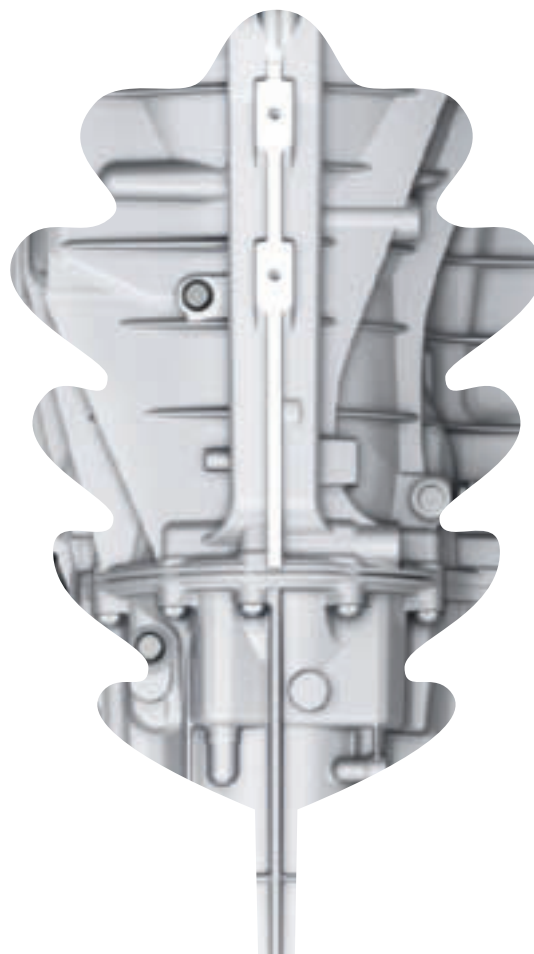


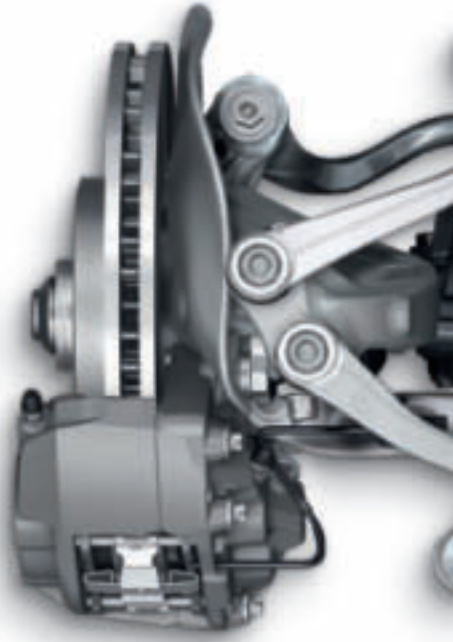


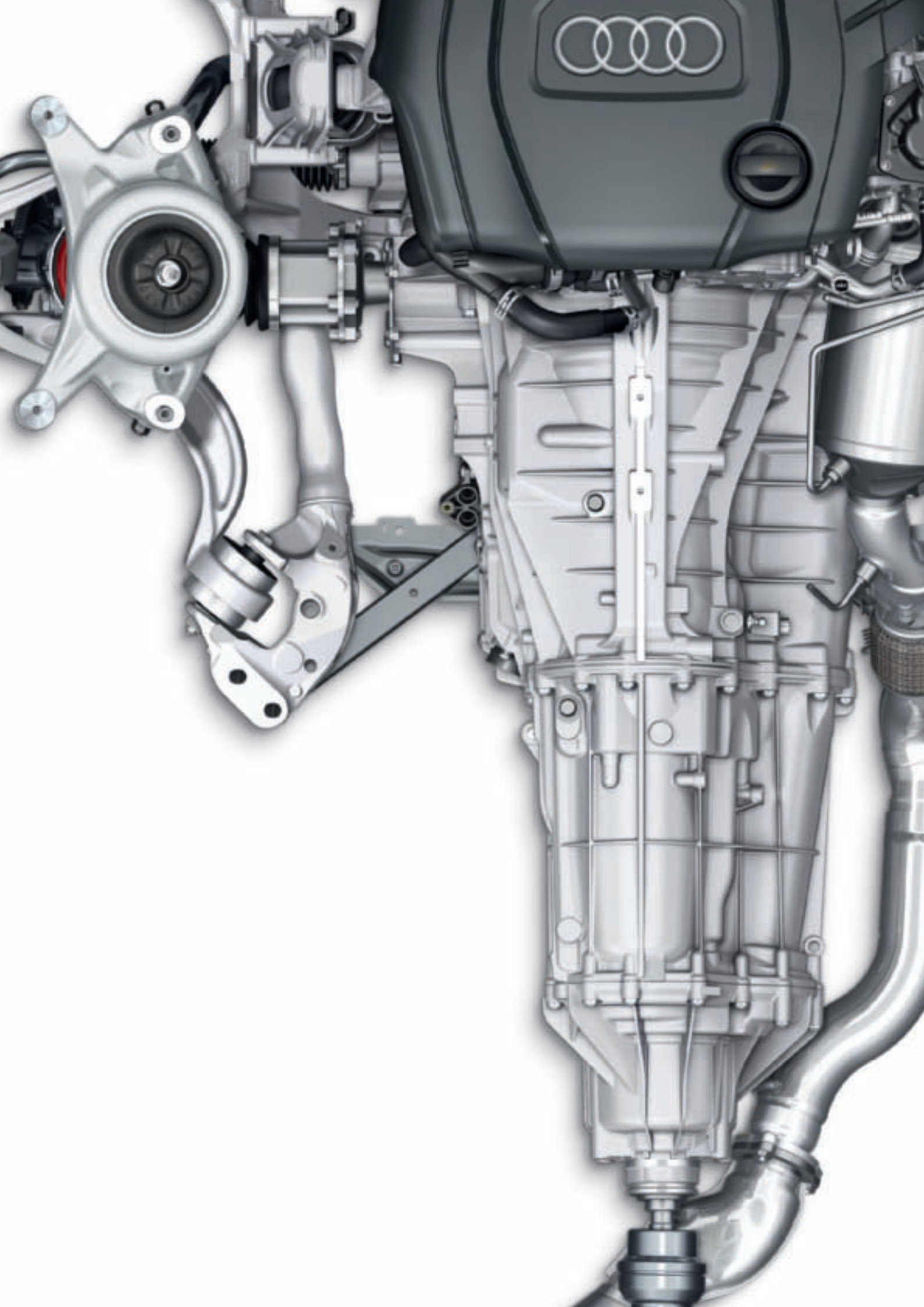
# Audi

Corporate Responsibility Report 2012



We live responsibility

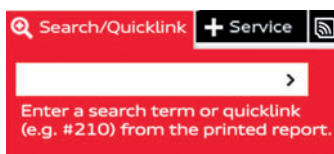




# About this report

[www.audi.com/  
cr-report2012](http://www.audi.com/cr-report2012)

This printed brochure is an abridged version of the Audi Corporate Responsibility Report 2012. The full version can be viewed at [www.audi.com/cr-report2012](http://www.audi.com/cr-report2012). Further information on the Internet page is marked in the corresponding text with a # symbol. More detailed content can be accessed by entering the quicklink in the navigation bar of the online report.



In publishing the Corporate Responsibility Report 2012, we are presenting our work in the area of corporate responsibility (CR) in detail to external and internal stakeholders and to the interested public for the first time. In February 2012, AUDI AG joined the UN Global Compact as a sign of its willingness to accept corporate responsibility. Our first Communication on Progress regarding the ten principles in the areas of Human Rights, Labor, Environment and Anti-Corruption is integrated into this report.

The complete Audi Corporate Responsibility Report 2012 can be viewed online in German and English at [www.audi.com/cr-report2012](http://www.audi.com/cr-report2012). The printed brochure is also available in German and English, and can be ordered online using a form (#017).

## Report period and content

The Audi Corporate Responsibility Report 2012 covers the period from January 1 to December 31, 2012. Supplementary information on significant activities that took place before and after the reporting period, through to the editorial deadline in March 2013, are also included. All information refers to the Audi Group. If the report refers to individual companies, sites or brands only, this is noted accordingly.

The corporate responsibility strategy is implemented on the basis of five core themes. The report is also structured according to the same five themes: Operations, Product, Environment, Employees and Society. Information relating to the strategic approach, measures, goals and goal attainment is provided for each of these core themes. The report content has been selected according to the principle of materiality, as documented by stakeholder management, introduced for the first time in 2012, and the resulting

materiality matrix. In addition, the data section contains important key figures that were reported for the period 2010 through 2012 and are, as a rule, collected using specialist data management systems in the various business divisions.



The report conforms with the G3.1 Guidelines of the Global Reporting Initiative (GRI) and takes account of the Automotive Sector Supplement (pilot version 1.0) designed specifically for the automotive industry. Application Level B+ is confirmed by the GRI Application Level Check. An independent audit was also conducted by the auditing firm PricewaterhouseCoopers (see p. 72 f.).

## Reporting cycle

A fully revised version of the Audi Corporate Responsibility Report is published every two years. The next report will be published in the first half of 2015. The main key figures for 2013 will be revised in the first half of 2014.

## Contact

Readers with questions or comments are invited to contact Dr. Peter F. Tropschuh, Head of Corporate Responsibility at AUDI AG, by email at [cr@audi.de](mailto:cr@audi.de).

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The fuel consumption and emission figures of the vehicles mentioned in the report can be found on page 77.



**Prof. Rupert Stadler**  
Chairman of the Board of Management



**Luca de Meo**  
Marketing and Sales



**Dr. Frank Dreyes**  
Production

# Dear Readers,

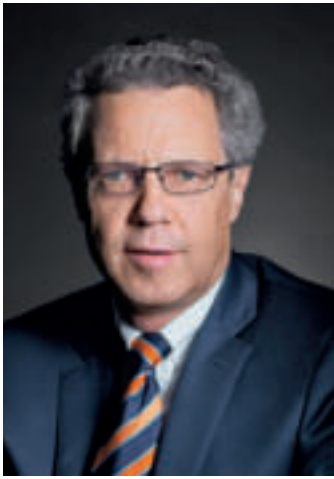
Futurologists are fond of calling sustainability a “megatrend.” Yet we believe that such an important challenge for whole generations should not be dismissed as a passing fad. It is not only about quality of life, but also about safeguarding the very basis of our society through thinking and acting for the long term – and that means it is also fundamental to our business activities as a car-maker. It is in our own interests to ensure that driving a car remains both socially acceptable and a practicable aspect of everyday life. Individual mobility has developed into an indispensable way of clocking our lives. All the more reason for us to make sure it meets the exacting requirements of sustainability.

Through this Corporate Responsibility Report for the 2012 fiscal year, we provide full transparency of the goals and activities of AUDI AG and its subsidiaries with regard to sustainability for the first time. This transparency includes not simply informing you of the progress we have made, but also highlighting the challenges that lie ahead. We and our employees consider we have a responsibility to lead the way not just economically, but also ecologically and socially. That is why we have enshrined the principle “We live responsibility”

within our corporate strategy and established sustainable products and processes as a keystone of our operations. We firmly believe that we will only achieve sustainable success through sustainable actions.

Since we regard ourselves as active contributors to society, we want to lay ourselves open to scrutiny. To what extent are we able to reconcile economic, ecological and social concerns even more effectively, year by year? Important performance indicators include the fleet consumption of our cars, their CO<sub>2</sub> emissions, and our use of other natural resources.

Since February 2012, AUDI AG has been a member of the United Nations Global Compact and has signed up to its ten principles in the areas of environmental protection, human rights, labor rights and anti-corruption. Over 15 years ago, we moreover became the first premium brand to introduce the European Union’s certified environmental management system EMAS and ever since have been supplying evidence of our advances in the efficient use of resources.



**Wolfgang Dürheimer**  
Technical Development



**Dr. Bernd Martens**  
Procurement



**Prof. h. c. Thomas Sigi**  
Human Resources



**Axel Strotbek**  
Finance and Organization

This sustainability report gives account of the progress made in the past year. Each section starts with comments from diverse interest groups on the five core themes that we have put at the top of our list of priorities. We started the ball rolling with a Stakeholder Forum in November 2012, held at our headquarters in Ingolstadt, to which we invited 60 representatives of important social groups.

Our declared goal is to assure a livable future for generations to come. We are convinced that, inspired by our philosophy of “Vorsprung durch Technik,” we will find solutions to key issues of how

to use resources efficiently and conduct sustainable operations. We have instructed our corporate bodies to examine future products and processes even more rigorously for environmental and social compatibility before giving them the go-ahead.

Thank you for your interest in this publication; we hope you find it enjoyable to read. And please, feel free to join in our dialogue about the shape of tomorrow’s world.

May 2013  
**The Board of Management of AUDI AG**

**Prof. Rupert Stadler**

**Luca de Meo**

**Dr. Frank Dreves**

**Wolfgang Dürheimer**

**Dr. Bernd Martens**

**Prof. h. c. Thomas Sigi**

**Axel Strotbek**

## Manufacturing plants

### Neckarsulm/Germany

AUDI AG, quattro GmbH

- ▶ A4 Sedan
- ▶ A5 Cabriolet
- ▶ S5 Cabriolet
- ▶ RS5 Cabriolet
- ▶ A6 Sedan
- ▶ A6 Avant
- ▶ A6 allroad quattro
- ▶ A6 hybrid
- ▶ S6 Sedan
- ▶ S6 Avant
- ▶ RS6 Avant
- ▶ A7 Sportback
- ▶ S7 Sportback
- ▶ A8
- ▶ A8 L
- ▶ A8 hybrid
- ▶ A8 L hybrid
- ▶ S8
- ▶ R8 Coupé
- ▶ R8 Spyder

### Ingolstadt/Germany

AUDI AG

- ▶ A3
- ▶ A3 Sportback
- ▶ A4 Sedan
- ▶ A4 Avant
- ▶ A4 allroad quattro
- ▶ S4 Sedan
- ▶ S4 Avant
- ▶ RS4 Avant
- ▶ A5 Sportback
- ▶ A5 Coupé
- ▶ S5 Sportback
- ▶ S5 Coupé
- ▶ RS5 Coupé
- ▶ Q5
- ▶ Q5 hybrid quattro
- ▶ SQ5 TDI

### Brussels/Belgium

AUDI BRUSSELS S.A./N.V.

- ▶ A1
- ▶ A1 Sportback

### Martorell/Spain

SEAT, S.A.

- ▶ Q3

### Sant'Agata Bolognese/Italy

Automobili Lamborghini S.p.A.

- ▶ Gallardo Coupé
- ▶ Gallardo Spyder
- ▶ Aventador Coupé
- ▶ Aventador Roadster

### Bologna/Italy

DUCATI MOTOR HOLDING S.P.A.

- ▶ Diavel
- ▶ Hypermotard
- ▶ Monster
- ▶ Multistrada
- ▶ Streetfighter
- ▶ Superbike

# About Audi

A detailed description of the Company's economic development can be found in the Audi 2012 Annual Report.

## Business divisions and key markets

The Audi Group, comprising the brands Audi and Lamborghini, is one of the internationally leading carmakers in the premium and supercar segment. Through the acquisition of DUCATI MOTOR HOLDING S.P.A. and its subsidiaries, the product range was extended in 2012 to include motorcycles. In addition, the Audi Group develops and manufactures engines for the Audi brand, for other Volkswagen Group companies and for third parties at its Hungarian site in Győr. Audi also sells other Volkswagen Group brands via its sales subsidiaries. The Audi brand forms the core of the Company. In 2012, a total of 1,455,123 Audi models were delivered to customers, 11.7 percent more than in the previous year. 739,030 of these – more than 50 percent – were sold in Europe, including 263,163 in the home market Germany. China (incl. Hong Kong) was the Audi brand's biggest sales market for the second time in a row, with deliveries of 405,838 vehicles.

## Economic development

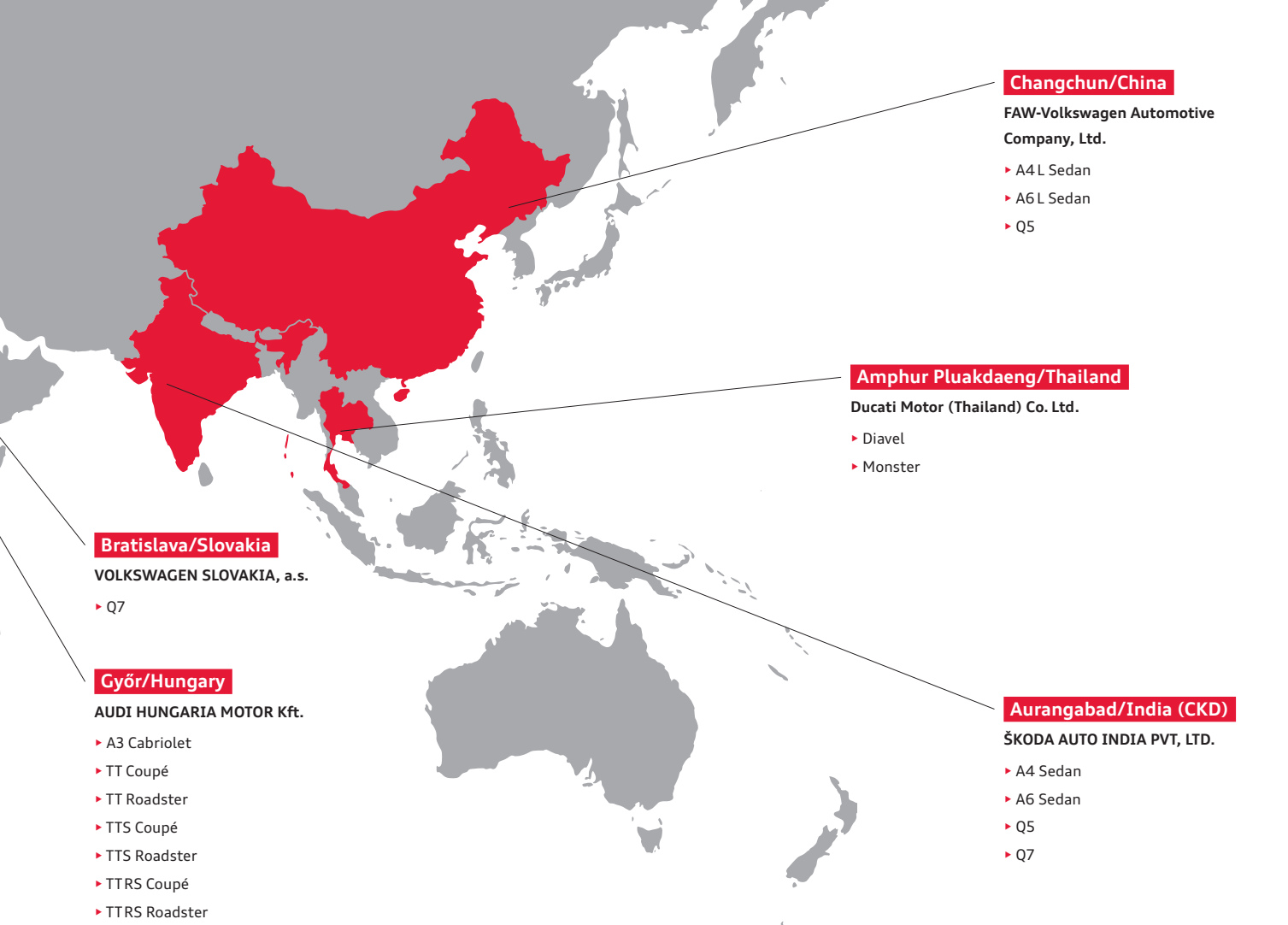
The Audi Group improved its revenue in 2012 by 10.6 percent to EUR 48,771 million. Expenses increased above all as a result of increased volume, but also due to the introduction of a large number

of new models and the realization of strategic market development programs. The Audi Group was thus able to post an operating profit of EUR 5,380 million and an operating return on sales of 11.0 percent. The Audi Group plans to invest a total of around EUR 11 billion over the period 2013 through 2015. While the site in Győr (Hungary) is currently being expanded, the Company will also start production in Foshan (China) in 2013 and in San José Chiapa (Mexico) in 2016. However, Germany will remain the most important production location for Audi. Of the more than 68,000 Audi Group employees, around 50,000 were employed at the two German sites in Ingolstadt and Neckarsulm in 2012.

## Ownership structure and locations

Volkswagen AG is the major shareholder of AUDI AG and controls approximately 99.55 percent of the share capital. Control and profit transfer agreements exist both between Volkswagen AG and AUDI AG, and between AUDI AG





and its principal German subsidiaries. The Audi Group has its headquarters in Ingolstadt, where Technical Development, Sales and Administration as well as most vehicle manufacturing operations are based. Alongside production facilities, the second German manufacturing plant in Neckarsulm is home to the development center for light-weight construction. In total, the Audi Group has production operations at 11 locations in nine countries.

### Sustainability of the business model

Qualitative growth is a priority strategic corporate goal at Audi and, in our opinion, can only be achieved by acting responsibly. In 2011, the field of action “We live responsibility” was consequently anchored in the 2020 corporate strategy as one of four pillars. These are implemented in practice with the aid of five core themes: operations, product, environment, employees and society. In early 2013, we further reinforced the sustainability aspect and defined the subject of “Sustainability of products and processes” as a basic requirement for our strategic goals. One focus is on avoiding or reducing CO<sub>2</sub> emissions. For us, comprehensive CO<sub>2</sub>-neutral mobility in the sense of a cradle-to-cradle model is a vision which we are pursuing step

by step: in procurement, in production, in the utilization phase and when it comes to vehicle disposal. In addition, we are involved in generating alternative CO<sub>2</sub>-neutral fuels without using biomass.

The Audi 2012 Annual Report provides a detailed overview of the manufacturing plants and principal group companies on pages 140 ff. and 267.

| Deliveries of the Audi Group by segment and brand | 2011             | 2012             |
|---|------------------|------------------|
| <b>Automotive segment</b>                         | <b>1,512,014</b> | <b>1,634,312</b> |
| Audi brand  | 1,302,659        | 1,455,123        |
| Lamborghini brand                                 | 1,602            | 2,083            |
| Other Volkswagen Group brands                     | 207,753          | 177,106          |
| <b>Motorcycles segment</b>                        | <b>–</b>         | <b>16,786</b>    |
| Ducati brand                                      | –                | 16,786           |

**»Automotive  
companies  
have to face  
the subject  
of sustain-  
ability.«**

CR expert



Strategy

**»It will be crucial to the success of Audi for it to develop its own position on future issues.«**

Audi employee



Audi wants to extend its lead, with a clear position – also in the area of sustainability.

