channels that are available by telephone, e-mail, mail and as an Internet tool, or verbally, as well as to ombudsmen, and on request even anonymously. The ombudsmen are two external lawyers mandated by Volkswagen AG. Information regarding potential regulatory or legal violations can also be provided via a 24/7 telephone hotline which has been in operation since 2018. Employees and business partners as well as customers throughout the world have the opportunity of reporting information in all the major Group languages 365 days a year, 24 hours a day. Strict confidentiality and secrecy are maintained throughout the entire process. The Whistleblower System guarantees the highest possible protection for whistleblowers and affected persons. Any retaliatory action against whistleblowers constitutes a serious regulatory violation and will not be tolerated.

### **Risk analysis**

The established risk management process includes the quarterly risk process and the annual standard GRC process. Risk assessments pertaining to human rights are conducted and the countermeasures taken in response are reported by the Group and the respective companies. The annual regular GRC process supports the recording of potential risks by means of a catalogue of risk topics, which also includes potential risks arising from the violation of human rights. Quarterly, annual, and ad-hoc reports are submitted to the Board of Management of Audi Business Innovation GmbH and to AUDI AG.

In addition, a cross-departmental working group in Group Compliance of the Volkswagen Group developed a concept in 2019 for assessing risk exposures alongside a correlation of country risks and business model risks in the area of "Business & Human Rights" for controlled entities. Based on this, measures are also defined for Audi Group entities. These measures are integrated in the general measures for traditional compliance topics such as the prevention of corruption and money laundering and are to be implemented by the end of 2021.

### **Employee qualification**

By taking preventive measures, Audi Business Innovation GmbH promotes compliance with regulations and raises the compliance awareness of employees. Target-group-oriented communication and training measures for employees at every level of the hierarchy play a central role in this. In this reporting year, the communication and training activities primarily focused on the Code of Conduct, anti-corruption, and the Whistleblower System. The Code of Conduct training encompasses fundamental information on the topic of human rights.

In the fiscal year 2019, Business & Human Rights was integrated into the face-to-face training on Compliance, covering crucial information on Compliance topics (such as human rights) and potential incidents in daily business. This training was open to all employees. In 2020, additional training is to provide a more in-depth understanding of "Business & Human Rights" – a course which again will be open to all employees.



## Dealing with suppliers

As a major group, Audi and its more than 16,000 suppliers from around the world impact both the environment and society – an impact which is to be overwhelmingly positive. Additionally, they all assume responsibility for fair, humane working conditions which is lived not only in the relationship with our direct business partners. Instead, we take our partners on board with us in order to shoulder this responsibility together. The development and implementation of a Responsible Supply Chain Management is therefore integral to our procurement.

### **Sustainability requirements for our suppliers: Code of Conduct for business partners**

Key to our Responsible Supply Chain Management are the "Requirements of the Volkswagen Group for Sustainability in Relationships with Business Partners" – the Code of Conduct for business partners. Our expectations as regards our business partners' conduct with respect to core social, compliance and environmental standards are set out there. The requirements are, among other things, based on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the relevant conventions of the International Labour Organization (ILO).

The Code of Conduct for business partners was thoroughly revised in 2019. Since then, these requirements also apply to our distribution partners, with Volkswagen distribution partners being included in the higher-level human rights risk analysis described above.

The expanded requirements for suppliers specific to the topic of modern slavery are as follows:

"No slavery and no human trafficking – business partners reject all conscious use of forced and compulsory labour as well as all forms of modern slavery and human trafficking. There is no bonded labour or involuntary prison labour. Employment relationships are entered into on a voluntary basis and may be terminated by employees at their own discretion and within a reasonable notice period."

Our aim, based on the defined requirements, must be to work with our suppliers in a collaborative effort towards the risk-based improvement of our sustainability performance and responsibility.

**Audi Business Innovation GmbH**

Munich, July 2020



**Bettina Bernhardt**  
Managing Director



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