# We live responsibility

Corporate responsibility has long been a part of the Audi self-perception. This is underscored by the wealth and breadth of projects that we have been pursuing throughout the Group in some cases for decades.

In 2011, we anchored sustainability as one of four fields of action in the Strategy 2020 “Audi – the premium brand” under the motto “We live responsibility.” The field of action refers to the three pillars of sustainability: ecology, economy and society. Since then the strategy has been further refined and expanded to include, among other things, the corporate goal “Sustainability of products and processes.” The desire to make all products and processes sustainable across the entire value chain has consequently become a basic requirement. As a result, we have reviewed all programs and measures, structured and strategically aligned them. The Corporate Responsibility department brackets together all sustainability-related activities throughout the Group.

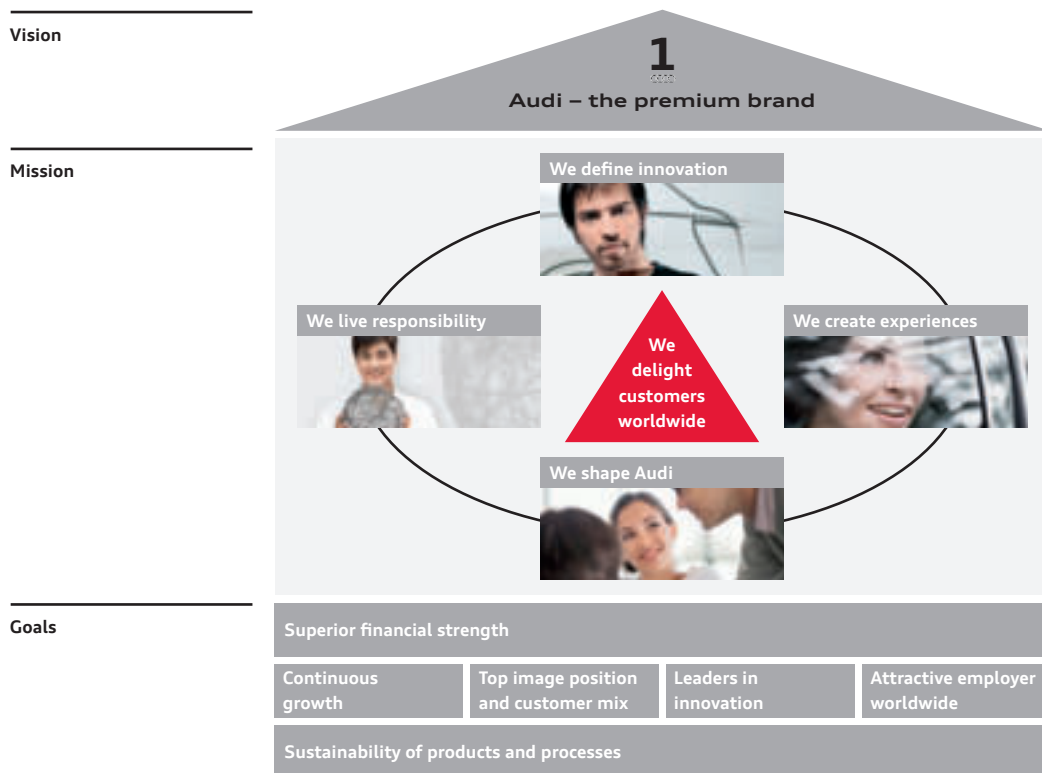
**Core themes of the Audi CR strategy**

We have defined five core themes in order to implement the strategic mission of sustainability within the Company:

- ▶ Responsible operations
- ▶ Product responsibility
- ▶ Environmental protection
- ▶ Responsibility to employees
- ▶ Responsibility to society

Our goals for these five core themes and the projects and measures with which we want to achieve them are documented for the first time in this report. In the future we will provide information annually on our progress and publish our CR Report every two years. Mid-year updates of key figures will take place online. It is our goal to communicate transparently to internal and external stakeholders, including beyond the scope of the CR Report.

The Audi brand’s strategy 2020





### Guidance for our actions

We take economic, ecological and social aspects into account when making decisions. All our activities are aligned with our internal guidelines and codes, such as the Audi Code of Conduct, the Compliance Directive of the Audi Board of Management and numerous company agreements. In February 2012, AUDI AG joined the United Nations Global Compact. We are committed to the Universal Declaration of Human Rights, the principles of the International Labour Organization (ILO) and of the OECD, the principles of the Rio Declaration on Environment and Development and the UN Convention against Corruption, and act accordingly.

### Measuring sustainability

In 2012, the Audi Group took part in the renowned oekom research rating. The Company was awarded the distinction of "Corporate Responsibility Prime Status" in recognition of its above-average contribution to social and environmental compatibility (oekom Industry Report Automobile, Munich, January 2013). The information gleaned from the sustainability rating is channeled into guidelines and activities in order to strengthen our corporate responsibility.

### Our CR organization

Clearly defined responsibilities and structures are needed for successful implementation of a corporate responsibility strategy. The goal of our CR organization is to involve responsible parties from all divisions in the development of sustainability targets and measures.

The Corporate Responsibility department founded in 2011 is directly subordinate to the Chairman of the Board of Management and brackets together all of the measures in the divisions. It is responsible for the orientation of the sustainability strategy and reports directly to the full Board of Management of AUDI AG. The Corporate Responsibility department is responsible for stakeholder management with the aim of integrating the expectations and opinions of the stakeholders into the CR strategy. It is also responsible for communication regarding sustainability and participation in sustainability ratings. The employees of the Corporate Responsibility department engage in regular dialogue with the international Group companies in order to further develop the joint understanding of sustainability and to coordinate measures. They also participate in the Group CSR and sustainability steering group of Volkswagen AG to synchronize guidelines that are valid for the entire Group. The department is also in charge of the Corporate Responsibility working group.

This is composed of one representative from each of the seven divisions and one representative from the Works Council. The working group meets twice a month and facilitates networking between the divisions in regard to topics of relevance to sustainability. The Audi CR organization reports to the full Board of Management at minimum twice annually. **#004 Organigram of CR organization**

### Communicating at eye level

Responsible action requires entering into dialogue with stakeholders and taking their interests seriously. Audi therefore holds regular discussions with all relevant stakeholders.

As part of our sustainability strategy, we have developed a multi-stage process which we use to systematically survey the opinions and recommendations of our stakeholders in regard to all relevant topics. The results of the surveys form the basis for our sustainability work.

In 2012, Audi introduced a stakeholder management system aligned with the AccountAbility 1000 Stakeholder Engagement Standard (AA1000AS). Valid worldwide, these principles-based guidelines are used to assess sustainability and sustainability reporting.

There are three main principles:

- ▶ Inclusivity, i.e. targeted and systematic inclusion of stakeholders
- ▶ Materiality, i.e. joint identification of relevant topics together with the stakeholders
- ▶ Responsiveness, i.e. systematic response to stakeholder issues

In an initial analysis, we identified the stakeholders of relevance to our Company. We focus on stakeholders on which our business activity has a direct or indirect impact.

Our most important stakeholders are:

- ▶ charitable organizations from the spheres of education and culture, society, social affairs, environment and science
- ▶ business partners and investors
- ▶ customers
- ▶ employees
- ▶ representatives from government agencies, unions, politics and associations; neighbors and communities at our sites
- ▶ media representatives and CR experts

Audi implemented a variety of different formats for dialogue with stakeholders in the 2012 reporting year. Standardized questionnaires were used to ensure that the results of these dialogues could be transferred to a materiality matrix. To this end, an initial 125 sustainability topics of relevance to Audi were identified with the help of internal and external sources (sector studies, sustainability ratings, requirements for reporting standards). From that number, 35 overarching topics were then combined or selected, and assessed on a scale from one to five in regard to their relevance for Audi and Audi's performance.

The dialogue formats were:

- ▶ Expert interviews for qualitative and quantitative assessment of key sustainability topics; the one-hour discussions with 17 external experts and 17 Audi representatives from all divisions were conducted by an independent third party.
- ▶ An online survey among 437 representatives of all external stakeholders; a total of 79 persons responded (response rate: 18.1 percent), primarily CR experts, representatives from NGOs and politics as well as business partners.
- ▶ A survey among Audi customers in the markets China, Germany and the United States with a total of 82 participants.

The results of the survey were presented to more than 60 external stakeholders at the first Audi Stakeholder Forum in Ingolstadt. The Audi CR strategy was also presented at the forum for the first time in public. The topics of company environmental protection, social commitment, transparent CR reporting and mobility were discussed together with the participants in four workshops.

Other production sites have also long maintained a regular exchange with stakeholder groups. As part of the "environmental talks" carried out there since 1993, the plant management at the Neckarsulm site supports dialogue with the public by providing information on the environmentally relevant aspects of the plant and engaging in discussion. In addition, "neighborhood talks," in which inhabitants of the nearby residential area can speak to Audi representatives and voice their concerns have been held in Neckarsulm for over ten years now. Many of the residents' ideas have been taken up and successfully implemented in the past, for instance in regard to noise protection.

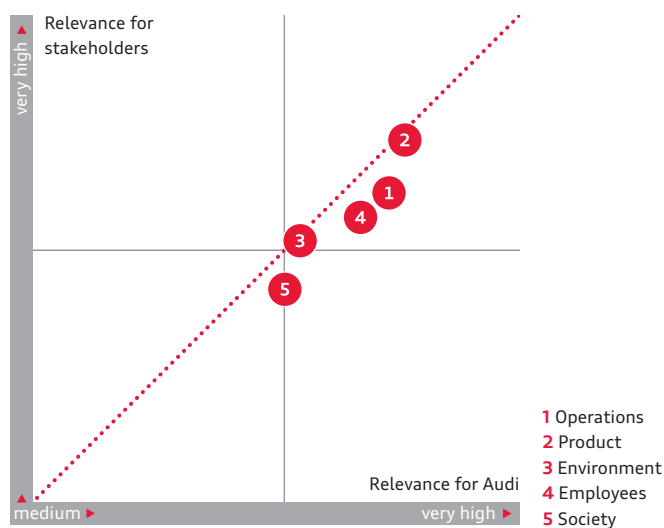
**Product-related topics have the highest relevance**

The results and conclusions of the stakeholder dialogues are incorporated into our sustainability strategy and form an important basis for future

corporate decisions. We have summarized the relevance assessment of key sustainability topics in a materiality matrix that is regularly reviewed and augmented to reflect new findings. For instance, we conducted an employee survey using a standardized questionnaire at the Brussels, Győr, Ingolstadt and Neckarulm sites in early 2013. Approximately 1,500 employees took part.

The current materiality matrix indicates that product-related topics have the highest relevance for Audi. In contrast, several social topics were assessed as less relevant. In the following sections, we have broken down the materiality matrices for the areas of operations, product, environment, employees and society, and highlighted the topics of greatest relevance separately for each section.

**#005 Complete overview of materiality matrix**





# Dialogue means opening up

AUDI AG held its first Audi Stakeholder Forum on November 13, 2012. Representatives from all relevant groups of stakeholders were invited to the Audi Forum Ingolstadt to learn more about the new Audi CR strategy and discuss various focal topics in workshops.



by Dr. Peter F. Tropschuh

Head of Corporate Responsibility, AUDI AG

More than 60 people accepted our invitation to the Audi Stakeholder Forum: representatives from environmental protection associations and global aid organizations, from local educational institutions and universities in cooperative partnerships with Audi, from automotive industry associations, from competitors and internationally operating companies. They all wanted to know one thing above all: How does Audi define responsibility and how is Audi planning to implement this as part of its core business? No one is interested in window dressing. Our approach therefore is to stand up to critical voices by being open, asking questions and listening.

**»Until now, I have not seen Audi engage in much interaction with its stakeholders.«** Business representative

And it was exactly this dialogue that we sought initially through the Stakeholder Forum, in order to talk about the following overarching issue: What is our responsibility as a company and as part of society? After all, we regard respectful and critical exchange with our stakeholders as an important element of our corporate responsibility (CR). Since 2011, Audi has been concentrating its multi-faceted CR measures under the strategic umbrella "We live responsibility." In this initial phase in particular, we are hoping for external ideas that we can consider in further structuring our CR strategy and planning new activities.

Corporate responsibility is anchored in the Audi Strategy 2020 – and is consequently a subject that the full Board of Management considers important. This was underlined by the fact that Board Member Thomas Sigi participated in the Stakeholder Forum, where he gave a welcoming speech and stressed that the Board of Management sees CR as a pillar of Audi's future success.

As well as presenting our strategy and successful CR measures, we wanted to create sufficient scope for dialogue. After all, our participants expect an honest exchange, and we take this seriously. We must, and we want to, show our hand. Four parallel workshops therefore provided a framework for open dialogue between Audi representatives and participants.

**»I see Audi's involvement of its stakeholders as a positive and constructive sign.«** Union representative

We chose the four workshop topics prior to the forum based on the results of the stakeholder survey, which we conducted in the first half of 2012. The main topic for all of those surveyed was the radical change in mobility. One of the workshops therefore addressed the possibilities and limitations of sustainable drive technologies and fuels. What is Audi's responsibility here? In addition to our cars, production is an important instrument by means of which we can assume responsibility – and this is also the point of view of those surveyed. A second workshop was therefore devoted to environmental protection at our sites. How can we produce clean cars cleanly?

**»A very well organized event with valuable content.«** Academic representative

The stakeholder survey confirmed for us that Audi is a good employer. But there is need for discussion here as well – such as about the extent to which an employer is allowed to and should intervene in its employees' private lives on matters of health protection or voluntary work. The third workshop therefore focused on the possibilities and limitations of social commitment in the relationship between employer and employee. Our greatest deficits were identified in the field of CR communication. In the fourth workshop we therefore discussed expectations regarding communication content and paths.

**»Dialogue with stakeholders will become even more important in the future as demands for transparency increase.«** Educational institution representative

To conclude the Stakeholder Forum, the moderators of the small groups presented the results of the workshops. It became clear that Audi's major CR task will be to solve dilemmas and carefully weigh up various interests against each other. There are some simple answers – such as this CR Report as a means of improving stakeholder communication. But they are few and far between. Not all dilemmas can be so easily solved. This makes it all the more important to engage in systematic exchange with our stakeholders in the future. We have set the standard for ourselves with the first Audi Stakeholder Forum: We have to join together to search for solutions.

Documentation of the event in the form of a graphic illustration can be found inside the back cover of this report.

**»On the way to  
long-term  
success, new  
trends must  
be recognized  
and made  
usable for the  
brand.«**

Association representative

# 01

## Operations

**»It is about how we conduct operations. We need constructive dialogue on that topic.«**

Audi employee



For the Audi Group, the focus is on qualitative growth as a strategic corporate goal.

# Creating value through responsible action

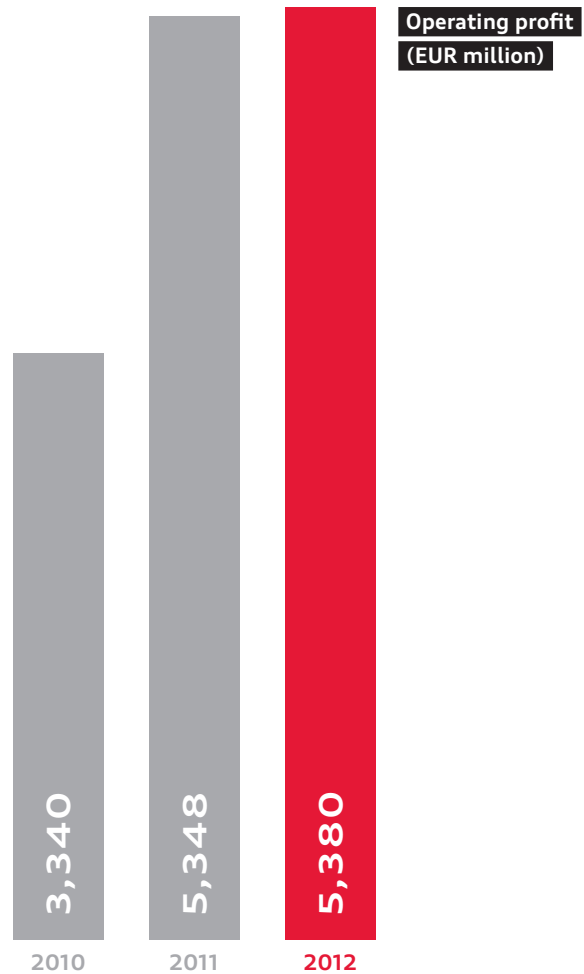
One of a company's key tasks is not just to safeguard its continued existence, but to conduct its business in a value-oriented and sustainable manner in the interest of its stakeholder groups.

The goal is to equip Audi to master the challenges of the future on its way to becoming the leading premium brand, and to delight customers worldwide. The Audi self-perception encompasses both the business success it seeks to achieve as well as social and ecological aspects. We are living out our corporate responsibility by seeking to attain and further develop a balance between these three areas.

Our innovative products, technological competence and a fascinating brand experience are the key tools for accomplishing our mission, “We delight customers worldwide.” We take responsibility for our actions, not just in regard to compliance with the rules, but are seeking to anchor sustainability in all processes and products along the entire value chain.

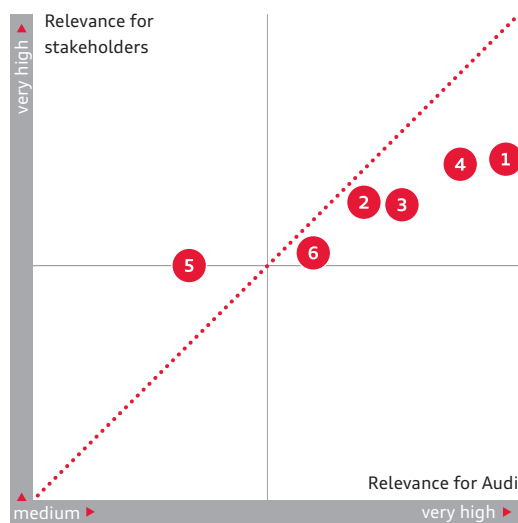
#### **Economic stability**

In a challenging market environment, the Audi brand set yet another record for new deliveries in 2012 by handing over more than 1.45 million vehicles to customers. The Audi Group’s great financial strength can be measured by its long-term earnings performance. Growth only meets the premium standards of the Audi Group if it is simultaneously profitable, in keeping with a value-oriented corporate management approach. Qualitative growth in the sense of a long-term increase in corporate value is therefore a strategic corporate goal of primary importance to us. In this context, both operating return on sales as well as return on investment are used as internal management tools. Different investment projects can thus be evaluated by type and size in regard to their return and the capital employed. The development of return ratios reflects our Company’s high earning power.



In managing our Company, we prioritize effective and efficient structures and processes, long-term investment management and continuous cost optimization. A high level of self-financing helps to lastingly preserve the Company’s scope to invest and act. The objective of fundamentally covering investment from self-generated cash flow therefore remains a key pillar of our corporate strategy. In addition, Audi practices active capital maintenance and keeps adequate liquid funds on hand to enable consistent use of entrepreneurial opportunities even in a challenging economic environment. The current equity ratio reflects our balanced capital structure and is a clear sign of the Audi Group’s high stability.

- 1 Economic stability
- 2 Corporate governance and compliance
- 3 Environmental and social standards in the supply chain
- 4 Customer orientation
- 5 Stakeholder integration
- 6 Transparency and reporting



### The stakeholders' viewpoint

In 2012, we surveyed our stakeholders with regard to aspects of responsibility related to operations, asking them to evaluate the relevance of these aspects. Our stakeholders regard safeguarding the Company's economic stability and customer orientation as especially relevant. Our stakeholders also give high priority to the importance of corporate governance and compliance. We are continuing to improve our performance in this area in order to live up to these expectations.

**#100** Elements of sustainable operations

### Compliance

Ensuring that corporate decisions are made in accordance with the relevant laws, internal rules and values is a fundamental aspect of corporate management at AUDI AG. In light of this, the Governance, Risk & Compliance area developed a preventive approach to the concept of compliance in which the analysis of commercial and legal risks is bracketed together both organizationally and thematically.

New employees are informed about compliance as well as the Audi Code of Conduct at introductory events. Internal communications on compliance have been stepped up further with the "Protect what you love" campaign, encompassing brochures, films, articles in the staff newspaper and information on the intranet. The department also held a one-week event at which employees at the Ingolstadt plant could learn about compliance issues and have any questions answered on a one-to-one basis. Elements of the communication campaign, including the Code of Conduct and the compliance brochure, were implemented internationally as well.

### Risk management

Ensuring that potential risks are handled carefully is of high priority within the Audi Group. As a result, a Group-wide risk management and internal control system is in use based on the internationally recognized standard of the Committee of Sponsoring Organizations of the Treadway Commission. This aids in identifying, minimizing and if possible avoiding potential risks. It also provides a basis for responding swiftly and comprehensively to changing framework conditions.

Central Risk Management operates in partnership with the local risk managers in the divisions and subsidiaries. The standards and rules that are set for the entire Group by Central Risk Management ensure that risks are recorded and assessed in the same way across the Group and are enshrined in an internal Board Directive.

The Audit Committee set up by the Supervisory Board is briefed in proper form by Central Risk Management on the risk management and internal control system. Central Risk Management is responsible for providing the Board of Management and the Supervisory Board with regular updates on the Audi Group's risk profile, using the reporting channels defined Group-wide. **#110** Compliance organization; training and information for employees; identification of risks; corporate governance; in dialogue with policymakers

### Considering the value chain

One of the stated goals of the procurement policy of AUDI AG is to fulfill the brand promise "Vorsprung durch Technik" through its selection of suitable suppliers. In order to make optimum use of synergy potential, we choose suitable business partners in cooperation with the Volkswagen Group. The Volkswagen Group's procurement management has been based on the concept of "sustainability in supplier relationships" since 2006.



Lightweight construction – as here on the Audi A3 – is playing an increasingly important role. We are therefore actively involved in the Aluminium Stewardship Initiative.

The concept is aligned with principles laid down in the UN Global Compact, the OECD Guidelines for Multinational Enterprises as well as the relevant conventions of the International Labour Organization (ILO). In this way, the Volkswagen Group has established the importance of environmental and social standards in business relationships with suppliers. The concept has been continuously and systematically further developed since its introduction.

Among other things, it requires suppliers to implement an environmental management system, to avoid damage to the environment or human health during production, to guarantee their employees freedom of association, to refuse to tolerate discrimination, to ban child and forced labor as well as to meet at least national statutory guidelines and minimum standards in regard to working times and remuneration. We also expect our suppliers to ensure the sustainability of their own suppliers (see [www.vwgroupsupply.com](http://www.vwgroupsupply.com)).

Together with other companies in the sector and the environmental organization IUCN (International Union for Conservation of Nature), we are also active in the Aluminium Stewardship Initiative (ASI). The objective of this initiative is to develop a global standard for sustainable aluminum by

late 2014. Environmental and social criteria valid for all stages of raw material extraction, production and processing are to be defined here.

#### **Playing by the rules**

Like all of the Group brands, Audi draws from a joint supplier pool. The main contact for the respective supplier is the unit of the Group that does the most business with that supplier. Before potential suppliers can even submit a bid, they must confirm in writing the “Volkswagen Group requirements regarding sustainability in its relationships with business partners.”

For the purpose of effective monitoring, the Volkswagen Group developed a cross-departmental process in 2012 in cooperation with the brands and regions of the Group. We requested all of our suppliers to fill out a digital questionnaire on sustainability issues. If the answers do not conform with our requirements in regard to ecological and social topics, our partners are asked to comment on the issue in detail. Ad-hoc teams of experts from the brands and regions evaluate the supplier’s response and if necessary plan on-site appointments.

**#120** Support and qualification of suppliers



Audi City digitally presents the full model diversity of the Audi brand on floor-to-ceiling projection surfaces.

# 700,000

is the number of times customers sought direct contact to Audi in 2012.

**Customer relationships: handling strong emotions**

For many Audi customers, our cars are much more than just vehicles that provide mobility. As proven by surveys and the experience of the approximately 100 Audi employees who hand over more than 100,000 automobiles to customers picking up their cars directly from the plants in Ingolstadt or Neckarsulm each year: An automobile is a vehicle for strong emotions. The heart of the Audi strategy is therefore our mission “We delight customers worldwide.” The automotive world is changing at a rapid pace, and with it expectations and needs in regard to purchasing of vehicles – in particular in our market segment. Today, nine out of ten customers planning to buy a new car also gather information online.

**Contact to customers: fast, honest, open**

Many people do not go through a car dealership, but instead seek direct contact to the manufacturer. The number of customer contacts in 2012 totaled nearly 700,000 for the German market alone. Some are seeking information, some are ordering brochures. Others contact Audi to lodge complaints, while a few even want to share a word of praise. The volume of information inquiries

clearly decreased in 2012 as compared to the prior year – many questions in 2011 were related to uncertainty regarding the fuel type E10.

The good news for customer advisors in regard to 2012: There were fewer complaints and the number of customer contacts involving positive acknowledgment went up. Also noticeable is that the percentage of e-mail and Internet contacts has risen sharply, matched by a corresponding decrease in letters and calls. Customers are also using the Audi social media channels to address concerns requiring intensive support.

Audi Customer Service pursues high goals in the interest of ensuring customer satisfaction. One example is answering calls within 20 seconds. This goal was achieved for more than 200,000 calls in the German market in 2012 – equivalent to 80 percent of all incoming calls. To ensure continuous process improvement, a portal has been set up on the Audi intranet to provide access to reports and evaluations regarding customer support. The objective of this portal is to specifically incorporate customer opinion in the Company’s decision-making processes.



### Bringing customer concerns to the table

Just how seriously we take our customers' concerns is evident in the creation of the "Kundentisch" (Customer Table), where specific customer issues are analyzed and solved on a regular basis. Present at this table are the Chairman of the Board of Management, the Board Member for Sales and top managers from the various specialist areas. Customer relationships have thus been declared a top-level issue. The idea behind the "Kundentisch" is to bring together all those who can bring about rapid improvements in order to increase customer satisfaction.

### Virtual reality with millions of variations

In July 2012, we opened the first Audi City in downtown London: an innovative sales format for major cities, which supplements the existing dealer network. The digital presentation of Audi cars on floor-to-ceiling projection surfaces provides the main attraction.

For the first time ever, modern media technology makes it possible for a dealership to show customers the entire Audi portfolio, which has grown significantly over the course of the past several years as a result of the model initiative. Across the entire model range, Audi City has several hundred million possible configurations to choose from, including all colors, equipment options and functions. The store concept thus also caters to the sharply increasing worldwide demand for individualization and personalization.

The second Audi City opened in Beijing in January 2013. The shops are designed in particular to appeal to those for whom the purchase of a premium car is still just a dream. Audi City is therefore a meeting point for fans of the brand that provides an inviting setting and awakens curiosity.

### Bearing responsibility together

Co-determination is the democratic participation and co-decision making of employees in an enterprise. As a fair social partner, cooperation between company management and the Works Council plays a key role for Audi.

Constructive teamwork between employees and corporate management is a key foundation stone for the economic success of Audi and, with it, job security. Our workforce is actively involved in the development of our Company.

### Successes and milestones in 2012

- ▶ Expansion of the guarantee of employment initially in effect until 2014 to the end of 2018
- ▶ Stipulating production capacities at the two German plants
- ▶ Permanent hiring of apprentices, students from the cooperative universities as well as participants in the StEP program (Study and Experience in Practice) after successful completion of their qualifications
- ▶ Payment of an employee profit share (MEB) as well as the agreed Audi profit share (AEB) for pay-scale employees of AUDI AG, dependent on the operating profit of the Audi Group
- ▶ Taking on workers on temporary contracts as permanent members of the workforce at the Ingolstadt and Neckarsulm sites

In addition, the employee representatives negotiated the revision of partial retirement arrangements with the Company and supported a series of initiatives such as the introduction of a job ticket for local public transportation, the first Audi Volunteer Day, flexible child care for better compatibility of family and working life as well as various donation campaigns. **#140 Spheres of action for the Works Council; structure of the employees' elected representatives**

# 2018

is the year up to which the employment guarantee was extended.

The profit share is an important collectively agreed salary component which acknowledges the performance of each individual employee.



# AUDI AG

# 1987

# Audi Group

# 2012

In the past 25 years, AUDI AG has developed into the globally operating Audi Group. The following statistics reveal how our Company has changed since 1987.



**5,811 / 48,771** Revenue in EUR million



**2 / 8**

Production sites  
(excluding contract manufacturing  
at VW Group locations)



**39,633 / 67,231**  
Average number of employees



**0/38**  
Consolidated subsidiaries



**418,921 / 1,455,123**  
Deliveries of the Audi brand worldwide



**583 / 405,838**  
Deliveries of the Audi brand in  
China, including Hong Kong





# Sustainable operations

by **Rupert Stadler**

Chairman of the Board of Management

For a company whose roots go all the way back to 1899, 25 years is not a huge span of time. Over the past quarter century, Audi has developed into one of the world's most successful players in the premium automobile market.

I joined Audi in 1990, in the early days of German reunification. Domestic sales were booming, but the situation on international markets was becoming ever more difficult. On the back of record-breaking years, the worldwide recession finally reached our Company as well: Annual production had been just shy of half a million cars in 1992, only to slump to 340,000 one year later.

1994 finally saw decisive changes: The brand identity with new logo and new model names, the highly successful Audi A4, the launch of our A8 full-size model, which revolutionized the entire premium market with its lightweight aluminum construction, TDI engines and quattro drive – and we also started engine production at our Hungarian subsidiary Audi Hungaria.

After our venture into the Chinese market 25 years ago, this was the second major step towards giving our Company an international setup. We acquired Lamborghini in 1998, and in 2007 the production of Audi models started in India and at our new plant in Brussels.

Deliveries to customers exceeded the one million mark in 2008. Today, we are already rapidly approaching unit sales of 1.5 million. And by the end of the decade we aim to be handing over more than two million cars per year to their new owners. We now have some 69,000 employees worldwide. Our bottom line and rates of return are healthy, and the Audi Group is operating highly profitably.

The foundations for this pleasing corporate development were laid quite some years ago. Our employees and managers know how important motivation, a sense of solidarity and the striving for perfection are. That special attitude, that team spirit, still exists today, and I am certain it is a major factor in our innovative prowess, our potential for growth and our attractiveness as an employer. In the long term, I believe this Audi spirit, more than anything else, is the key to our success.

# Living responsibility

by Peter Mosch

Chairman of the Audi General Works Council

25 years ago I started training as an industrial mechanic at Audi in Ingolstadt. At that time, Audi, already the region's biggest company with around 28,000 employees, was a carmaker with still a very European focus.

Five years before I was voted onto the Works Council, we faced a first major crisis in 1993. The employees played their part in overcoming the crisis and helped to get the Company fit for the years ahead. Obviously there was some criticism of its plans in that same year to set up its first base outside Germany, in creating an engine plant in Győr. But contrary to widespread fears, our international activities did not lead to a shedding of jobs at the German locations. On the contrary, the venture actually protected jobs here in Ingolstadt and Neckarsulm.

The Company's fortunes improved rapidly in the ensuing years, and the steadily growing workforce and internationally more widespread production network meant the Works Council, too, faced a growing challenge. In 2005, we agreed a new deal for our colleagues on key issues in the shape of the "Audi's Future" package. In addition to extending the profit-sharing arrangements for employees, we reached agreement with the Company management on extensive advancement opportunities and introduced the Audi Checkup as a form of preventive health care.

My first major personal challenge as Chairman of the General Works Council came in 2008 with the worldwide financial and economic crisis. Thanks to the various general collective and company agreements, we at Audi did not need to make a single worker redundant and pulled through the crisis by running down timebanking accounts and introducing short time for just a few weeks. We emerged from that difficult phase stronger, and the preservation of the core workforce paved the way for the further rapid growth in production and deliveries that we have seen over the past five years.

This growth, along with the internationalization of the production network, has aided the further expansion of the workforce. The German locations will increasingly step into the role of lead plants for various technologies, with their level of production utilization staying constant.



This transformation in the corporate structure will also make it necessary to extend the international network of employees' elected representatives.

That will take us gradually closer to the goal of placing the viability of our locations and job security on an equal footing with economic efficiency as corporate goals. From the employee perspective, that is what it takes to remain a global player at the top of the premium segment in the long run.

»Audi is  
stirring great  
expectations  
when it comes to  
sustainability.  
Here, too,  
the keyword is:  
premium!«

# 02

Product

**»Customers  
need technical  
solutions,  
not models  
that force  
them to make  
sacrifices.«**

Audi employee

# Technical and ecological expectations are becoming more demanding

The demands on carmakers are also on the increase. Corporate responsibility therefore must be evident primarily in the core business – in other words, in the development of vehicles for pioneering mobility.

What does corporate responsibility mean for a premium carmaker? What are the expectations of our employees and customers, and what does “society” expect from us? We firmly believe that responsible action must be primarily evidenced in the products whose attractiveness is the reason for our success. Reducing emissions and enhancing efficiency have long been top priorities of our development efforts.

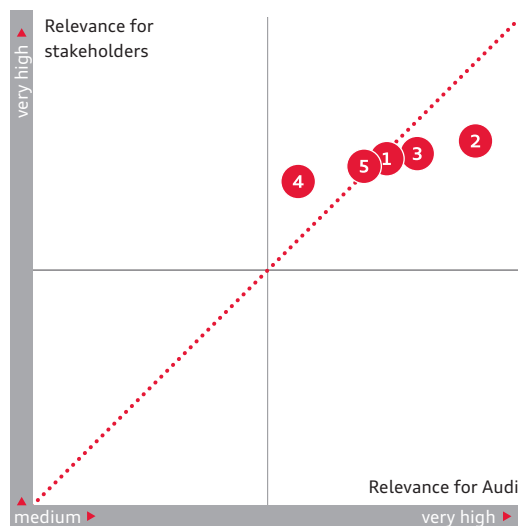
## Conflicting development goals

Sometimes, however, these requirements are contradictory. Increased crash safety is normally associated with the use of more material, such as to protect passengers as well as possible in the event of a side-impact collision. Greater weight, on the other hand, is associated with higher fuel consumption. A heavier body and larger engines require more powerful brakes, which once again increases total weight. Generally speaking, weights in the auto industry have increased over multiple vehicle generations as requirements placed on safety and comfort have increased. It took intelligent lightweight construction to reverse the weight spiral, such as with the 1994 Audi A8, the first model with an Audi Space Frame body. The lightweight metal, which is notoriously difficult to process, has since made its way into numerous models.

## The stakeholders' perspective

In 2012, we asked our stakeholders to assess the relevance of primary aspects of product responsibility. In general, product-related topics are afforded the highest relevance by all stakeholders, compared with other areas such as employees or society. Fuel consumption and emissions, innovation and efficiency enhancement and alternative drives are very important here. One innovative step for us is the e-gas project for the development of alternative fuels. **#200 Corporate responsibility within the core business**

- 1 Alternative drive technologies
- 2 Fuel consumption and emissions
- 3 Innovation and increased efficiency
- 4 Resources and environmental footprint
- 5 Vehicle safety





### An eye on the entire life cycle

There is always an environmental impact associated with mobility. Consumers and lawmakers frequently focus only on those emissions measured at a car's tailpipe. But that doesn't go far enough. Audi looks at the entire chain of processes and products that constitute mobility. We want to set positive examples for the responsible use of finite resources. Our aim is to reduce the environmental impact of each model compared with its predecessor.

The life cycle assessment (LCA) of a vehicle provides important information about such things as how much CO<sub>2</sub> baggage a model is carrying as a result of its production. We don't consider just the individual components of the vehicle, but the entire system from production to use to recycling. With the very first concept definitions in the product creation phase, irreversible decisions are made that have a major influence on the choice of materials, production and entire supply chain. We conduct our LCAs according to the international standard series ISO 14040 ff. We will prepare LCAs for all new model series and publish them at the respective market launch.

The LCA of the current Audi A3 1.4 TFSI shows that optimized production processes, more efficient drive technologies, improved energy management and the reduction of weight have resulted in a nine percent reduction in the greenhouse gas potential (CO<sub>2</sub> and other greenhouse gases) compared with the previous model. Other aspects considered in the LCA are the effects on eutrophication of water bodies, summer smog formation, acidification potential and ozone depletion potential.

The life cycle assessment for the A3 therefore illustrates additional environmental aspects that are not in the focus of the public debate to the same degree as greenhouse gases. Audi engineers try to take measures in all phases of the life cycle to reduce the environmental impact. Examples include improved process chains, the development of renewable fuels and the design of improved recycling methods. **#210 Recycling of vehicle parts**

Corporate responsibility must take place within the core business: in products and processes.



**Technologies in  
the modular efficiency  
platform**

**Audi ultra light-  
weight construction**

- ▶ Audi Space Frame (ASF)
- ▶ Innovative combinations of materials

**Ancillaries**

- ▶ Electromechanical steering
- ▶ Improved hydraulic steering
- ▶ On-demand control of ancillaries

**Transmission**

- ▶ 6-speed and 7-speed S tronic dual-clutch transmission
- ▶ 8-speed tiptronic
- ▶ multitronic
- ▶ Freewheeling function



**Assistance systems**

- ▶ Economical route guidance
- ▶ Dynamic congestion avoidance
- ▶ Gear-change indicator
- ▶ Audi adaptive cruise control with stop&go function
- ▶ LED daytime running lights
- ▶ Driver information system with efficiency program
- ▶ Audi drive select with "efficiency" mode

**Driving and rolling  
resistance**

- ▶ Aerodynamic measures
- ▶ Tires with optimized rolling resistance

**Engines**

- ▶ TDI
- ▶ TDI clean diesel
- ▶ Common rail technology
- ▶ FSI
- ▶ TFSI
- ▶ Audi valvelift system
- ▶ Hybrid technology
- ▶ Cylinder on demand

**Energy management**

- ▶ Highly efficient air conditioning
- ▶ Energy recovery
- ▶ Start-stop system
- ▶ Innovative thermal management

**Increasing efficiency and conflicting goals**

Sporty, progressive, sophisticated – these are the traits shared by all Audi automobiles. "Progressive" covers that area in which the innovations that make our products more attractive to our customers, more comfortable and more efficient are developed. The major challenge facing our engineers is reconciling growing demands for comfort and safety with energy efficiency requirements.

The environmental awareness of many consumers is increasing, as are the requirements that our vehicles must satisfy under national laws. For this reason, one of our central development goals is to bring to market high-quality automobiles that are as fuel-efficient as possible, thereby lowering emissions for individual mobility.

This much is certain: Right now, there is no ideal solution for the drives of the future, which is why we are working on various forms of alternative drives and to continuously improve the efficiency of vehicles with combustion engines.

According to a study by the Center of Automotive Management from October 2012, Audi was the premium manufacturer with the best CO<sub>2</sub> balance for its vehicles. The study looked at the fleet consumption of premium vehicles sold in Germany in the first six months of 2012 (Center of Automotive Management, "Innovationen in der Antriebstechnologie," October 12, 2012, p. 16).

At the end of 2012, a total of 104 models had CO<sub>2</sub> emissions of 140 g/km or less; 36 drive variants with CO<sub>2</sub> emissions of 120 g/km or less were available. Four variants in the A1 and A3 model lines achieved a value of 99 g CO<sub>2</sub>/km. Based on preliminary calculations, CO<sub>2</sub> emissions for all new cars of the Audi brand sold in the European Union in 2012 averaged roughly 138 g CO<sub>2</sub>/km.

**Modular efficiency platform**

With its TDI and TFSI engines, Audi has achieved key milestones for increasing the efficiency of combustion engines. Smaller, more efficient, yet more powerful engines with high torque are the development goal that we call "rightsizing." High torque allows for longer gear ratios and therefore lower engine speeds without compromising the dynamic abilities of our models. We have grouped together the individual technologies for the even better use of fuel in the modular efficiency platform, which includes areas of technology that go beyond the drive unit and further improve the efficiency of the entire vehicle. **#220** The human factor

**138 g**

CO<sub>2</sub>/km is the average emission figure for new Audi cars sold in the EU in 2012.

The elements of the modular efficiency platform are implemented step-by-step in new Audi vehicles at model changeovers or as part of product improvements. Today nearly all Audi models are equipped as standard with a start-stop system. When the Q5 was updated in 2012, efficiency measures reduced the consumption of the TDI and TFSI engines by up to 15 percent. On the current A3 Sportback, these technologies have helped cut consumption by nine percent on average compared with the predecessor model.

### Lightweight technology reverses the weight spiral

More stringent safety requirements and greater expectations of comfort in the automotive industry have contributed to a significant increase in vehicle weight in recent years. 100 kilograms less weight can reduce fuel consumption by roughly 0.3 liters per 100 kilometers. Lightweight construction and the reversal of the weight spiral it makes possible are therefore key prerequisites for improving the efficiency of the overall “vehicle” system. Audi has bracketed all lightweight construction technologies under the Audi ultra name. At the same time, the Company has defined the aspiration that each new Audi model be lighter than its predecessor.

The weight of the current Audi A3 generation was reduced by as much as 90 kilograms compared with the predecessor. The engine hood, front fenders and other parts of the front end are made of aluminum to save weight, but also to optimize weight distribution. The Audi A6 has undergone a comparable weight reduction. High- and ultra-high-strength steels also play a major role in lightweight construction. These components can be made with thinner walls and consequently lighter while offering the same or greater strength. The most important principle of lightweight construction is “the right quantity of the right material in the right place.” An intelligent material mix, such as of steels of various strengths and optimized lightweight alloys, enables better functional properties and lower weight to be achieved in body manufacturing.

A holistic perspective is also important when it comes to technology for lightweight construction. For example, carbon is only used where it makes sense from an efficiency standpoint. The reason is that carbon comes with a lot of CO<sub>2</sub> baggage from the production process, and this must first be offset by weight and thus consumption reductions before it can have a positive effect on the overall environmental footprint.

# 90 kg

is how much weight was saved on the current Audi A3 compared with its predecessor.



Audi Space Frame technology saves up to 40 percent in body weight.

### Many types of drives, one goal: individual mobility

In a sector whose products normally have a development period of four or five years, plus a product service life of at least ten years, you have to anticipate or prepare for future developments. Gasoline and diesel continue to be important fuels in our development departments. However, electricity or methane (preferably produced using renewables) have since become equally important as fuels for the automotive drives of the future. Our aspiration is to offer the widest range of hybrid models in the premium segment, and beyond that to develop additional possibilities for other more environmentally compatible drive forms on the way to CO<sub>2</sub>-neutral mobility.

Hybrid vehicles were already on the development agenda at Audi when this combination of combustion engine and electric motor was still regarded as exotic. The prototype Audi 100 Avant duo from 1989 had nickel-cadmium batteries on board that delivered 9.3 kW to an electric motor. In 1996, the Company presented an A4 Avant duo with a 21 kW electric motor, and a small production run of this model was also produced.



The battery of the plug-in hybrid can be charged by cable.

#### e-tron hybrid models that can be charged from a socket

Audi already offers hybrid models in the Q5, A6 and A8 model lines. The next step is plug-in hybrids – vehicles with an even larger operating range on electricity only and that can be charged from a socket. Audi groups these vehicles together under the “e-tron” name. Two cars featuring this technology were unveiled in 2012: the A6L e-tron concept in Beijing in the spring and the Audi crosslane coupé concept car in Paris in the fall.

The Audi A3 e-tron will be the first production e-tron model. According to the ECE (Economic Commission for Europe) standard for plug-in hybrid automobiles, the five-door model consumes on average just 1.5 liters of fuel per 100 km, which corresponds to CO<sub>2</sub> emissions of 35 g/km. In electric mode, the Audi A3 e-tron reaches a top speed of 130 km/h and has a maximum range of 50 km. The specific challenge for our market is not just to offer more fuel-efficient vehicles with alternative drive concepts, but also to ensure that they are fun to drive and suitable for everyday use, which goes without saying for Audi. The A3 e-tron fulfills

# 50 km

is the maximum range of the Audi A3 e-tron in electric mode.

both of these requirements with a system output (electric motor and combustion engine combined) of 150 kW and 350 Nm of torque.

#### Multiple modes from which to choose

This plug-in hybrid can be driven with just the combustion engine, just the electric drive or in hybrid mode. The driver can choose to have both powerplants active at the same time. When the driver lets up on the accelerator, the powerplants are temporarily deactivated to prevent engine braking. This increases efficiency dramatically, particularly when driving proactively. We want to offer one electrified vehicle in each large model series by 2020. **#230** High-voltage batteries; holistic view of electric mobility

#### Renewable fuels for a better environmental footprint

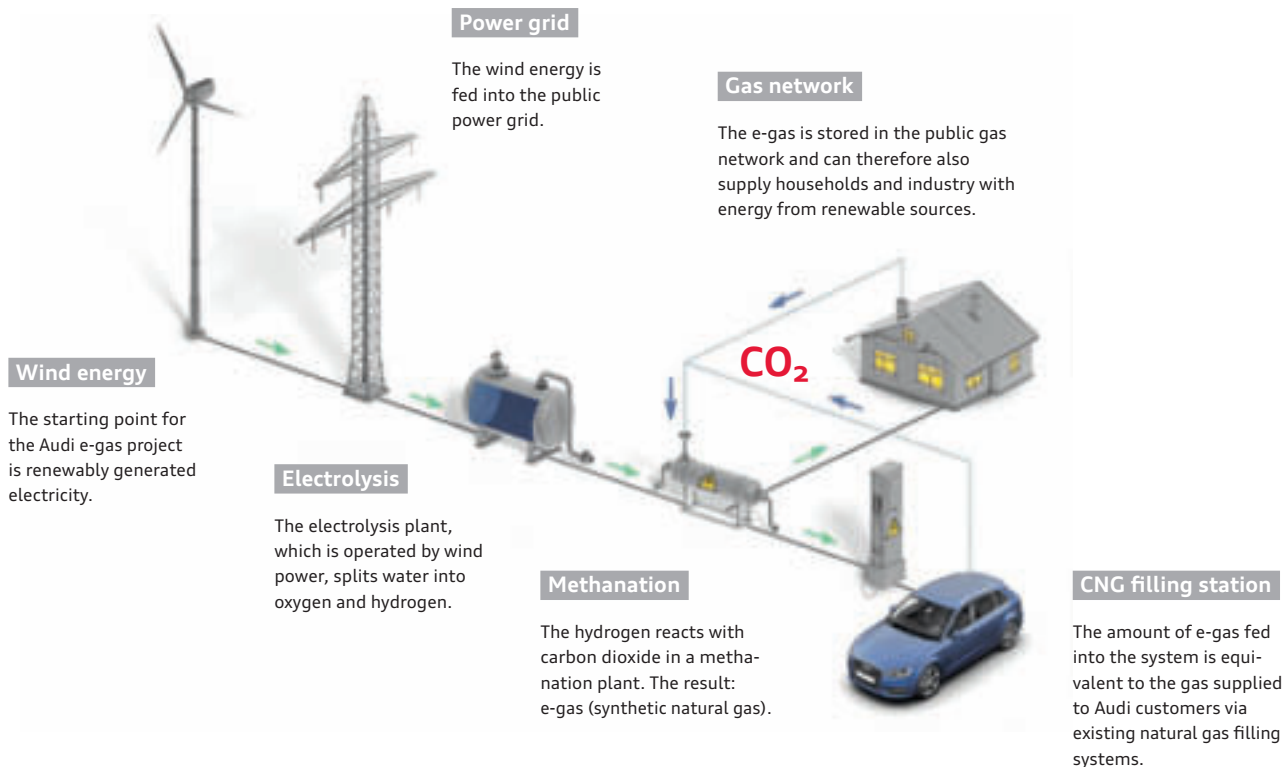
When looking at the life cycle assessment of a modern automobile with a combustion engine for ways to improve the climate footprint, the greatest potential lies in the usage phase. Some 80 percent of all greenhouse gas emissions occur here.

The primary energies used consequently play a decisive role for the vehicle’s overall environmental footprint. We are therefore focusing on the development of renewable energy forms that can make a contribution to CO<sub>2</sub> neutrality in the overall mobility system, from the well to the use of the fuel in the vehicle.

One important step is the e-gas plant which is currently under construction in Emsland. This methanation plant which is scheduled to come on-stream in summer 2013, is the first functional plant of its kind anywhere in the world to effectively connect the electricity and natural gas networks. The plant uses surplus electricity from wind power to break water down into oxygen and hydrogen. In a subsequent catalytic process, the hydrogen is reacted with CO<sub>2</sub> from the exhaust flow of an adjacent biogas plant to produce synthetic methane, the Audi e-gas. It can be fed directly into the existing natural gas network and distributed via CNG (compressed natural gas) filling stations for the operation of natural gas-powered cars such as the A3 g-tron, which is scheduled to launch in late 2013.

Major German energy utilities have since taken up this cogeneration idea and initiated corresponding projects of their own. Surplus wind and solar power can be stored and transported in the gas network in the form of methane. Besides natural gas mobility, the energy can also be used in

**Making wind storable:  
the Audi e-gas project.**



combined heat and power plants to generate electricity and heat at those times when the sun and wind do not deliver enough energy. With the e-gas project, Audi is both a part of and a driver of the energy revolution.

**Audi A3 g-tron: 30 g CO<sub>2</sub>/km with e-gas**

The values computed for the Audi A3 g-tron fueled with e-gas illustrate the effect the upstream fuel chain has on a vehicle's environmental impact. According to a comprehensive well-to-wheel analysis, the A3 g-tron emits less than 30 g CO<sub>2</sub> equivalents per km during operation. In this instance, the term "well-to-wheel" means from wind energy to the use of the synthetic fuel for mobility. The emissions for the construction and operation of the wind turbines as well as the e-gas plant are already included in these 30 g CO<sub>2</sub>. Not a single gram of CO<sub>2</sub> that would not have been bound previously during the production of the e-gas is generated when the vehicle is driven. There is therefore a closed CO<sub>2</sub> cycle between the production of the fuel and its combustion. **#240 Biofuels: e-ethanol and e-diesel**

**Three pillars of safety**

One of the most fundamental demands on mobility is safety. This applies all the more as traffic density increases, particularly in urban centers. We therefore pay particular attention during the development of our vehicles on the interplay between passive and active safety systems.

Cars in traffic are part of a highly dynamic system with many unpredictable parameters. Our development efforts related to vehicle safety are therefore based on three pillars: optimization of the body and cabin for occupant and traffic partner protection; active systems that can avoid or mitigate accidents; and interdisciplinary accident research.

**#250 Audi Accident Research Unit; networked assistance systems; awards**

# Assessing the entire life cycle

As Head of Environment Product, Reiner Mangold has to take a stand – on electric mobility and e-fuels, on lightweight construction and traction batteries. He explains the Audi Group's strategic approach for the mobility of the future.

What does the mobility of the future look like, and what is Audi doing to prepare for this?

» One thing is certain: The mobility of the future will be diverse. One of our major challenges as a carmaker is to offer each of our customers around the world a concept that is just right for them. At the same time, we want to and will present new technological possibilities that open up whole new dimensions when it comes to climate protection and resource conservation. We at Audi aspire to not simply follow market trends, but rather to actively shape the future with new technologies and intelligent concepts.

How do you plan on reaching these new dimensions with respect to sustainability?

» We don't just look at the emissions from a vehicle, but rather analyze the entire product life cycle, including the vehicle's upstream energy chain. A comprehensive environmental footprint assessment enables us to analyze and influence early on which measures together really have a positive effect over the entire life cycle of a vehicle. That is why we are working in various projects on ways of making climate-friendly energy sources available to our customers. For the usage phase of an automobile continues to harbor the greatest potential for making truly

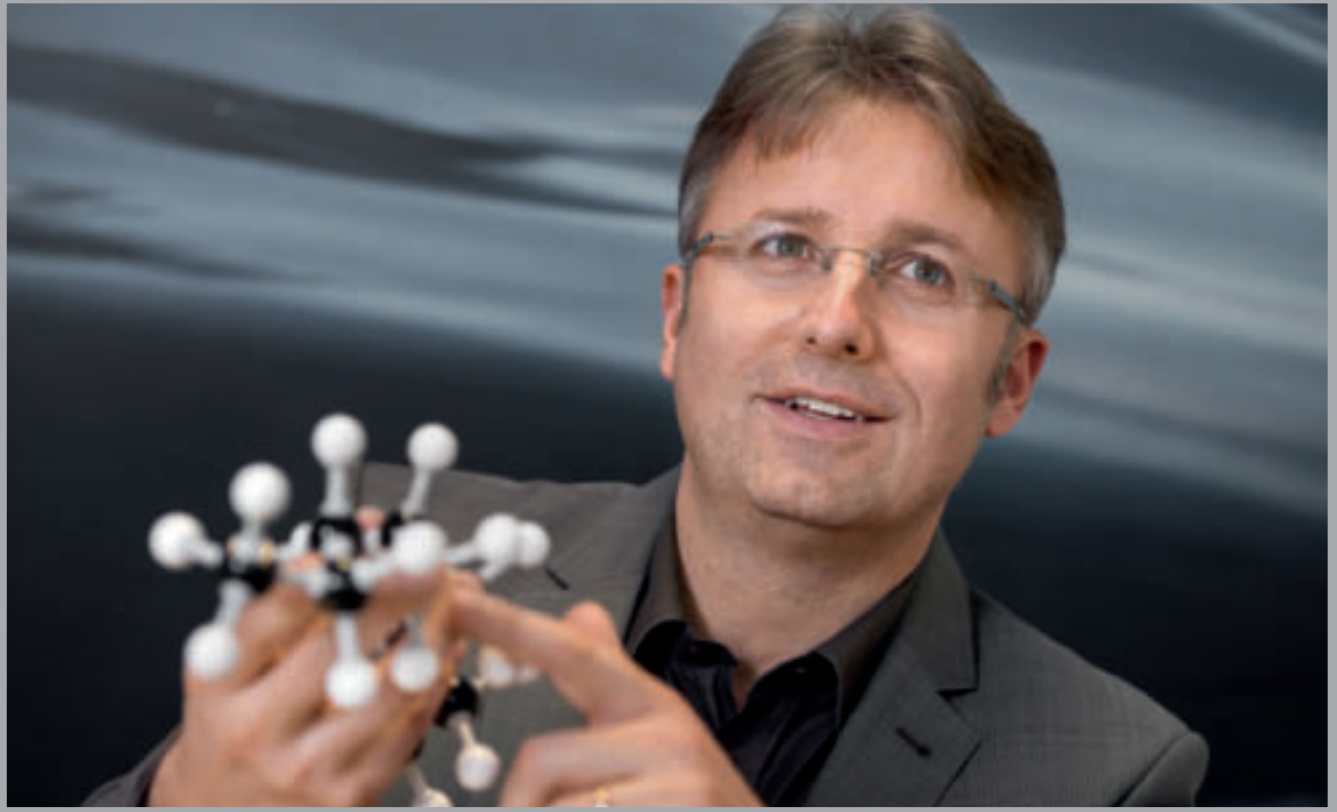
decisive strides toward climate neutrality. Our Audi e-fuels clearly demonstrate that in addition to electric driving with green electricity, there are also less climate-damaging concepts for mobility over longer distances.

But it is still the driver who chooses a fuel or a specific electricity contract. Does that mean that the ball is in the driver's court?

» On the one hand, it really is. You can't do anything without the customer. A car can be as efficient and environmentally friendly as can be, but if nobody buys it because it is too expensive or isn't practical enough, there is zero environmental effect. The same is true for renewable fuels or green electricity. It is ultimately up to the customer. But we as carmakers together with the energy utilities first have a responsibility to develop and offer correspondingly attractive options.

Does Audi already offer such options?

» We do with respect to efficiency in the form of very fuel-efficient vehicles and also the fuel-saver courses offered by our Audi driving experience. But we also want to set new standards in mobility where CO<sub>2</sub> is reduced overall. We will soon have something very impressive to offer here. In combination with the CNG-powered Audi A3 g-tron,



» Reiner Mangold  
Head of Environment Product

which is scheduled to launch in late 2013, the customer will also be able to order our Audi e-gas, a renewable natural gas. This will make it fundamentally possible to enjoy CO<sub>2</sub>-neutral driving in the spring thanks to surplus wind energy from the previous fall. The car itself requires relatively little energy to produce and also offers very good recyclability.

**You talk about analyzing the entire life cycle. How do you use the lessons learned from these analyses in your products?**

» Take the new Audi A3, for example: Although it is bigger, safer and more spacious than its predecessor, it is up to 90 kg lighter. And more fuel-efficient, of course. Technical, economic but also ecological considerations play a role in the choice of materials. In the concept phase, we asked the question: Does the use of high-strength steels or aluminum really provide a benefit to the environment in the life cycle assessment of the A3? After all, both metals initially require the use of more energy than normal steel sheet. For the A3 1.4 TFSI with a combustion engine, the answer is positive. It has improved by nine percent compared with its predecessor with respect to its greenhouse gas balance over the entire life cycle. The situation is much more difficult when it comes to the ecological compensation for energy-intensive lightweight materials in electric vehicles. They are more efficient, recover a large proportion of their braking

energy and generally are not driven as far over their lifetimes as cars with a combustion engine, which are better suited for driving long distances.

**What do life cycle analyses for electric drives look like in general?**

» For the usage phase, the electric car is unbeatable when it comes to local emissions. Its environmental footprint with respect to CO<sub>2</sub> is also outstanding if it can be proven that the car uses electricity generated with renewable energy. But if electric driving results in power plants having to burn more fossil fuels, the greenhouse gas balance is negative compared with vehicles with combustion engines. And with respect to production, a battery-electric vehicle today comes with significantly more ecological baggage than a vehicle with a combustion engine. This is due primarily to the raw materials for the traction battery and the electric drive. We are therefore working to minimize the amount of material used and are also working on recycling concepts for the aforementioned components. Our vision – and not just for electric drives: greenhouse gas-neutral mobility in a holistic, cradle-to-cradle perspective. In other words, the use of renewable energy sources and recycling of the materials used.

»Resource conservation during production is a central challenge facing the automotive industry.«

Politician



# 03

Environment

**»The waste water-free and CO<sub>2</sub>-neutral factory shows the way.«**

Audi employee



Energy recovery on the engine test rig:  
New electrical energy is generated  
during test runs.

# Environmental protection beyond statutory requirements

Efficiency has long since become the top priority when it comes to resources and the generation and use of energy. This is the clear guideline for environmental policy at AUDI AG.

In 2012, we conducted a stakeholder survey asking participants to assess our environmental protection activities. The topics efficient use of materials, disposal and recycling concepts, environmentally compatible logistics and energy management in particular were considered to be highly relevant for Audi. The Company also considers the resource water to be particularly important.

**The Audi environmental policy assesses the product life cycle**

All phases in the product life cycle of our automobiles, from development and production to use of the vehicle to disposal, are considered under this aspect.

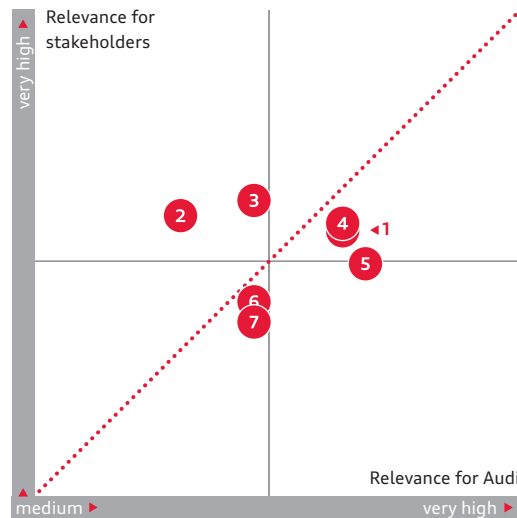
The core ideas of the Audi environmental policy are:

- ▶ to develop ecologically efficient processes and concepts for production
- ▶ to proactively avoid harmful effects on the environment, with a focus on the efficient use of resources and energy
- ▶ to continuously improve the environmental compatibility of products and sites
- ▶ to conduct an open dialogue with customers, dealers and the public
- ▶ to sensitize all employees to environmental concerns and inform them about measures

**#300 Environmental protection goals**

**Group-wide environmental management**

We have implemented environmental management systems at our sites based on our environmental policy. These systems ensure that environmental aspects are considered early on in all business decisions. All Audi Group automotive plants are, for example, certified under the European Union’s EMAS (Eco Management and Audit Scheme), which goes well beyond the minimum standards required. As far back as 1995, Audi became the first premium-segment automotive manufacturer to receive this accreditation. The Ingolstadt and Győr (Hungary) production plants followed in 1997 and 1999; the Belgian plant in Brussels and the Lamborghini location Sant’Agata Bolognese (Italy) have been entitled to bear the EMAS signet since 2002 and 2009 respectively. Furthermore, the Ingolstadt, Győr and Sant’Agata Bolognese plants are accredited under the worldwide DIN EN ISO 14001 standard. The environmental management systems for the Ingolstadt, Neckarsulm, Győr, Brussels and Sant’Agata Bolognese locations moreover meet the DIN EN ISO 50001 standard, which imposes especially rigorous conditions for continuous, systematic reductions in energy consumption.



- 1 Energy management
- 2 Eco-friendly logistics concepts
- 3 Procurement and efficient use of materials
- 4 Disposal and recycling concepts for materials
- 5 Water management
- 6 Conservation and promotion of biodiversity
- 7 Noise immissions

The Volkswagen Group manufacturing locations in Bratislava (Slovakia), Martorell (Spain) and Aurangabad (India) where Audi also has production operations, as well as the FAW-Volkswagen Automotive Company, Ltd., Changchun (China) joint venture, fulfill the requirements of an environmental management system and are accredited under the worldwide DIN EN ISO 14001 standard. AUDI HUNGARIA MOTOR Kft. won the EMAS member states prize for the seventh time in 2012, and was thus once again nominated for the EMAS Award in the “Large Organization” category. The European Commission has presented the EMAS awards to EMAS organizations exhibiting outstanding performance in environmental management since 2005 ([www.emas.de/aktuelles/emas-award/emas-award-2012/](http://www.emas.de/aktuelles/emas-award/emas-award-2012/)).

**Environmental protection starts at the top**

Overall responsibility for company environmental protection lies with the Board of Management of AUDI AG. The Member of the Board for Production is responsible for implementing the environmental policy of Audi. The Environmental Protection departments at the locations are responsible for company- and location-specific environmental protection. Furthermore, each location has an Environmental Management Officer responsible for the successful implementation of the system. The Environmental Management Officers of AUDI AG and its subsidiaries AUDI HUNGARIA MOTOR Kft., AUDI BRUSSELS S.A./N.V, Automobili Lamborghini Holding S.p.A. and DUCATI MOTOR HOLDING S.P.A. comprise the Coordinating Committee for Environmental Protection, which develops recommendations for strategic environmental protection topics. The subordinate Steering Committee for Ecology implements the orders from the Coordinating Committee.

**1995**

was the year the first EMAS certification took place.



Some materials such as steel are almost completely recycled.

# 70 %

is the degree of CO<sub>2</sub> neutrality at the Ingolstadt site.

Additional standards and regulations that go beyond the environmental management system ensure uniform international environmental standards within the Audi Group. The vehicle environmental standard, the directive on environmental protection passed by the Board of Management and the environmental and human compatibility performance specification apply for all Audi locations worldwide. **#310** Conveying environmental expertise; noise studies; new body paint shop

#### Vision of CO<sub>2</sub> neutrality

We want to reduce our company-based, specific CO<sub>2</sub> emissions, i.e. the amount of carbon dioxide released per vehicle produced, by 30 percent by 2020 against the level from 1990.

The focal points for our actions are:

- ▶ the generation of energy from renewable sources
- ▶ the efficient use of energy, such as via trigeneration of power, heat and refrigeration
- ▶ the reduction or avoidance of energy consumption

We have already achieved the aforementioned goal in 2012 in Ingolstadt and Neckarsulm. By 2020, we therefore want to reduce emissions at these two locations by a further 40 percent against the base year 2010. We are striving to achieve a 25 percent reduction for the foreign locations in Brussels (Belgium), Győr (Hungary) and Sant'Agata Bolognese (Italy) by 2018. Our long-term goal is to make all production locations CO<sub>2</sub>-neutral.

The plant in Ingolstadt is already 70 percent CO<sub>2</sub>-neutral and sets standards on the way to energy- and resource-efficient production.



### New standards for green IT

IT systems have become a major consumer of energy due to the energy required for cooling. The new data center we opened in November 2012 is helping us to reduce energy consumption in IT by one third, thus reducing our annual CO<sub>2</sub> emissions by 9,000 metric tons. We located the data center on the second basement level which enables us to use less energy-intensive refrigeration compressors. At ambient temperatures of up to 11 degrees Celsius, the servers can be cooled with outside air using an indirect free-cooling system. Primarily at night and in the winter, this enables us to do without compressors altogether. In addition, low-loss transformers enhance efficiency and flywheel accumulators, which boast a considerably longer service life than conventional batteries, can supply electricity during power outages. TÜV Rheinland has confirmed the effectiveness of the various measures and awarded our data center the Premium Certificate for the highest level of energy efficiency. **#320** Measures on the way to CO<sub>2</sub> neutrality; energy talk for employees

### Optimized use of resources

We use the life cycle assessment as a tool to reduce a vehicle's environmental impact. The environmental loads depend on how a vehicle is developed, produced, used and recycled. The goal of our integrated product policy is therefore to assess the environmental impact of a vehicle over its entire life cycle. The judicious use and reuse of raw and other materials play an important role here.

### Recycling rather than disposal

Another measure for the responsible use of raw and other materials is to return them to the raw material cycle. Since 2007, we have maintained a reuse quota of 95 percent per vehicle relative to total weight for the vehicles we manufacture. This includes a recyclability quota of 85 percent. Ten percent is used for power generation and only five percent is waste requiring disposal. This means that five years ago we became the world's first automobile manufacturer to fulfill the statutory requirements for the entire model lineup.

Furthermore, the reconditioning of components such as starters and alternators from used vehicles at our Ingolstadt plant saved roughly 500 metric tons of steel, 48 metric tons of copper and 76 metric tons of aluminum in 2012. **#330** Processes and materials; handling of hazardous substances; electric mobility

### Responsible use of water

Water is a valuable and scarce resource in many parts of the world. Audi conserves drinking water wherever possible and uses operating process water in a closed loop to reduce the volume of waste water. **#340** Separate water loops; membrane bioreactor; waste water testing

### Fast and resource-efficient delivery

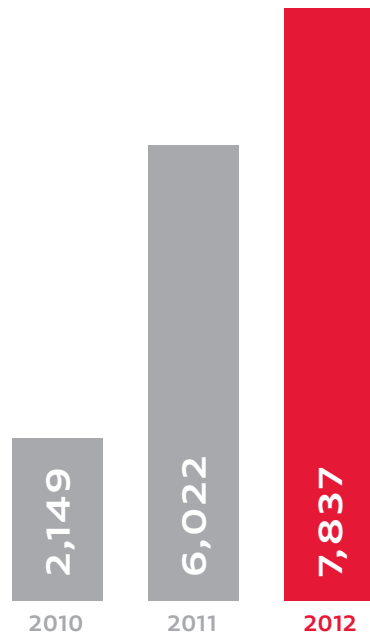
The Audi Group delivered 1,634,312 automobiles worldwide in 2012. We use rail transport wherever this is economically reasonable and technically feasible. Group-wide, we have more than 60 percent of all vehicles transported by freight train. For models produced in Ingolstadt, this number is over 70 percent, 46 percent of which are transported by trains running on electricity generated from renewables.

# 60 %

of vehicles produced are transported Group-wide by freight train.

## CO<sub>2</sub> reductions in logistics (in t)

by transporting cars from Ingolstadt to Emden, the port of loading on the North Sea coast; since October 2012 also from Neckarsulm



### Pioneer in CO<sub>2</sub>-free rail transport

In 2010, we became the first German company to use Eco Plus, the CO<sub>2</sub>-neutral rail transport by DB Schenker. For shipments on the domestic rail network with this product, Deutsche Bahn makes a separate purchase of the required amount of electricity that has been generated exclusively from renewable sources. TÜV Süd has studied and confirmed that Eco Plus is CO<sub>2</sub>-neutral, that 100 percent of the energy supplied is used for our vehicle shipments and does not come at the expense of the eco-electricity mix of other rail customers.

These “green trains” have been operating between Ingolstadt and our port of loading in Emden since August 2010. We save 35 kilograms of CO<sub>2</sub> with each car shipped, which enabled us to decrease emissions by 7,059 metric tons in 2012. In October 2012, we also switched the Neckarsulm-Emden line, the most heavily traveled shipping route between Neckarsulm and a port of loading, to green trains. We save even more carbon dioxide per car – 38 kilograms – on the nearly 700 kilometer line. Based on the annual number of shipments, this corresponds to a saving of 3,420 metric tons of CO<sub>2</sub>.

Today most large components are also transported by rail. We use trains exclusively for the heavy traffic between the locations in Ingolstadt and Győr in Hungary, which are over 600 km apart. Over the last 15 years, the trains have covered nearly 13 million rail kilometers on this route, thus replacing some 415,000 trips by truck.

### Regional partners preferred

We follow the principle of “short path logistics.” More than 100 suppliers are located in the Ingolstadt region, for example. The Logistics Center (GVZ) was established at our location in 1995. Numerous suppliers fabricate their assemblies and modules in the facility with a total of 220,000 square meters of usable floor space, and deliver them just in sequence to the plant.

### Award-winning logistics

We received the 2012 Sustainability Award in Logistics for our systematic sustainability efforts along the entire value chain. This international award presented by the Austrian and German Logistics Associations comes as particular recognition of our logistic concept’s sparing use of resources, in some cases already with a CO<sub>2</sub>-neutral footprint ([www.bvl.de/files/441/486/914/Nachhaltigkeitspreis\\_Logistik\\_2012\\_-\\_Laudation\\_Preistraeger\\_Audi\\_AG.pdf](http://www.bvl.de/files/441/486/914/Nachhaltigkeitspreis_Logistik_2012_-_Laudation_Preistraeger_Audi_AG.pdf)).

**#350** Optimizing truck transportation; packing assistant

### Audi lives environmental protection

Audi already engages in environmental protection activities that go far beyond the statutory requirements, and accepts its responsibility for the environment and society. Audi pools its activities that go beyond automobile- and company-specific environmental protection in the Audi Stiftung für Umwelt, a charitable environmental foundation established in 2009, and takes a holistic approach to implementing its strategy for environmental protection and resource conservation.

The purpose of the non-profit foundation is to promote the protection of nature and the environment as well as science and research. The primary areas supported by the foundation are the conservation of natural resources required for human, animal and plant life; promotion of scientific work that contributes to a sustainable system for humans and the environment; promotion of the development of environmentally compatible technologies; and the support of measures and activities for environmental education.



Audi Stiftung für Umwelt is examining the oak forest's capacity as a CO<sub>2</sub> reservoir with the aid of more than 90,000 English oaks.

### International Oak Forest project

The Audi Stiftung für Umwelt is in charge of providing long-term research backup for the Oak Forest CO<sub>2</sub> Reservoir research project. Under the direction of the Chair of Forest Yield Science at the Technical University of Munich and other project partners, we want to research how trees have to be planted in order to capture the greatest possible amount of carbon and to provide the best conditions for great biological diversity. The research project was launched in 2008 with the planting of a first trial site close to Company headquarters in Ingolstadt with roughly 36,000 English oaks. Additional trial sites near the Győr, Neckarsulm and Sant'Agata (Italy) locations followed. The project's most recent trial site, not far from our Belgian plant in Brussels, was planted with 10,000 oak seedlings at the start of 2012, bringing the total number of trees planted to over 90,000. Forest yield research is a multi-generational project. Together with our project partners, we are ensuring that the sites will continue to be available long-term for the research project, which is designed to run for 100 years. **#360 SRM award** for research; book for young researchers

### Umweltpakt Bayern

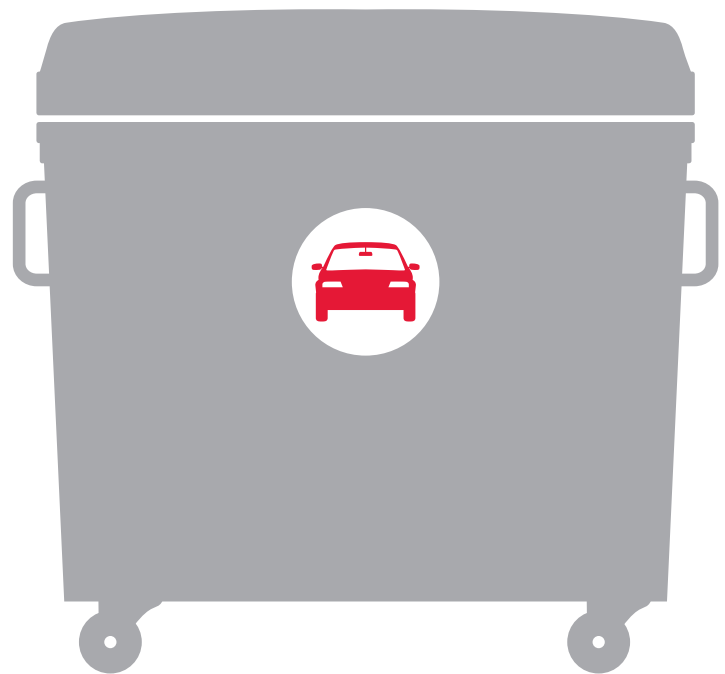
Every five years since 1995, the Free State of Bavaria and representatives of Bavarian industry have concluded a voluntary agreement known as the Umweltpakt Bayern. Audi has been a party to this agreement from the very beginning. In it, we voluntarily pledge to conserve resources and to use environmentally friendly technologies to achieve and guarantee environmentally compatible economic growth. Backing this is our conviction that natural resources required for life can be better protected with the help of a voluntary and reliable partnership between the state and industry than through laws and regulations alone.

The motto of what is now the fourth Environmental Pact is "Sustainable Growth with Environmental and Climate Protection." We are participating in various working forums as part of the pact. Topics include "Integrated Product Policy and Resource Efficiency" and "Management Systems." We are contributing our experience in the respective fields to both working forums so that small and mid-sized companies can also benefit from it. **#370** Further environmental partnerships

### Environmental protection made visible

We monitor, observe and measure selected plants in the vicinity of our Ingolstadt site at regular intervals as part of the Biomonitoring project. The condition of individual plants and any changes in their number enable conclusions to be drawn about the quality of the environment at the site. Biomonitoring provides us with key insights into the environmental impacts of our production activity, which then flow into our planning activities. The project is Audi's contribution in support of the "Business and Biodiversity" initiative, a corporate partnership that advocates for the protection of biological diversity.

# Cars belong in the recycling bin!



## **Volker Bormann**

Born in 1961, Volker Borman was a long-serving editor at the Financial Times Germany. The biologist and graduate of the Henri Nannen School had editorial responsibility for more than 1,000 special inserts. He was one of the first to also place a focus on the relationship between operations and corporate responsibility.



**New environmental philosophy for new business models: If we look at the car strictly in terms of reason and environmental responsibility, while at the same time looking at the automobile manufacturer's latest sales figures, the only possible conclusion is that the two don't really go together. That's because sensible cars are difficult to sell. Why else would cars have gotten bigger, heavier and more powerful over the last few decades? Because many buyers aren't driven by reason alone.**

They don't just want to drive, they also want to impress; not to simply be mobile, but also to enjoy comfort and features. Imagine an automotive market in which environmental compatibility and safety were the top priorities.

What sense would it make to tease more horsepower out of the engines if it wouldn't make the cars the least bit more attractive to the buyers? What good would be features that make the car heavier and thirstier when all the customers are interested in is the bottom line of the gas station receipt and the odometer reading when the low-fuel light comes on?

Environmental awareness is increasing in Germany, but buyers are still far removed from taking radical and consistent action on the basis of it. Cars should offer as much as possible, which now also includes a clean conscience with respect to the environment. This can be provided even by a luxury car whose incredibly high-tech engine is relatively fuel-efficient per kilogram of mass moved, yet depending on how it is driven still consumes significantly more fuel than a lightweight car with a small engine. Both cars may even sport a nameplate that conveys that eco-feeling.

It is no small feat for manufacturers to conduct responsible operations in such markets. Customers do not want to be educated, they want good service. Forgoing the business with luxury cars, for example, because they are ecologically questionable would mean leaving the field to the competition. You simply cannot expect a company to do that. What you can expect, however, is that companies recognize their hand in what happens on the market. Are they using intelligent innovation to pull out of the horsepower bragging contest and make their products lighter, so much lighter even that they can maintain the same level of performance despite a smaller engine? And are they marketing this actively even though more power is an easier sell? That would be difficult, but also a sign of responsibility and a cautious attempt to influence the buyers' standards a bit over time.

Gently swimming against the current also includes looking for attractive alternatives to gasoline and diesel engines. Sure, the technological hurdles here are still high, and the marketability of what is technically feasible today is a nightmare. Electric cars would be wonderful if they finally offered an acceptable range or if a convenient network of quick-change batteries were available to offset the range disadvantage. But these things require a completely different business model with respect to service and model policy, for example. After all, they are less technically complex and more robust, so workshops and service centers would have to rethink things. This is once again in conflict with the good business that cars with combustion engines represent today.

But responsibility in the car business is not just difficult; it also offers opportunities. Environmental labels, for instance, are very marketable. At present, cars get an eco-label if their engine is particularly efficient and consumes fuel sparingly, weight has been reduced and the tailpipe emits no significant pollutants other than CO<sub>2</sub>. In other words, if their operation is relatively ecological. But cars are also a collection of highly desirable materials. Anyone who designs and builds them with foresight should be able to make a significant business factor out of their recycling. First, because recyclable cars may well be better received by many customers. Second, because metal, polymers, leather and textiles, cables, glass and electronics can be processed and returned to the material cycle – presuming, of course, that the manufacturers do not use any hard-to-separate composites and establish the required processes for taking vehicles back, dismantling them and marketing the materials, even if only as fuel for power plants. This is no easy matter from a business perspective, otherwise there would be no need to pen these lines. Tomorrow's success is highly dependent on how responsibly we build cars today.

»Companies  
have to look  
at how they  
can attract  
young profes-  
sionals.«

Media representative

# 04

## Employees

**»At Audi,  
human resources  
development  
is important for  
every employee  
group.«**

Audi employee

# Employees are a company's most valuable asset

In order to achieve its strategic corporate goal of “Audi – the premium brand,” the Audi Group is reliant on the expertise and commitment of qualified employees.

# 2,951

new employees were hired by AUDI AG in 2012.

In order to realize the mission of the Audi Strategy 2020 “We delight customers worldwide,” the Company needs passionate and competent employees. Because only if we have competent, motivated and suitably qualified employees will we be able to achieve this mission. In this respect, Human Resources sees itself as preparing the way for others. On the basis of its area strategy, it lays the foundations for the workforce and therefore the Company to achieve the goals of Strategy 2020. It offers prospects and inspires confidence.

## **Our goals in human resources**

In view of these and other challenges, we have defined four key objectives for the human resources strategy:

- ▶ **Strengthening competences:** We endeavor to attract the best talent worldwide. At the same time, we enable our managers to establish a timely succession plan. We suggest goal-oriented development paths to our employees and support them in developing the competences they will need in the future.
- ▶ **Making work attractive and flexible:** We promote and maintain our employees' personal performance. With future-oriented work models we meet the needs of our employees at different stages of life. We recognize performance and commitment and reward it appropriately. At the same time, we aim to provide job security.
- ▶ **Promoting responsibility:** We practice responsible leadership and our working relationships are based on trust. Fair partnerships are extremely important to us. We take our social responsibility seriously and act accordingly.
- ▶ **Ensuring future viability:** We prepare in good time for changing social and economic conditions and set trends as an employer brand. Our training and advancement opportunities equip us for new technological developments and strengthen our innovative power. We promote the physical and mental well-being of our employees with innovative programs. We are open to change and shape it together.



Maintaining individual performance – at every workplace.

### Recognition of international standards

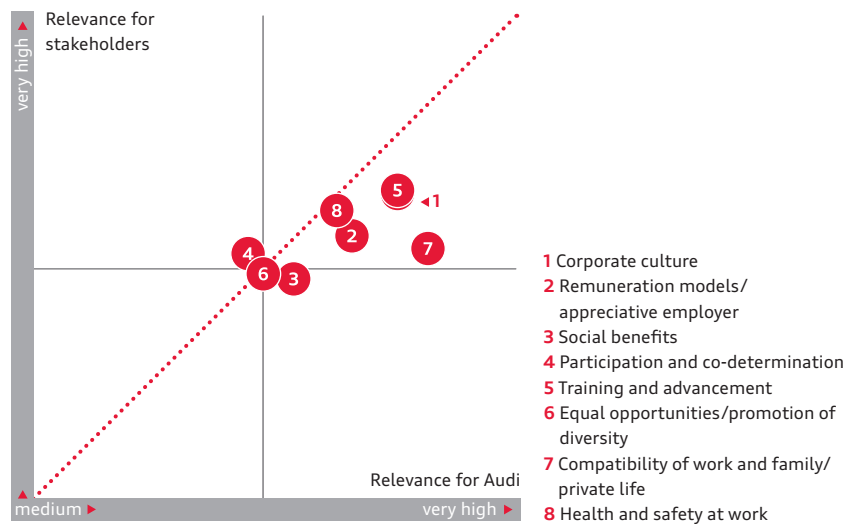
Audi is naturally committed to the ten principles of the United Nations Global Compact and the core labor standards of the International Labour Organization (ILO). For eight years, Audi has participated in the Fair Company initiative. The seal of quality is awarded by karriere.de, the “Handelsblatt” and “WirtschaftsWoche” portal.

a flexible hourly or daily basis. Furthermore back in 2011, AUDI AG set itself the goal of increasing the proportion of women at all levels of the Company – from apprentices all the way up to top management.

**#400 Mission “Focus on the individual”; challenges**

### The view of the stakeholders

For the first time in 2012, as part of a stakeholder survey, we listed key aspects of our responsibility towards employees, which the stakeholders were asked to assess in terms of relevance. Particularly important from an outside perspective are training and advancement, a strong corporate culture and occupational safety and health protection. From the Company’s perspective, moreover, the compatibility of working and family life is particularly important. We offer our employees a very good overall package to create a family-friendly working environment. Yet for some individuals in certain situations, reconciling working and family life is a challenge. We have therefore further expanded our child care arrangements under the “Audi Spielraum” program. Our employees can now bring their children to be looked after as required on





Apprentices with their training supervisor in the plant and equipment construction learning station.

# 95 %

of Audi employees agree with the statement "I like working at Audi."

### Showing appreciation

The Audi brand is not only extremely attractive to our customers, but also to current and potential employees. Our product range and our innovative power – especially in the fields of new drive concepts and lightweight construction – are just some of the reasons for this. Nevertheless, we are aware that, as a premium brand, it is not only other automotive manufacturers that we compete with on an international level for committed young people and experienced specialists. We have therefore set ourselves the goal of being an attractive employer worldwide as part of the Audi Strategy 2020.

### Every vote counts

The results of our attitude surveys support our strategic approach. In 2012, for the eighth time in a row, we asked our workforce to tell us what they think. Around 40,000 employees at AUDI AG made use of the Audi Pulse and gave anonymous feedback, for example on their department's contribution to the corporate strategy, cooperation with colleagues and superiors or how well informed they felt about current developments at Audi. This means that 89 percent of Audi employees took part in the survey. The results reflect a high level of satisfaction among the workforce. For instance,

95 percent of those surveyed completely or largely agreed with the statement "I like working at Audi."

**#410** Length of service; intern satisfaction; applicant and recruitment records

### Coveted apprenticeships

In order to cover our need for skilled employees, we trained people in 20 vocations in 2012, in both technical and commercial fields. As of the end of December 2012, a total of 2,459 apprentices and dual-system students were in employment at AUDI AG, around 24 percent of whom were young women. In 2012, 698 school leavers embarked on their training at AUDI AG. We believe it is very important to train people for future technologies, for example in the field of high-voltage electronics or new joining techniques. Audi's dual vocational training program gives apprentices the opportunity to obtain the entrance qualification for a university of applied sciences, while at the same time qualifying as an (automotive) mechatronics technician, electronics technician or tool mechanic. At present, 216 young people are making use of this opportunity. Many of these young people know Audi from the "Arbeitskreis Schule Wirtschaft" (Schools and Industry work group), which we have been involved in for the last 30 years.

The members of the work group seek close cooperation between schools and companies so that vocational training and advancement opportunities are made available to school students.

At the end of 2011, the Works Council and management agreed that all apprentices at AUDI AG, as well as participants in the dual-study courses and the StEP (Study and Experience in Practice) program, would be taken on as permanent employees if they successfully complete their training and provided there are no reasons specific to the apprentices' personality or conduct that would make this inadvisable. There is great interest in the training opportunities at Audi: in 2012, a total of around 10,500 young men and women applied for an apprenticeship or a dual-study course.

**#420** Young academics; integrated development; assisting low-achievers; international training; advancement; feedback culture; fostering talent

#### Focusing on employees' well-being

In 1990, the management and the General Works Council of AUDI AG signed a works agreement on occupational safety. This aims to protect employees from work-related injuries and ill health. Occupational safety is a component of the management's duty of care and is necessary in order to prevent disruptions to normal business operations. In parallel with occupational safety measures, the objective of Audi health management is to maintain and promote employees' physical and mental performance capabilities. In this context, Audi focuses on preventive measures such as the Audi Checkup screening program or workplace ergonomics.

Occupational safety at AUDI AG is based on the principles of the Group occupational safety management system (KAMS) introduced by the Volkswagen Group. The aim of KAMS is to continuously improve health and safety at the workplace. The occupational safety processes are integrated into the quality management system at AUDI AG.

#### Preserving and promoting health

The aim of our integrated Audi health management system is to preserve and promote the quality of life and performance capability of our employees throughout their entire working life. At the heart of health management, which is considered an aspect of corporate management, is the Audi Checkup that was introduced in July 2006 and is available to the entire workforce. The Checkup is an individualized prevention program which every employee can take part in on a voluntary basis. Modern diagnostic procedures and comprehensive consultations facilitate the early detection and prevention of health risks. As we offer the examination free of charge and during working hours, around 90 percent of our employees now take advantage of the Audi Checkup. By the end of 2012, company doctors at our locations in Ingolstadt and Neckarsulm had carried out more than 51,000 checkups. Around 41,500 of these were initial examinations and some 9,500 were follow-up measures.

The result: At 96.4 percent in 2012, the attendance rate of our workforce has been very high for many years. In addition to the Audi Checkup, health management promotes further preventive measures, for example:

# 51,000

checkups had been carried out by the end of 2012.

Around 90 percent of employees make use of the Audi Checkup.



**Average length  
of parental leave**

Men Women

2 months

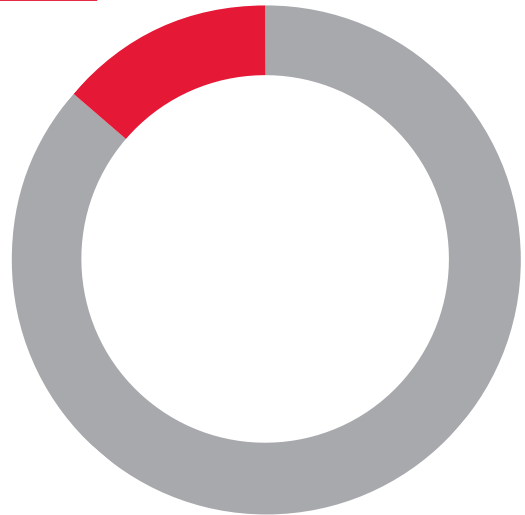


24 months



13.7%

Proportion of women in the Audi Group



86.3%

Proportion of men in the Audi Group

- ▶ Campaigns to promote a healthy lifestyle
- ▶ Fact-finding events and training on healthy eating and exercise
- ▶ Screening
- ▶ Early detection programs for skin and bowel cancer
- ▶ Vaccinations
- ▶ Help in giving up smoking and addiction counseling
- ▶ Individual medical advice, for example in the case of mental health problems or work-related health issues

**#430** Occupational safety; Occupational Safety Award; accident frequency; mental health; health-focused deployment; ergonomics

**Valuable impetus**

Employees often know best how to optimize processes in their day-to-day work. They can put forward their creative ideas under the Audi Ideas Program. Ideas that are put into practice are rewarded. In return, the Company benefits from the improvements made and the cost savings achieved as a result. **#440** Ideas management; prize

**Work and family balance**

Women especially and sought-after, well-educated young people consider a balance between working and family life as very important. They are more likely to choose companies that are family-friendly and enable them to achieve a good work-life balance. We are responding to this trend at Audi by introducing flexible working hours and by offering attractive child care solutions.

**More part-time jobs**

At the end of 2012, there were a total of 2,413 employees working part-time, around 853 of them with flexible working hours, i.e. the amount of working time as specified in the contract is between around ten and 34.9 hours per week, with working time being arranged in each individual case between employee and superior. Employees who work part-time in shift systems have the option of working only certain shifts (e.g. every two weeks early shift only), or to share the shifts with other colleagues working part-time according to individual requirements. Under a pilot scheme, employees working part-time can also change over during the shift.

16,011

suggestions for improvement by Audi employees were implemented in 2012.



### New working-time and workplace models

One of AUDI AG's primary objectives is to provide even more flexible working conditions for its employees in order to continuously improve compatibility of working and family life. Some of the tools available for this purpose include sabbaticals and telecommuting. To take a sabbatical, the employee concludes a temporary part-time contract, under which working time is divided into blocks: a working phase and a leave of absence. This allows the employee to take a leave of absence of up to 24 months. In the case of telecommuting, the employee concludes a supplementary agreement in order to work from home on a regular basis. Both models presuppose that the arrangement is voluntary on both sides. Based on the results of several surveys, further options for flexible working models are being examined.

### Parental leave in demand

Audi employees do not have to decide between children and a career. We provide advice and inform prospective parents, for example, about the part-time models that are available to them. In addition, we conduct regular fact-finding events on the subject of parental leave. In 2012, a total of six were held at the Ingolstadt and Neckarsulm locations. In the year under review, 1,500 Audi employees, 61 percent of whom were men, were on parental leave. The average period of leave taken was around ten months, with women taking an average of 24 months and men two months. Under the "Job & Family" program, Audi offers mothers and fathers on parental leave the opportunity to acquire additional qualifications to make returning to the workforce easier after their period of absence ends.

In addition, at the end of a three-year period of parental leave, our employees can, if they wish, leave the Company with a reemployment guarantee – and can dedicate themselves to looking after their children for a maximum of four more years. We therefore make a commitment to offer our employees an equivalent job in the Company for up to seven years after the period of parental leave commences. In return, the employees agree to take part in a re-integration program. This arrangement goes beyond statutory entitlements.

### Flexibility for parents

AUDI AG brings together the child care arrangements it provides under the motto "Audi Spielraum." In addition to a free advisory and placement service, which answers questions on child care and finds child-minders, Audi primarily supports child care provided by pedagogical specialists. In our partner establishments, we currently

provide 151 places for children aged up to three. After 36 were added in 2012, there are now 106 places in the Ingolstadt area; in Neckarsulm, there are currently 45, which are completely filled.

**#450** Flexible child care; families of employees abroad

### Caregiver leave and parental leave on equal footing

For employees who would like to look after a relative, Audi offers similar opportunities to those for parents. They have the right to a short-term absence of leave of up to ten days and their contract of employment may be suspended for a period of up to three years for caregiver leave, beyond statutory provisions. Comprehensive advice and support, for example through the Audi Betriebskrankenkasse, are also part of the program as well as a free service to find domestic help or shopping services. Similarly to employees on parental leave, they can leave the Company with a reemployment guarantee after three years' Audi caregiver leave and look after their relatives for a further four years. The employees can also take advantage of relevant training courses under our "Job & Family" program.

### Diversity enriches

People are recruited and promoted solely on the basis of their qualifications and skills. This is the principle we follow at Audi, as it is in line with our corporate culture and because diversity strengthens our innovative power. **#460** Principles of equal treatment; generation management; promoting women; girls and technology; people with disabilities

### Audi rewards performance

We pay our employees attractive monthly salaries and enable them to share in the Company's success. Other employee benefits round out the balanced overall package.

In 2012, each of the 44,800 or so pay-scale employees at the German locations received an average of EUR 8,251 as an Audi profit share, based on the 2011 fiscal year. This is an important tool that acknowledges the contribution that every single employee makes towards the Company's success. There are separate profit-sharing plans for employees at subsidiaries. **#470** Rewards system; temporary workers; retirement benefits; social benefits

### In a strong position

A large number of awards and top places in various rankings serve to confirm how attractive Audi is as an employer.

- ▶ Best reputation among top companies in Germany (AUDI AG); "Image profiles 2012," a survey conducted by manager magazin among managers.<sup>1)</sup>
- ▶ Most attractive employer in Germany (AUDI AG); employee rankings compiled by consulting firms trendence and Universum, among engineering and economics graduates.<sup>2)</sup>
- ▶ 2nd place among young professionals (AUDI AG); "The German Professional Survey 2012" among experienced engineers and economists.<sup>3)</sup>
- ▶ Most attractive employer in Hungary (AUDI HUNGARIA MOTOR Kft.); survey conducted by the management consulting firm AON Hewitt and the international student organization AIESEC, among career-starters and experienced professionals.<sup>4)</sup>

<sup>1)</sup> manager magazin, issue 2/2012, p. 32 ff.

<sup>2)</sup> "trendence Graduate Barometer 2012 – Business and Engineering Edition," April 20, 2012; "The Universum German Student Survey 2012," April 30, 2012

<sup>3)</sup> [www.universumglobal.com/IDEAL-Employer-Rankings/Professional-Surveys/Germany](http://www.universumglobal.com/IDEAL-Employer-Rankings/Professional-Surveys/Germany)

<sup>4)</sup> [www.balaton-zeitung.info/Audi-attraktivster-Arbeitgeber-in-Ungarn](http://www.balaton-zeitung.info/Audi-attraktivster-Arbeitgeber-in-Ungarn)

# A healthy lifestyle and working at Audi

On the one hand, health is something personal that everyone likes to sort out themselves or with their doctor. On the other hand, the health of the workforce is an important economic factor. Dr. Joachim Stork, Head of Audi Health Care, and Peter Mosch, Chairman of the General Works Council, discuss occupational health management.

Mr Mosch, you've been at the Company for more than 25 years. Was health an issue for you when you joined Audi and how do you feel about it today?

» Peter Mosch: In my younger days, I was barely aware of the issue of health. A lot has happened in that time, for example in production where many ergonomic improvements have been made. Or with regard to the issues of stress and mental strain, which we consciously deal with nowadays. Occupational health was and is one of the Works Council's key tasks and today I am much more aware of it, of course.

Dr. Stork, you have around 30 years of experience as an occupational physician. If you take a look at the major issues in your profession – what has changed?

» Dr. Joachim Stork: The focus in the 1980s was quite clearly on occupational safety – protecting employees against hazardous materials or heavy loads. Today there are additional issues, however: What about the subjective factors? Today it's about reintegration, the employability of older employees and mental health in relation to work.

Mr Mosch, how does the Works Council approach these issues?

» Peter Mosch: In the context of demographic change, we in the Works Council face the challenge of protecting employees' health more effectively. As a result,

we have set up our "Round Tables," where the Works Council and the Company together endeavor to reintegrate people into work who return after a lengthy illness. We work constantly on optimizing and creating jobs for older employees and on the issue of mental health. The Works Council also calls for an appropriate company agreement to be reached.

How do people react to the services provided by the Health Care Department – could it be that some see this as "going too far," and as a severe invasion of privacy?

» Dr. Joachim Stork: There is great trust and confidence in health protection. People come to us with all kinds of issues that once they might have kept to themselves. I'm very grateful to the workforce for the trust they place in our work. Individual prevention in the form of the Checkup program is extremely well received, with a take-up rate of 90 percent. This is due to the fact that we invite employees at a convenient time. They can then say yes or no.

» Peter Mosch: I believe the issue of health is becoming more and more important to the general public, and our workforce very much appreciates the health counseling provided in the Checkup. In my experience, the principle of voluntary participation is a major reason for the high take-up rate. I myself go regularly to these examinations as I receive valuable advice.



» Dr. Joachim Stork  
Head of Audi Health Care

» Peter Mosch  
Chairman of the Audi General Works Council

**What about data protection and the duty of confidentiality?**

» Peter Mosch: I can assure you that the medical data are stored extremely securely. We have carried out several checks to ensure that no data can leave the Health Care Department. In our view, data protection is guaranteed.

» Dr. Joachim Stork: We can draw the right conclusions from the large amount of – anonymized – health data we collect. This is a major difference compared with our work in past decades. So now it's not only a case of protecting health against risks, but also protecting health through preventive management.

**Are there any trends in employee health that cannot be remedied in the short term?**

» Peter Mosch: Increased pressure is one such problem. In production, for example: there is a risk that we will once again have more division of labor with less work content per cycle and with shorter cycle times. I am concerned about this development. Similar trends can be seen in the indirect area, where work volume and complexity are constantly rising.

» Dr. Joachim Stork: My specialist field started looking at the issue of monotony and preventing heavy workloads some years ago. Today, however, it's also a question of how employees can cope with the level of complexity if different models for different countries with different items of equipment are produced on the same assembly line.

Here, ergonomic measures and the Audi Production System help, but we've certainly not found all the answers.

**Where would you like to see Audi health management in ten or 20 years' time?**

» Dr. Joachim Stork: I'd like us not only to ask how work can be harmful to us, but also to consider how work can be good for our well-being, to give meaning to life. Despite the likelihood of illness as we grow older, there are more and more people who can and want to work for a long time. My second request would be for more consistent control loops in our work, from emergency medical care through to prevention.

» Peter Mosch: I'd like health protection in a few years' time to be seen on a par with other corporate goals, for example economic efficiency.

**Live to work, or work to live?**

» Peter Mosch: Ideally, a balanced, healthy combination of the two. To achieve this, there's no doubt that we have to strengthen preventative measures. And we should also take a closer look at leadership in our Company: What values determine the way we behave toward one another within the Company? How do we treat each other? Our managers can make a major contribution to the subject of health.

**»The relationship between an activity and the company's interests must be emphasized.«**

Academic representative

# 05

Society

**»Audi must  
answer  
questions  
regarding its  
role in  
society.«**

Audi employee

# Increasing the quality of life at our locations

Successful companies have an obligation to give something back to society. Audi fully accepts this responsibility and implements cultural and social projects designed to benefit the regions around its locations.

Only companies that reconcile economic, ecological and social goals will enjoy long-term success and the acceptance of society at large. We take our responsibility seriously and are committed to improving the quality of life at our locations.

## Stakeholders' views

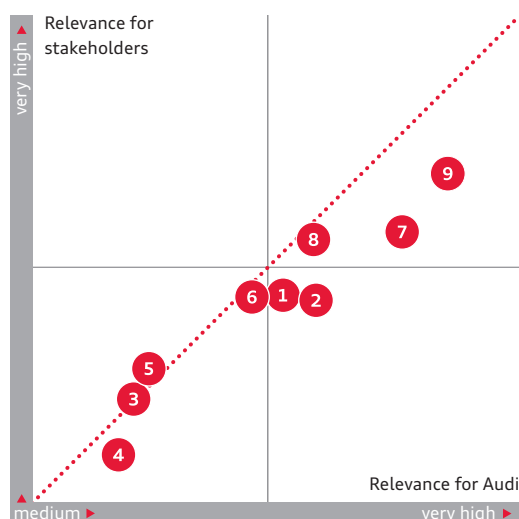
In 2012, we conducted a survey among our stakeholders whereby we listed key aspects of social responsibility and asked the survey participants to assess the various topics. As far as our stakeholders are concerned, priority should be given to solutions for the future of mobility, including concepts that do not involve automobiles. In launching the Audi Urban Future Initiative, we are responding to this viewpoint by addressing the development of mobility in megacities. In a regional context also, we seek to take a broad-based approach to the topic of mobility – for instance, by improving the public transport infrastructure at our Ingolstadt and Neckarsulm locations. **#500 Goals for society**

## Improving the local quality of life

Networking with local authorities, academic partners and enterprises generates input that promotes the given region's sustainable development. Audi views itself as a partner and engages in topic- and situation-specific dialogues with local authorities.

One example of a successful undertaking is "Initiative Regionalmanagement Region Ingolstadt e.V." (IRMA). The alliance was formed in 2009 at the

- 1 Involvement at the German locations
- 2 Social development in markets abroad
- 3 Promotion of voluntary activities/ corporate volunteering
- 4 Promotion of art and culture
- 5 Promotion of sport, exercise and health
- 6 Support for school education and training capacity
- 7 Promotion of academic institutes
- 8 Change processes caused by demographic changes
- 9 Future mobility



initiative of AUDI AG and realized together with the city of Ingolstadt, the administrative districts of Eichstätt, Pfaffenhofen and Neuburg-Schrobenhausen, and other well-known companies.

At its Neckarsulm site, AUDI AG is involved in the non-profit “Pakt Zukunft Heilbronn-Franken gGmbH” and belongs to its alliance, a regional network of 130 partners. The organization supports campaigns, projects and knowledge transfer associated with family friendliness. The main areas in which it operates include increasing the provision of child care and extra-curricular educational and recreational activities; promoting the compatibility of work and family; nursing care; and the integration of immigrants.

#### On the buses

In addition, Audi is committed to the further development of the regional transport infrastructure. As an automotive group, we believe we are obliged to develop and realize forward-looking solution models in partnership with local authorities. In particular, this is because our success does not have exclusively positive repercussions for the surrounding region. For instance, in recent years, we have created a large number of jobs, but at the same time our growth has led to increased pressure on urban transport.

A survey of 2,250 employees on local public transportation conducted in spring 2012 revealed that respondents were not satisfied with the current provision. They wanted faster and more direct transport links to and from the workplace, and they expected to see quality improvements such as the use of larger buses. The findings were integrated into a package of measures launched in December 2012. For example, the purchase of 2,500 job tickets meant that new express bus services could be introduced, including a service between Ingolstadt Nord railway station and Technical Development, with bus stops in the plant. **#510 Job ticket; transport infrastructure**

#### Commitment to culture

Our diverse program of cultural activities attracts the general public and attention beyond regional boundaries. Under the central theme of “Audi ArtExperience,” AUDI AG has supported culture at international, national and regional level for over 50 years. We strive to make art and culture available and accessible to both employees and those who live where our plants are located.

**#510 Cultural activities**

# 2,500

Audi job tickets make new express bus services possible.



New buses run directly from Ingolstadt Nord railway station to the plant.



590 employees took part in the first Audi Volunteer Days.

# 130

students are working on their doctorate in cooperation with Audi.

## Strategic university partnerships

A close exchange with academic partners plays an increasingly important role in terms of companies' innovation capabilities. It is for this reason that Audi cooperates with numerous universities and research institutes in Germany and internationally. We invest in both technical projects and partnerships with faculties in the areas of humanities, social sciences and economics.

The Audi Group currently pursues 12 strategic university partnerships and an array of other cooperations with research institutes. In 2012, we once again promoted scientific dialogue and the extension of cooperations and partnerships, as the new cooperation with the University of St. Gallen in Switzerland demonstrates. Since last year, Audi has been involved as a founding member of the university foundation of the Karlsruhe Institute of Technology (KIT) set up in 2012. In the same year, we provided funding for establishing an endowed chair dedicated to the topic of mobility and sustainability at Zeppelin University Friedrichshafen and set up a scholarship for a doctorate at the Konstanz University of Applied Sciences (Technology, Economics and Design).

## Supporting future talent

Approximately 130 research students are currently working on their doctorate through scientific projects funded by Audi. Around two-thirds of the doctoral theses are being prepared in conjunction with a strategic Audi partner university. The doctoral students are offered a comprehensive supervision program by the Company. In 2012, over 75 percent of academics who had completed their doctorate were recruited to the Audi Group on a permanent employment contract. **#520** Guest professors; doctoral students' conference; teaching assignments; practice-oriented research projects; "hands-on university"

## Supporting voluntary work

In 2012, the Company launched "Audi Volunteers," a dedicated corporate volunteering program that systematically supports voluntary work in the community. To ensure the effectiveness of the program and to align it with employees' interests, we conducted a survey into voluntary activities. The findings revealed that almost 40 percent of Audi employees in Germany actively volunteer their time for good causes. We also found out which target groups our employees would most like to work for. Based on the results and by applying defined



criteria, we selected 73 suitable projects for the first Audi Volunteer Day at the Company's German sites in Ingolstadt and Neckarsulm. **#530** *Volunteer Days; organizing voluntary activities; involvement of trainees; startsocial*

### Ducati Foundation

The Ducati Foundation set up by the long-established manufacturer of sport motorcycles is aimed at safeguarding the company's own technical and historical heritage, as well as initiating and developing high-quality educational projects for school-children and students. **#540** *Fisica in Moto project; motorcycle safety campaign*

### Money for a good cause

The Company has drawn up a policy regarding donation activities. This policy is binding for all managers and the Board of Management.

In awarding donations, we focus on the following areas:

- ▶ Social and charitable causes
- ▶ Applied science and research, education and training
- ▶ Environment
- ▶ Sport and culture
- ▶ General humanitarian aid

We have set up a Donations Committee to oversee the consolidated administration of all corporate donations and to make decisions regarding the beneficiaries of donations.

We generally give donations to regional organizations. One exception is disaster relief. In 2012, for instance, Audi made a donation of EUR 150,000 to earthquake victims in the Italian region of Emilia Romagna. This assistance is important to us because we also strive to address problems in regions besides those in which our own plants are located and to provide humanitarian aid in emergency situations.

### Happy Christmas

As long ago as 1977, the Audi workforce played their part in a large-scale fundraising campaign. The Christmas appeal dates back to an initiative by the Audi Works Council: Each participating Audi employee has a gross amount of EUR 12 deducted from their November payslip; the sum is topped up each year by the Company. All the money raised goes toward social welfare establishments, organizations and associations in the Ingolstadt and Neckarsulm regions. In 2012, over 99 percent of the workforce contributed to the Christmas

fundraising campaign. The Company added the sum of around EUR 237,000, enabling us to donate a total of EUR 825,000 to more than 100 institutions at the Ingolstadt and Neckarsulm sites. Since the Christmas campaign was launched, members of the workforce and the Company have donated over EUR 12.5 million to social welfare establishments. **#550** *Donation activities*

### Urban mobility of tomorrow

By 2030, it is anticipated that 70 percent of the population will live in megacities with over eight million inhabitants. Audi seeks to address questions arising from this growth and in 2010 launched the Audi Urban Future Initiative. The initiative is an interdisciplinary forum that networks creative thinkers – architects, sociologists, urban planners and trend researchers – with one another around the globe. The aim of their discussions is to analyze the challenges facing mobility in the world's megacities and to identify possible solutions. Alongside technical factors, the resulting findings and ideas take account of social, economic and aesthetic aspects.

Audi presented the first-ever Audi Urban Future Award, a biennial accolade, in 2010. With prize money of EUR 100,000, it is Germany's highest endowed architecture competition. In 2012, five architect teams from the metropolitan regions of Mumbai, Pearl River Delta, Istanbul, São Paulo and Boston/Washington were invited to participate. Last year's award went to the "Shareway 2030" urbanity concept developed by the US-American firm Höweler + Yoon Architecture. **#560** *Audi Urban Future Award 2012 winning concept*

### Staying safe on the roads

Children and young people perceive risks in a very different way from experienced road users. In particular, the number of young drivers involved in accidents is disproportionately high. Audi promotes road safety among this target group through a number of special programs.

By implementing age-appropriate measures that address road safety and road use, Audi is helping to teach children how to use roads safely and improve the way young adults perceive risks.

**#570** *Road safety days for apprentices; "Attitudes" road safety training program*

# 4,720

hours of voluntary work were completed by Audi employees on two Volunteer Days in 2012.

# 100,000

euros went to the winner of the Audi Urban Future Award.

# Our locations are also where people live

Audi has always been closely associated with the regions in which its plants are located. Whether Ingolstadt, Neckarsulm or Győr – what the three major Audi sites have in common is that they are regional centers which are heavily dependent on Audi as a company. In each case, the city and the plant enjoy a tightly woven, mutually beneficial relationship. However, they are also obliged to address challenges and safeguard the local quality of life.





**128,282**

Population of the city of Ingolstadt



**3.3 %**

Unemployment rate in Ingolstadt



**35,386**

Employees at the Ingolstadt site



**43 %**

Rent increase in Ingolstadt  
(compared with 2002)

Source: Own values and the city of Ingolstadt; figures relate to 2012.

»Medium-sized companies say that the global players are taking employees away from them.« Academic

»Prices on the housing market will soon be on a par with Munich.« Politician

»Ingolstadt gave Audi a new home after the Second World War.« Audi employee

»People from immigrant backgrounds also find apprenticeships and have employment opportunities in Ingolstadt. This is a prerequisite for their integration.«

Politician

»Audi accepts responsibility that extends far beyond the city of Ingolstadt.« Academic

Comments made during an experts' forum involving representatives from Audi, the city of Ingolstadt, academic institutes and associations on January 22, 2013



# Data

## Corporate responsibility in figures

Audi presents its sustainability activities in a transparent, factual manner. The following tables contain an extract of important key figures relating to our five CR core themes. The complete tables can be called up online at [www.audi.com/cr-report2012](http://www.audi.com/cr-report2012) (#009).

The figures for the years 2010 to 2012 apply to the calendar year and refer to the Audi Group. If key figures refer to individual Audi Group companies only, this is specified accordingly. Figures are rounded up or down, which may result in slight deviations from the totals stated. Key figures of the 2012 calendar year that have been checked by the auditing firm are marked with a ✓ symbol.

| Finances                                  | Unit        | 2010   | 2011   | 2012   |
|---|-------------|--------|--------|--------|
| Revenue ✓                                 | EUR million | 35,441 | 44,096 | 48,771 |
| Operating profit ✓                        | EUR million | 3,340  | 5,348  | 5,380  |
| Profit before tax ✓                       | EUR million | 3,634  | 6,041  | 5,956  |
| Profit after tax ✓                        | EUR million | 2,630  | 4,440  | 4,353  |
| Total capital investments <sup>1)</sup> ✓ | EUR million | 2,146  | 2,970  | 6,416  |
| Research and development expenditure      | EUR million | 2,469  | 2,641  | 2,942  |
| Operating return on sales ✓               | Percent     | 9.4    | 12.1   | 11.0   |
| Return on investment ✓                    | Percent     | 24.7   | 35.4   | 30.9   |

| Product   | Unit                      | 2010      | 2011      | 2012              |
|---|---------------------------|-----------|-----------|-------------------|
| <b>Production</b>   |                           |           |           |                   |
| ▶ Automotive segment  | Cars <sup>2)</sup>        | 1,150,018 | 1,302,981 | 1,469,205         |
|   | Engines                   | 1,648,193 | 1,884,157 | 1,916,604         |
| ▶ Motorcycles segment   | Motorcycles <sup>3)</sup> | -         | -         | 15,734            |
| <b>Deliveries to customers</b>                                  |                           |           |           |                   |
| ▶ Audi brand  | Cars                      | 1,092,411 | 1,302,659 | 1,455,123         |
| ▶ Lamborghini brand   | Cars                      | 1,302     | 1,602     | 2,083             |
| ▶ Ducati brand  | Motorcycles <sup>3)</sup> | -         | -         | 16,786            |
| <b>CO<sub>2</sub> emissions of the European fleet (EU 27) ✓</b> | g CO <sub>2</sub> /km     | 152       | 145       | 138 <sup>4)</sup> |

| Environment <sup>5)</sup>                                  | Unit                 | 2010     | 2011   | 2012   |
|--|----------------------|----------|--------|--------|
| <b>Energy</b>  |                      |          |        |        |
| Total energy consumption (energy input) ✓                  | MWh/veh.             | 2.88     | 2.49   | 2.68   |
| ▶ Electricity ✓  | MWh/veh.             | 1.40     | 1.27   | 1.37   |
| ▶ Natural gas ✓  | MWh/veh.             | 1.00     | 0.82   | 0.83   |
| ▶ District heating ✓                                       | MWh/veh.             | 0.44     | 0.34   | 0.42   |
| ▶ Refrigeration (externally sourced) ✓                     | MWh/veh.             | 0.03     | 0.06   | 0.05   |
| ▶ Heating oil ✓  | MWh/veh.             | 0.012    | 0.002  | 0.005  |
| Resource-saving Audi terminal architecture <sup>6)</sup> ✓ | Dealerships          | 147      | 258    | 390    |
| <b>Emissions</b>   |                      |          |        |        |
| Total CO <sub>2</sub> emitted ✓                            | kg/veh.              | 1,027.99 | 910.96 | 650.68 |
| ▶ Direct CO <sub>2</sub> emissions <sup>7)</sup> ✓         | kg/veh.              | 231.27   | 193.06 | 198.45 |
| ▶ VOC emissions <sup>8)</sup> ✓                            | kg/veh.              | 2.18     | 2.32   | 2.22   |
| ▶ Direct NO <sub>x</sub> emissions <sup>9)</sup> ✓         | kg/veh.              | 0.27     | 0.27   | 0.27   |
| CO <sub>2</sub> reductions in logistics <sup>10)</sup> ✓   |                      |          |        |        |
| ▶ Ingolstadt–Emden route ✓                                 | t CO <sub>2</sub>    | 2,149    | 6,022  | 7,059  |
| ▶ Neckarsulm–Emden route ✓                                 | t CO <sub>2</sub>    | -        | -      | 778    |
| <b>Water</b>   |                      |          |        |        |
| Total freshwater consumption ✓                             | m <sup>3</sup> /veh. | 3.51     | 3.30   | 3.69   |
| ▶ Freshwater consumption, internal catchment ✓             | m <sup>3</sup> /veh. | 1.78     | 1.61   | 1.73   |
| ▶ Freshwater consumption, externally sourced ✓             | m <sup>3</sup> /veh. | 1.73     | 1.69   | 1.97   |
| Percentage of freshwater consumed as drinking water ✓      | Percent              | 23       | 23     | 25     |
| Volume of waste water ✓                                    | m <sup>3</sup> /veh. | 2.36     | 2.14   | 2.35   |
| <b>Waste<sup>11)</sup></b>                                 |                      |          |        |        |
| Total volume of waste (excluding scrap) <sup>12)</sup> ✓   | kg/veh.              | 66.84    | 72.23  | 72.31  |
| ▶ Recyclable waste ✓                                       | kg/veh.              | 57.09    | 60.28  | 60.00  |
| ▶ Disposable waste ✓                                       | kg/veh.              | 9.74     | 11.94  | 12.31  |
| Metallic waste (scrap) ✓                                   | kg/veh.              | 368.43   | 332.54 | 317.48 |

<sup>1)</sup> In 2012 including the acquisition of interests in Volkswagen Group Services S.A., Brussels (Belgium), and in DUCATI MOTOR HOLDING S.P.A., Bologna (Italy)

<sup>2)</sup> Since January 1, 2012, including vehicles manufactured in China by the FAW-Volkswagen Automotive Company, Ltd., Changchun, joint venture; 333,465 (216,053) vehicles were manufactured by the joint venture in the 2012 fiscal year. The previous year's figure has been adjusted for ease of comparison.

<sup>3)</sup> Since acquisition of the Ducati Group in July 2012

<sup>4)</sup> According to provisional calculations, the average CO<sub>2</sub> emissions of new vehicles sold in the European Union (EU 27) in 2012 was around 138 g/km.

<sup>5)</sup> With the exception of the item "Audi terminal," refers to the Ingolstadt, Neckarsulm, Brüssel, Győr and Sant'Agata Bolognese sites

<sup>6)</sup> Figure refers to dealers worldwide who have implemented the energy-saving Audi terminal architecture concept.

<sup>7)</sup> Direct CO<sub>2</sub> emissions: This figure is made up of CO<sub>2</sub> emissions generated by the use of fuel at the plant, and CO<sub>2</sub> emissions produced by the operation of test rigs.

<sup>8)</sup> VOC emissions (volatile organic compounds): This figure comprises emissions from the paint shops, test rigs and other facilities.

<sup>9)</sup> Direct NO<sub>x</sub> emissions: This figure comprises NO<sub>x</sub> emissions generated by the boiler houses at the plant, paint shops and by the operation of test rigs.

<sup>10)</sup> Transportation of cars from Ingolstadt to Emden, the port of loading on the North Sea coast; since October 2012 also from Neckarsulm

<sup>11)</sup> Our plants participate in the statutory electronic verification procedure for waste management (eANV). Hazardous waste is not mixed with non-hazardous waste; the recycling and disposal of hazardous waste is monitored by the eANV.

<sup>12)</sup> Incl. non-production-specific waste

| <b>Employees<sup>13)</sup></b>                                   | <b>Unit</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> |
|--|-------------|-------------|-------------|-------------|
| <b>Workforce, Audi Group ✓</b>                                   | Total       | 59,513      | 62,806      | 67,231      |
| ▶ AUDI AG ✓  | Total       | 44,299      | 45,386      | 47,121      |
| ▶ Apprentices ✓  | Total       | 2,269       | 2,322       | 2,283       |
| <b>Average age ✓</b>   | Years       | 40.8        | 40.6        | 40.6        |
| Age structure  |             |             |             |             |
| ▶ < 30 years ✓   | Percent     | 15.41       | 16.64       | 17.38       |
| ▶ 30 to 50 years ✓   | Percent     | 63.40       | 61.90       | 59.83       |
| ▶ > 50 years ✓   | Percent     | 21.19       | 21.46       | 22.79       |
| <b>Average length of service ✓</b>                               | Years       | 16.0        | 15.6        | 15.2        |
| Turnover rate ✓  | Percent     | 0.3         | 0.5         | 0.6         |
| <b>Proportion of women</b>                                       |             |             |             |             |
| Audi Group ✓   | Percent     | 12.6        | 13.0        | 13.7        |
| AUDI AG ✓  | Percent     | 13.0        | 13.3        | 13.9        |
| ▶ Apprentices <sup>14)</sup> ✓                                   | Percent     | 24.0        | 24.2        | 23.7        |
| ▶ ▶ Industrial ✓   | Percent     | 20.9        | 21.3        | 20.7        |
| ▶ ▶ Clerical ✓   | Percent     | 76.5        | 75.8        | 77.8        |
| ▶ Management ✓   | Percent     | 6.9         | 6.7         | 7.3         |
| <b>Other structural data<sup>15)</sup></b>                       |             |             |             |             |
| Proportion of academics <sup>16)</sup> ✓                         | Percent     | 36.3        | 40.1        | 42.3        |
| Proportion of foreign nationals ✓                                | Percent     | 7.7         | 7.7         | 7.7         |
| Participants in online anti-corruption training <sup>17)</sup> ✓ | Total       | -           | 1,289       | 3,025       |
| Proportion of people with severe disabilities ✓                  | Percent     | 6.0         | 6.0         | 6.0         |
| Contracts to workshops for people with mental disabilities ✓     | EUR million | 6.2         | 6.3         | 6.3         |
| Frequency of accidents <sup>18)</sup> ✓                          | -           | 2.3         | 2.3         | 2.4         |
| Attendance rate <sup>19)</sup> ✓                                 | Percent     | 96.4        | 96.4        | 96.4        |
| <b>Profit-sharing bonus per employee<sup>20)</sup> ✓</b>         | EUR         | 6,513       | 8,251       | 8,030       |
| <b>Society</b>   | <b>Unit</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> |
| Christmas donation <sup>21)</sup> ✓                              | EUR         | 770,000     | 800,000     | 825,000     |

<sup>13)</sup> The employee figures are annual averages.

<sup>14)</sup> Since 2012 including StEP program (Study and Experience in Practice); 2012 figure excluding StEP: 24.1 percent

<sup>15)</sup> AUDI AG

<sup>16)</sup> With respect to indirect employees

<sup>17)</sup> Employee training on compliance has been offered since 2011.

<sup>18)</sup> The accident frequency figure indicates how many industrial accidents involving one or more days' work lost occur per million hours worked.



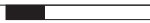
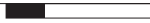

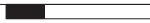


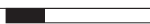
<sup>19)</sup> The attendance rate is calculated using the formula  $100 - (\text{sick days} / \text{payment-relevant days}) \times 100$

<sup>20)</sup> Bonus paid in the following year; average figure for pay-scale employees at AUDI AG

<sup>21)</sup> The annual Christmas donation is an employee fundraising campaign initiated by the Works Council which is topped up by the Company. The money raised goes towards social and charitable causes in the Ingolstadt and Neckarsulm regions.

## CR program: our goals and measures

The Audi CR program links our CR measures with the Company's goals. The complete CR program is available online at [#003](#). The degree of completion of each measure is indicated at the time of going to press (March 2013).

| Goal   | Measure  | Date    | Degree of completion  |
|--|--|---------|---|
| <b>Operations</b>  |  |         |   |
| Expansion of the systematic stakeholder dialogue to the international sites  | Development of dialogue formats for worldwide use  | 2014    |    |
| Investments in innovations, new technologies and the expansion of production structures  | Investments of EUR 11 billion (2013–2015)  | 2015    | New goal  |
| <b>Product</b>   |  |         |   |
| Reduction in CO <sub>2</sub> emissions from the Audi new car fleet by 25 % (base year 2008)  | Reduction in fuel consumption through the use of the modular efficiency platform   | 2016    |    |
| Significant reduction of fuel consumption in every new vehicle as compared with the predecessor model  | Expansion of the Audi model range as the consumption leader in all vehicle segments  | 2016    |  |
| Reduction of environmental impact across the entire life cycle as compared with the predecessor model  | Preparing product-based environmental assessments for new vehicle models; validation and certification of environmental assessments; publication of the data | Ongoing |   |
| <b>Environment</b>   |  |         |   |
| Reduction of waste for disposal, freshwater consumption, CO <sub>2</sub> and VOC emissions as well as overall energy consumption at the production sites by 25 % per reference unit (base year 2010) | Detailed planning and implementation of site-specific packages of measures for attainment of Group-wide reduction targets                                    | 2018    |  |
| Reduction of the amount of freshwater needed for production purposes at the Ingolstadt site  | Realization of water recycling through use of a membrane bioreactor; reduction target for freshwater requirements: 40 %                                      | 2015    |  |
| <b>Employees</b>   |  |         |   |
| Internationalization of vocational training  | Establishment and expansion of dual vocational training at the Audi sites in Belgium, China, Mexico and Hungary  | 2016    |  |
| Promotion of diversity and equality  | Target quota of 30 % women among newly hired academics   | 2013    |  |
| Company-wide coverage with management systems for occupational safety and health protection  | Prevention program to strengthen mental health   | 2014    |  |
| <b>Society</b>   |  |         |   |
| Expansion of the corporate volunteering program  | Holding of two volunteer days; at least one pilot project for volunteers at an international location  | 2013    |  |

# UN Global Compact Communication on Progress

On February 23, 2012, AUDI AG officially joined the UN Global Compact and is therefore expressly committed to its ten principles in the areas of Human Rights, Labor, Environment and Anti-Corruption. The Audi Corporate Responsibility Report 2012 also contains the first UN Global Compact Communication on Progress. The following gives an overview of our guidelines, systems, measures and progress in respect of the ten principles in the period under review.



| Human Rights   |  | References   |
|--|--|--|
| <b>Principle 1</b>   | <b>Guidelines and systems</b>  |  |
| Support and respect internationally proclaimed human rights              | <ul style="list-style-type: none"> <li>▶ Code of Conduct of the Audi Group</li> <li>▶ Volkswagen Group requirements concerning sustainability in the relationships to business partners<sup>1)</sup></li> <li>▶ Commitment to international agreements<sup>2)</sup></li> </ul>   | <ul style="list-style-type: none"> <li>#013</li> <li>#120</li> </ul>                             |
| <b>Principle 2</b>   | <b>Measures and progress</b>   |  |
| No involvement by the company in human rights abuses                     | <ul style="list-style-type: none"> <li>▶ Training documents on the Code of Conduct of the Audi Group (German and English) are available to all managers and employees on the intranet</li> <li>▶ In the period under review, no complaints about impacts on human rights concerning supplier companies whose main business partner within the Volkswagen Group is Audi</li> <li>▶ Advancement of the concept "sustainability in supplier relationships"<sup>1)</sup></li> <li>▶ Introduction of an interdisciplinary process for supplier development: mandatory self-evaluation questionnaire for all suppliers</li> <li>▶ Introduction of an e-learning training module on the topic of sustainability, available in nine languages, on the central business platform of the Volkswagen Group</li> </ul> |  |
| <b>Labor</b>   |  | <b>References</b>  |
| <b>Principle 3</b>   | <b>Guidelines and systems</b>  |  |
| Uphold the freedom of association and the right to collective bargaining | <ul style="list-style-type: none"> <li>▶ Code of Conduct of the Audi Group</li> <li>▶ Guidelines for equal opportunities and equal rights at AUDI AG</li> <li>▶ Declaration on Social Rights and Industrial Relationships at Volkswagen (Social Charter)</li> <li>▶ International Charter on Labor Relations of the Volkswagen Group</li> </ul>  | <ul style="list-style-type: none"> <li>#013</li> <li>#120</li> <li>#140</li> <li>#460</li> </ul> |
| <b>Principle 4</b>   |  |  |
| Elimination of all forms of forced and compulsory labor                  | <ul style="list-style-type: none"> <li>▶ Volkswagen Group requirements concerning sustainability in the relationships to business partners<sup>1)</sup></li> <li>▶ Commitment to international agreements<sup>2)</sup></li> </ul>  |  |
| <b>Principle 5</b>   | <b>Measures and progress</b>   |  |
| Abolition of child labor   | <ul style="list-style-type: none"> <li>▶ Employee representatives at all Audi Group locations; the "Charter on Labor Relations" defines binding minimum standards for all Volkswagen Group locations.</li> </ul>   |  |
| <b>Principle 6</b>   |  |  |
| No discrimination in respect of employment and occupation                | <ul style="list-style-type: none"> <li>▶ The Audi Europe Committee was founded to promote better international cooperation of employee representatives at all European Audi locations.</li> <li>▶ As part of a voluntary commitment, Audi defined differentiated targets to increase the proportion of women at all levels.</li> <li>▶ In the period under review, the proportion of AUDI AG employees with a severe disability was 6.0 percent.</li> </ul>  |  |



| Environment   |   | References                   |
|---|---|------------------------------|
| <b>Principle 7</b>  | <b>Guidelines and systems</b>   |                              |
| Support a precautionary approach to environmental challenges              | <ul style="list-style-type: none"> <li>▶ Commitment to the charter for sustainable development of the International Chamber of Commerce</li> <li>▶ Commitment to additional international agreements<sup>2)</sup></li> </ul>  | #120<br>#220<br>#230         |
| <b>Principle 8</b>  |   |                              |
| Support initiatives for greater awareness of environmental responsibility | <ul style="list-style-type: none"> <li>▶ Audi environmental policy</li> <li>▶ Certified environmental management systems at all Audi Group production sites (EMAS)</li> <li>▶ Volkswagen Group requirements concerning sustainability in the relationships to business partners<sup>1)</sup></li> <li>▶ Integrated product policy (IPP)</li> <li>▶ Creation of life cycle assessments during product development</li> </ul>   | #240<br>#310<br>#320<br>#350 |
| <b>Principle 9</b>  | <b>Measures and progress</b>  |                              |
| Development and diffusion of environmentally friendly technologies        | <p>Location-specific</p> <ul style="list-style-type: none"> <li>▶ Definition of goals to reduce location- and company-specific environmental impacts as well as implementation of appropriate measures</li> <li>▶ Oak Forest research project of the charitable environmental foundation Audi Stiftung für Umwelt GmbH</li> <li>▶ Environmentally sound logistics processes thanks to CO<sub>2</sub>-neutral rail transport</li> <li>▶ Energy optimization of buildings in Sales and Administration</li> </ul> <p>Product-specific</p> <ul style="list-style-type: none"> <li>▶ Further development of modular efficiency platform technology to reduce fuel consumption and CO<sub>2</sub> emissions along with a gradual expansion of availability in the Audi model lines</li> <li>▶ Increase in the number of model variants with CO<sub>2</sub> emissions of under 140 g/km and 120 g/km</li> <li>▶ Expansion of the hybrid portfolio with the launch of additional models</li> <li>▶ Involvement in research projects to expand electric mobility</li> <li>▶ Projects to produce sustainable fuels (e.g. Audi e-gas and Audi e-diesel)</li> </ul> |                              |
| <b>Anti-Corruption</b>  |   | <b>References</b>            |
| <b>Principle 10</b>   | <b>Guidelines and systems</b>   |                              |
| Work against corruption in all its forms, including extortion and bribery | <ul style="list-style-type: none"> <li>▶ Code of Conduct of the Audi Group</li> <li>▶ Preventative compliance organization</li> <li>▶ Integration of compliance risks into risk management</li> <li>▶ Connection to the anti-corruption system of the Volkswagen Group</li> </ul>   | #013<br>#110                 |
|   | <b>Measures and progress</b>  |                              |
|   | <ul style="list-style-type: none"> <li>▶ Introductory events on compliance for new employees; 3,025 AUDI AG employees took part in online training on the subject of anti-corruption in 2012.</li> <li>▶ Intensification of internal communication through the “Protect what you love” campaign</li> <li>▶ On-site training sessions in the area of anti-corruption and antitrust law at the Ingolstadt and Neckarsulm locations</li> <li>▶ Establishment of a reporting system for subsidiaries</li> </ul>   |                              |

<sup>1)</sup> Volkswagen AG is the major shareholder of AUDI AG and controls approximately 99.55 percent of the share capital. Selection of Audi suppliers and supplier management is performed in consultation with Volkswagen Group Procurement.

<sup>2)</sup> Audi is committed to a large number of international agreements. See the online report for an overview: **#014**.

# Independent Assurance Report

The individual quantitative sustainability information selected by AUDI AG for calendar year 2012, which is included in our engagement, can be found in the CR Report 2012 “Webversion 2012” URL [www.audi.de/cr-report2012/webversion2012](http://www.audi.de/cr-report2012/webversion2012). The indicators for calendar year 2012, which we audited, are marked separately with the following symbol ✓.

## To AUDI AG, Ingolstadt

We have been engaged by AUDI AG to perform an independent assurance engagement to attain moderate assurance<sup>1)</sup> in respect of observing the AA1000 AccountAbility Principles and regarding individual quantitative sustainability data selected by AUDI AG in the Corporate Responsibility Report 2012 (CR Report) of AUDI AG, Ingolstadt.

### Responsibility of the legal representatives

It is the responsibility of the legal representatives of the Company

- ▶ to comply with the principles of inclusivity, materiality and responsiveness as defined in the AccountAbility Principles Standard (2008) (the “AA1000 AccountAbility Principles”), and
- ▶ to prepare the sustainability information in the CR Report 2012 in accordance with the criteria set out in the Sustainability Reporting Guidelines Vol. 3.1 (p. 7 to p. 17) of the Global Reporting Initiative (GRI).

This responsibility includes the conception, implementation and maintenance of systems and processes for ensuring compliance with the AA1000 AccountAbility Principles and the preparation of the CR Report 2012 using assumptions and estimations that are appropriate under the given circumstances.

### Responsibility of the auditor

Our responsibility is to form an opinion, based on our assurance procedures, on whether facts have come to our attention which would lead us to assume that in all material respects

- ▶ the systems and processes installed by the Company are not appropriate for compliance with the AA1000 AccountAbility Principles of inclusivity, materiality and responsiveness; or
- ▶ the selected quantitative sustainability information set out in the CR Report 2012 has not been prepared in compliance with the criteria set out in the Sustainability Reporting Guidelines Vol. 3.1 (p. 7 to p. 17) of the Global Reporting Initiative (GRI).

We were also engaged to provide recommendations for the further development of Corporate Responsibility (CR-)management and CR-reporting on the basis of the results of our independent assurance engagement.

We conducted our independent assurance engagement in accordance with AA1000 Assurance Standard (AA1000AS) 2008 and also in accordance with the International Standard on Assurance Engagements (ISAE) 3000.

These standards require that we fulfill our professional duties and plan and conduct the engagement in accordance with the principle of materiality so that we can form an opinion with moderate assurance<sup>1)</sup>, which is the degree of assurance that was required by AUDI AG. We are independent, as defined by Section 3.2 of AA1000AS (2008).

Due to our expertise and experience in auditing non-financial information, CR-management and social and ecological issues, we have the competencies required to conduct this independent assurance engagement.

An independent assurance engagement performed to obtain moderate assurance<sup>1)</sup> is less substantial in scope than an independent assurance engagement performed to obtain high assurance<sup>2)</sup>, with the result that a corresponding lower level of assurance is obtained. The audit activities to be performed are selected by the auditor after a due assessment of the circumstances.

With regard to compliance with the AA1000 AccountAbility Principles, our examination procedures included the following:

- ▶ Discussions with management
- ▶ Gaining an understanding of the relevant systems and processes and comprehension of relevant documentation
- ▶ Random sampling to obtain evidence of the implementation and appropriateness of the relevant systems and processes

<sup>1)</sup> “Moderate assurance” as specified by AA1000AS (2008) is equivalent to “limited assurance” as specified by ISAE 3000.

<sup>2)</sup> “High assurance” as specified by AA1000AS (2008) is equivalent to “reasonable assurance” as specified by ISAE 3000.

With regard to the selected sustainability information in the CR Report, our work included the following examinations, inter alia:

- ▶ Discussions with the employees responsible for the reporting of sustainability information
- ▶ Examination of the systems and processes for the compilation, calculation and reporting of sustainability information
- ▶ Functional examination of the controls respecting the assurance of data quality
- ▶ Analytical assessment of selected sustainability data

Depending on the selected sustainability information, various audit activities are performed at Group and plant level, the following plants are included in the scope: Ingolstadt and Neckarsulm.

#### Material findings and judgements

Findings with regard to the AA1000 AccountAbility Principle of Inclusivity:

- ▶ The identification and analysis of significant internal and external stakeholder expectations are assured by comprehensive and systematic stakeholder surveys.
- ▶ The international stakeholder expectations have not yet been taken into adequate account.

Findings with regard to the AA1000 AccountAbility Principle of Materiality:

- ▶ The results of the stakeholder survey are used to determine the materiality of sustainability issues.
- ▶ The identified relevant topics are given prioritized presentation within the scope of CR-reporting.
- ▶ Inclusion of international production locations and group subsidiaries in the materiality process is still under-developed.

Findings with regard to the AA1000 AccountAbility Principle of Responsiveness:

- ▶ AUDI AG has procedures for responding to sustainability issues that are important to stakeholders.
- ▶ AUDI AG does not have a group-wide uniform procedure for standardized response to stakeholder inquiries.

On the basis of our assurance engagement to obtain a moderate degree of assurance, no circumstances have come to our attention that lead us to assume that the systems and processes implemented by the Company are not suitable for observing the AA1000 AccountAbility Principles of inclusivity, materiality and responsiveness in all material respects.

Furthermore, we are not aware of any circumstances leading us to assume that the selected quantitative sustainability information in the CR Report 2012 has not been prepared in all material respects in accordance with the criteria named in the Sustainability Reporting Guidelines Vol. 3.1 (p. 7 to p. 17) of the Global Reporting Initiative (GRI).

#### Recommendations

Without qualifying our audit opinions stated above, we make the following recommendations concerning further development of stakeholder management, CR-management and CR-reporting:

Recommendations for stakeholder management:

- ▶ There should be a further organization wide systematization and standardization of stakeholder management.
- ▶ A binding regulatory framework (e.g. in the form of a guideline) should be established.
- ▶ International stakeholder requirements should be taken into greater account by stakeholder management.

In addition, we recommend:

- ▶ Promoting further systematization of significant aspects of CR-management through international production locations and subsidiaries.
- ▶ Intensified integration of sustainability aspects in the existing control and monitoring systems.
- ▶ Systematic integration of sustainability aspects in the core processes of the Company.
- ▶ Automation of data consolidation, e.g. through using a higher level IT system for reporting sustainability data.

Munich, April 8th, 2013

#### PricewaterhouseCoopers

Aktiengesellschaft | Wirtschaftsprüfungsgesellschaft

Klaus Schuster  
Accountant

Michael Werner

## GRI index (G3.1)

The Audi Corporate Responsibility Report 2012 is based on the internationally recognized Global Reporting Initiative (GRI) Guidelines. Our report corresponds to the Guidelines revised in 2011 (G3.1) and also includes the sector-specific additional disclosures for the automotive sector (pilot version 1.0).

Application Level B+ was verified by GRI. The following table presents the key indicators only and therefore represents an extract from the full GRI index. The detailed GRI index can be found in the online report at [www.audi.com/cr-report2012](http://www.audi.com/cr-report2012). For direct access, please use the quicklink **#010**.

| Indicator   | Status | Reference                  |
|---|--------|----------------------------|
| <b>1 Strategy and analysis</b>  |        |                            |
| 1.1 Statement from the Board of Management  | ●      | #001                       |
| 1.2 Key impacts, risks and opportunities  | ●      | #001, #002, #003, #110     |
| <b>2 Organizational profile</b>   |        |                            |
| 2.1 Name of the organization  | ●      | #018                       |
| 2.2 Primary brands, products and/or services  | ●      | #018                       |
| 2.3 Operational structure of the organization   | ●      | #018                       |
| 2.4 Location of the organization's headquarters   | ●      | #018                       |
| 2.5 Countries where the organization operates   | ●      | #018; AR p. 140 ff.        |
| 2.6 Nature of ownership and legal form  | ●      | #018; AR p. 140 ff.        |
| 2.7 Markets served  | ●      | #018; AR p. 140 ff.        |
| 2.8 Scale of the reporting organization   | ●      | #009, #018; AR p. 140 ff.  |
| 2.9 Significant changes during the reporting period                                       | ●      | #018; AR p. 140 ff.        |
| 2.10 Awards received in the reporting period  | ●      | #015                       |
| <b>3 Report parameters</b>  |        |                            |
| 3.1 Reporting period  | ●      | #008                       |
| 3.2 Date of the most recent previous report   | ●      | C                          |
| 3.3 Reporting cycle   | ●      | #008                       |
| 3.4 Contact point for questions regarding the report                                      | ●      | #008                       |
| 3.5 Process for defining report content   | ●      | #005, #008                 |
| 3.6 Boundary of the report  | ●      | #008                       |
| 3.7 Limitations on the scope or boundary of the report                                    | ●      | #008                       |
| 3.8 Joint ventures, subsidiaries, outsourced operations                                   | ●      | #008; AR p. 140 ff.        |
| 3.9 Data measurement  | ●      | #008                       |
| 3.10 Re-statements of information provided in earlier reports                             | ●      | C                          |
| 3.11 Changes in the scope, boundary or measurement methods                                | ●      | C                          |
| 3.12 GRI Content Index  | ●      | #010                       |
| 3.13 External assurance/confirmation of the report  | ●      | #012                       |
| <b>4 Governance, commitments and engagement</b>   |        |                            |
| 4.1 Governance structure of the organization  | ●      | #004, #110                 |
| 4.2 Independence of the Chairman of the Supervisory Board                                 | ●      | AR p. 266, 271 f., 277 ff. |
| 4.3 Members of the highest governance body that are independent                           | ●      | AR p. 271 f., 276          |
| 4.4 Right of representation for employees and shareholders                                | ●      | #140; AR p. 149            |
| 4.5 Linkage between executive compensation and organization's performance                 | ●      | AR p. 264 f.               |
| 4.6 Processes to ensure conflicts of interest are avoided                                 | ●      | #110                       |
| 4.7 Expertise of the management committees in the areas of economics, environment, social | ●      | #004                       |
| 4.8 Statements of mission or values, codes of conduct, and principles                     | ●      | #011, #013, #110           |
| 4.9 Procedures of the highest governance body for overseeing sustainability performance   | ●      | #004, #110                 |
| 4.10 Processes for evaluating the highest body's own sustainability performance           | ●      | #004, #110; AR p. 273 f.   |
| 4.11 Consideration of the precautionary principle   | ●      | #110                       |
| 4.12 Support of externally developed economic, environmental and social initiatives       | ●      | #005, #011, #013, #014     |
| 4.13 Memberships in associations and advocacy organizations                               | ●      | #014                       |
| 4.14 Stakeholder groups engaged by the organization                                       | ●      | #005                       |
| 4.15 Stakeholder group selection  | ●      | #005                       |
| 4.16 Approaches to stakeholder engagement   | ●      | #005                       |
| 4.17 Key topics and concerns raised through stakeholder engagement                        | ●      | #005                       |

| <b>Economic performance indicators</b>      |  |   |                                       |
|---|--|---|---------------------------------------|
|   | Economy – management approach  | ● | #002, #100, #200                      |
| EC1   | Direct economic value generated and distributed  | ● | #009; AR p. 202                       |
| EC2   | Financial implications of climate change   | ● | #110, #310; C                         |
| EC3   | Defined benefit plan obligations   | ● | #470                                  |
| EC4   | Financial assistance received from government  | ● | AR p. 226, 228, 259                   |
| EC7   | Procedures for local hiring  | ● | #460                                  |
| EC8   | Infrastructure investments and services provided for public benefit                              | ● | #009, #500                            |
| <b>Environmental performance indicators</b> |  |   |                                       |
|   | Environment – management approach  | ● | #002, #200, #300                      |
| EN1   | Materials used by weight or volume   | ○ | #330                                  |
| EN2   | Percentage of materials used that are recycled materials   | ○ | #330                                  |
| EN3   | Direct energy consumption  | ● | #009; C                               |
| EN4   | Indirect energy consumption  | ○ | #009                                  |
| EN8   | Total water withdrawal   | ● | #009, #340                            |
| EN16  | Direct and indirect greenhouse gas emissions   | ○ | #009                                  |
| EN17  | Other relevant greenhouse gas emissions  | ● | #009, #350                            |
| EN19  | Emissions of ozone-depleting substances  | ● | C                                     |
| EN20  | NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions                          | ○ | #009                                  |
| EN21  | Water discharge  | ● | #009, #340                            |
| EN22  | Waste by type and disposal method  | ● | #009                                  |
| EN26  | Initiatives to mitigate environmental impacts of products  | ● | #210, #220, #230, #240,<br>#330, #340 |
| EN27  | Packaging materials that are reclaimed   | ● | C                                     |
| EN28  | Fines for non-compliance with environmental laws and regulations                                 | ● | C                                     |
| <b>Labor practices and decent work</b>      |  |   |                                       |
|   | Working conditions – management approach   | ● | #002, #400                            |
| LA1   | Total workforce by employment type, employment contract, region and gender                       | ○ | #009                                  |
| LA2   | Employee turnover by age group, gender, and region   | ○ | #009                                  |
| LA4   | Percentage of employees covered by collective bargaining agreements                              | ● | #140                                  |
| LA5   | Minimum notice period(s) regarding significant operational changes                               | ● | #140                                  |
| LA7   | Occupational illnesses, lost days and the number of work-related fatalities by region and gender | ● | #009, #430                            |
| LA8   | Health protection, counseling and training programs regarding serious diseases                   | ● | #430                                  |
| LA10  | Training measures by gender  | ○ | #420                                  |
| LA13  | Diversity of employees and governance bodies   | ● | #009, #460; AR p. 180 f.              |
| LA14  | Ratio of remuneration of women to men  | ● | #470; C                               |
| LA15  | Return to work and retention rates after parental leave, by gender                               | ○ | #450                                  |
| <b>Human rights</b>                         |  |   |                                       |
|   | Human rights – management approach   | ● | #011, #013, #110                      |
| HR1   | Investment agreements that take human rights into account  | ● | #011, #013, #120                      |
| HR2   | Supplier screening on human rights   | ○ | #011, #013, #120                      |
| HR3   | Employee training on human rights  | ○ | #110                                  |
| HR4   | Incidents of discrimination and actions taken  | ● | C                                     |
| HR5   | Freedom of association and collective bargaining   | ● | #110, #140                            |
| HR6   | Child labor  | ● | #011, #013, #120                      |
| HR7   | Forced or compulsory labor   | ● | #011, #013, #120                      |
| HR10  | Percentage and number of operations that have been subject to human rights reviews               | ○ | #110, #120                            |
| HR11  | Number of grievances related to human rights that were filed, addressed, and resolved            | ● | C                                     |
| <b>Society</b>                              |  |   |                                       |
|   | Society – management approach  | ● | #002, #110, #500                      |
| SO1   | Impacts on communities   | ○ | #510, #580                            |
| SO2   | Business units analyzed for risks related to corruption  | ● | #110                                  |
| SO3   | Employees trained in anti-corruption policies and procedures                                     | ● | #110                                  |
| SO4   | Actions taken in response to incidents of corruption   | ● | C                                     |
| SO5   | Public policy positions and participation in public policy development and lobbying              | ● | #110                                  |
| SO9   | Operations with significant potential or actual negative impacts on local communities            | ● | #005, #110                            |
| SO10  | Prevention or mitigation measures regarding impacts on communities                               | ● | #005, #110, #500                      |
| <b>Product responsibility</b>               |  |   |                                       |
|   | Product responsibility – management approach   | ● | #002, #100                            |
| PR1   | Health and safety impacts along product life cycle   | ● | #130, #250                            |
| PR3   | Product and service information required by procedures   | ● | AR p. 280 ff.                         |
| PR6   | Adherence to laws, standards and voluntary codes related to marketing communications             | ○ | C                                     |

Status: ● fully reported/○ partly reported

AR: Audi 2012 Annual Report C: Comment in the GRI index of the online report at [www.audi.com/cr-report2012](http://www.audi.com/cr-report2012) (#010)



## Statement GRI Application Level Check

GRI hereby states that **AUDI AG** has presented its report "Audi Corporate Responsibility Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 27 March 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a large, faint watermark of the GRI globe logo.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because AUDI AG has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 20 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

# Fuel consumption and emission figures

As at: March 2013 (All data apply to features of the German market.)

| Model                          | Fuel consumption, combined (l/100 km) | CO <sub>2</sub> emissions, combined (g/km) |
|--------------------------------|---------------------------------------|--|
| A1                             | 5.9-3.8                               | 139-99                                     |
| A1 Sportback                   | 5.9-3.8                               | 139-99                                     |
| A3                             | 6.6-3.8                               | 152-99                                     |
| A3 Sportback                   | 5.6-3.8                               | 130-99                                     |
| A3 Cabriolet                   | 7.4-4.3                               | 171-114                                    |
| Q3                             | 7.7-5.2                               | 179-137                                    |
| TT Coupé                       | 7.2-5.3                               | 169-139                                    |
| TT Roadster                    | 7.4-5.5                               | 172-144                                    |
| TTS Coupé                      | 7.9-7.7                               | 184-179                                    |
| TTS Roadster                   | 8.1-7.9                               | 189-184                                    |
| TT RS Coupé                    | 9.0-8.5                               | 209-197                                    |
| TT RS Roadster                 | 9.1-8.6                               | 212-199                                    |
| A4 Sedan                       | 9.4-4.3                               | 190-112                                    |
| A4 Avant                       | 9.5-4.4                               | 197-116                                    |
| A4 allroad quattro             | 7.3-5.8                               | 170-152                                    |
| S4 Sedan                       | 8.1 (urban 10.7/extra urban 6.6)      | 190  |
| S4 Avant                       | 8.4 (urban 11.1/extra urban 6.8)      | 197  |
| RS 4 Avant                     | 10.7 (urban 14.6/extra urban 8.5)     | 249  |
| A5 Sportback                   | 8.1-4.5                               | 190-119                                    |
| A5 Coupé                       | 8.1-4.6                               | 190-120                                    |
| A5 Cabriolet                   | 8.5-4.7                               | 199-124                                    |
| S5 Sportback                   | 8.1 (urban 10.7/extra urban 6.6)      | 190  |
| S5 Coupé                       | 8.1 (urban 10.7/extra urban 6.6)      | 190  |
| S5 Cabriolet                   | 8.5 (urban 11.2/extra urban 6.9)      | 199  |
| RS 5 Coupé                     | 10.5 (urban 14.6/extra urban 8.5)     | 246  |
| RS 5 Cabriolet                 | 10.7 (urban 14.6/extra urban 8.5)     | 249  |
| Q5                             | 8.5-5.3                               | 199-139                                    |
| Q5 hybrid                      | 6.9 (urban 6.6/extra urban 7.1)       | 159  |
| SQ5 TDI                        | 6.8 (urban 7.6/extra urban 6.4)       | 179  |
| A6 Sedan                       | 8.2-4.9                               | 190-129                                    |
| A6 hybrid                      | 6.2                                   | 145  |
| A6 Avant                       | 8.2-5.0                               | 190-132                                    |
| A6 allroad quattro             | 8.9-6.1                               | 206-159                                    |
| S6 Sedan                       | 9.6 (urban 13.4/extra urban 7.5)      | 225  |
| S6 Avant                       | 9.7 (urban 13.4/extra urban 7.5)      | 226  |
| RS 6 Avant                     | 9.8 (urban 13.9/extra urban 7.5)      | 229  |
| A7 Sportback                   | 8.2-5.1                               | 190-135                                    |
| S7 Sportback                   | 9.6 (urban 13.4/extra urban 7.5)      | 225  |
| Q7                             | 10.7-7.2                              | 249-189                                    |
| A8                             | 9.4-6.0                               | 219-158                                    |
| A8 hybrid                      | 6.3 (urban 6.4/extra urban 6.2)       | 147  |
| S8                             | 10.1 (urban 14.4/extra urban 7.6)     | 235  |
| A8 L                           | 9.5-6.4                               | 221-149                                    |
| A8 L hybrid                    | 6.4 (urban 6.9/extra urban 6.2)       | 149  |
| A8 L W12                       | 11.9 (urban 16.6/extra urban 9.1)     | 277  |
| R8 Coupé                       | 14.9-12.4                             | 346-289                                    |
| R8 Spyder                      | 14.9-12.6                             | 349-294                                    |
| Lamborghini Gallardo           | 14.7-13.3                             | 351-315                                    |
| Lamborghini Gallardo Spyder    | 14.8-13.6                             | 354-327                                    |
| Lamborghini Aventador          | 16.0 (urban 24.7/extra urban 10.7)    | 370  |
| Lamborghini Aventador Roadster | 16.0 (urban 24.7/extra urban 10.7)    | 370  |

#### A3 1.4 TFSI 90 kW (6-speed)

Fuel consumption: urban: 6.5 l/100 km; extra urban: 4.4 l/100 km; combined: 5.2 l/100 km; CO<sub>2</sub> emissions: 120 g/km; energy efficiency class B

#### A3 1.4 TFSI 90 kW (S tronic, 7-speed)

Fuel consumption: urban: 6.1 l/100 km; extra urban: 4.2 l/100 km; combined: 4.9 l/100 km; CO<sub>2</sub> emissions: 114 g/km; energy efficiency class B

#### A3 1.4 TFSI 103 kW (6-speed)

Fuel consumption: urban: 5.8 l/100 km; extra urban: 4.1 l/100 km; combined: 4.7 l/100 km; CO<sub>2</sub> emissions: 109 g/km; energy efficiency class B

#### A4 3.0 TDI clean diesel quattro (S tronic, 7-speed)

Fuel consumption: urban: 6.8 l/100 km; extra urban: 5.0 l/100 km; combined: 5.7 l/100 km; CO<sub>2</sub> emissions: 149 g/km; energy efficiency class B

Further information on official fuel consumption figures and the official specific CO<sub>2</sub> emissions of new passenger cars can be found in the guide "Information on the fuel consumption and CO<sub>2</sub> emissions of new cars," 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.



## Responsibility in dialogue

The first Audi Stakeholder Forum took place in Ingolstadt on November 13, 2012. Participants discussed the subject of corporate responsibility in the Audi Group. The contents of the presentations, workshops and discussion sessions are recorded in this diagram. This diagram was originally drafted in German and was translated for the English edition of the Audi CR Report 2012.

#005 Stakeholder management



# WORKSHOP RECOMMENDATIONS

- 1 MOBILITY in TRANSFORMATION**  
OPPORTUNITIES and LIMITS of SUSTAINABLE DRIVE TECHNOLOGIES and FUELS
- ALTERNATIVE FUELS  
→ ENERGY SOURCE
- TECHNOLOGY MASTER PLAN → PILOTS
- MANAGING OPINION Positioning the BRAND
- ELECTRIC MOBILITY  
→ MORE Emotion  
→ FINDING ACCESS POINTS  
→ TECHNICAL TRENDS
- "SOCIETY demands that we EXIST!"
- WHAT CAN YOU TELL US?  
EH?  
SALES



- 2 ENVIRONMENTAL PROTECTION at the SITES**  
LONG-TERM GOALS, CURRENT MEASURES
- CO<sub>2</sub> H<sub>2</sub>O are CORRECT KEY FIGURES
- MOTIVATING a BROAD GROUP of EMPLOYEES  
WHICH METHODS ARE SUITABLE?
- DEFINING in GOAL AGREEMENT  
★ ROLE MODEL ★ VALUING  
★ DELIGHTING with cars below 100 hp
- BIONICS
- VOLUNTARY WORK



## CR-STRATEGY: a CLEAR Audi-PROFILE with DRIVING PLEASURE

- 4 OPPORTUNITIES and LIMITS of Social COMMITMENT** within the EMPLOYER/EMPLOYEE RELATIONSHIP
- HEALTH PROMOTION  
CAN THIS BE IMPROVED?  
DO WE HAVE THIS IN INDIA, TOO?
- CORPORATE VOLUNTEERING  
□ FOCUSING on ONE TOPIC  
□ MAKING MEASURABLE  
□ GLOBAL EXCHANGE  
□ GLOBAL SUPPORT
- HOW OPTIONAL vs OPTIONAL?  
90% PARTICIPATION  
WHAT are 40% DOING? → ANONYMOUS POLL

- 3 TRANSPARENCY & CR-REPORTING**  
EXPECTATIONS of COMMUNICATION CONTENT and CHANNELS
- CR REPORT
- TARGET GROUPS?
- COMPILING CONTENT  
PDF 2.0  
SETTING a COUNTERPOINT!  
finding INNOVATIVE WAYS
- CONTENT  
TRANSPARENCY  
"CONFLICTS"  
BENEFICIAL ASPECT

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