

Slavery and Human Trafficking Statement of AUDI HUNGARIA Zrt. (fiscal year 2023)

This statement has been prepared pursuant to Section 54 of the United Kingdom Modern Slavery Act 2015. It represents in particular the measures implemented by AUDI HUNGARIA Zrt. on preventing forms of modern slavery and human trafficking.

Preamble

We recognize our responsibility to protect human rights at our sites and along our complex value and supply chains. For us, this responsibility does not end at our factory gates, but goes beyond them.



Organization and supply chain

AUDI HUNGARIA Zrt. (“AUDI HUNGARIA”) produces several models, furthermore develops and produces aggregates at its site in Győr, Hungary, for AUDI AG and other Volkswagen Group companies. The AUDI HUNGARIA is a company under Hungarian law and is a 100-percent subsidiary of AUDI AG.

AUDI AG is a stock corporation under German law with its headquarters in Ingolstadt, Germany. In addition to AUDI AG, the Audi Group comprises all the key companies and units in which AUDI AG has a direct or indirect controlling interest. The Audi Group is organized in a decentralized manner, with individual subsidiaries bearing responsibility for their own business operations. Guidelines, reporting channels and committees are put in place to ensure appropriate Group steering and monitoring. Our business activities include the development, production and sale of vehicles and the corresponding services as well as management of the Audi Brand Group.

The Audi Brand Group is present in more than 100 markets worldwide. It manufactured at 22 sites in 13 countries in 2023. The Bentley, Ducati and Lamborghini brands are also part of the Audi Brand Group. AUDI AG is a fully owned subsidiary of Volkswagen AG.

With its presence in key markets, the Audi global procurement organization ensures that materials and services in particular are produced and provided worldwide in the required quality and at the best possible terms. Procurement is active in more than 60 countries around the world and is a central interface between AUDI AG and more than 14,000 direct supplier companies. In order to maximize the benefit of synergy potential, we select suppliers in close consultation with Volkswagen Group Procurement.

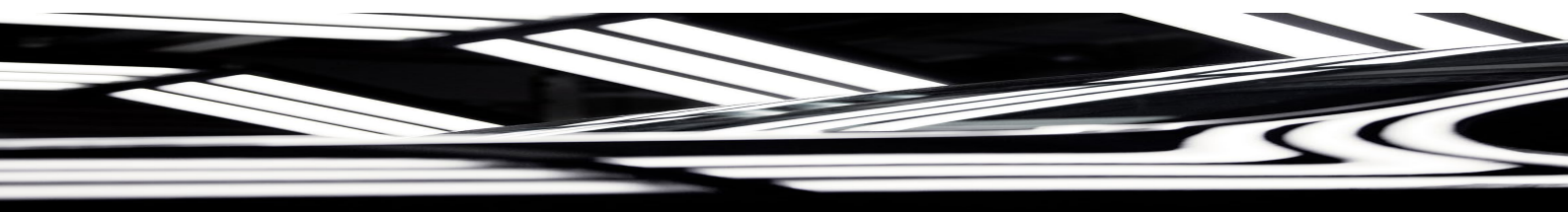
For us, global compliance with sustainability standards in areas such as human rights, occupational health and safety, environmental protection and combating corruption is a basic prerequisite for successful business with our suppliers. Only together with our business partners is it possible to ensure compliance with sustainability standards and contribute to the implementation of the United Nations Sustainable Development Goals (SDGs). To achieve these goals, we implemented the concept of “Responsible Supply Chain Management” and we continue to build on and develop these measures to this day.

In addition to the independent activities undertaken in that area, all the actions taken and efforts made by the Volkswagen Group in promoting sustainability as well as in protecting and respecting human rights in the company and along the supply chain thus contribute to the attainment of these objectives in the Audi Group as well.

Management approach

The topic of “Business and Human Rights” is integrated into the existing Compliance Management System. The central coordination and advice of responsibilities in other Audi divisions on the topic of “Business and Human Rights” falls under the remit of the Integrity, Compliance, Risk management department, as well as the project “implementation of the German Supply Chain Due Diligence Act (LkSG)” at AUDI HUNGARIA.

As of January 1, 2023, the Board of Management of AUDI AG has appointed a Human Rights Officer for Audi. In this independent role, he is the first point of contact for all human rights concerns on the part of the authorities, policymakers and society. One of his key tasks is to monitor the appropriateness and effectiveness of risk management for ensuring compliance with the due



diligence obligations arising from the Supply Chain Due Diligence Act and to perform all control measures in accordance with the risk. In his function, he reports directly to the Board of Management of AUDI AG.

Combating modern slavery along our value and supply chain is one of the focal points of our activities in the area of "Business and Human Rights". For us, child labor and forced labor in particular are serious violations of human rights violations and are therefore prohibited. We base our actions on the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the requirements of the International Labour Organization (ILO).

We present our responsibility for "Business & Human Rights" on the Audi website.¹ The Volkswagen Group has expanded and affirmed this understanding along with our commitment to our entrepreneurial responsibility, which follows internationally recognized treaties and conventions including explicitly the UN Guiding Principles on Business and Human Rights, in the updated "Declaration by the Volkswagen Group on social rights, industrial relations and business and human rights," known as the Social Charter. Audi has confirmed the Social Charter of the Volkswagen Group and adopted the values contained therein. On the subject of "No forced labor" it states:

"The Volkswagen Group rejects forced labor and all forms of modern slavery including human trafficking. This includes, in particular, work carried out involuntarily by people due to intimidation, penalty or threat of being disadvantaged (e.g. debt slavery or involuntary prison labor). Employment relationships are based on voluntary participation and can be terminated at any time by the employees of their own free will and within a reasonable period of notice."²

In addition to coordination within our Group itself, we again prioritized one focal area in the collaboration with external stakeholders in 2022. We support the German Federal government's National Action Plan (NAP) "Business and Human Rights." Within this context, since 2020 we have actively participated in the automotive industry's sector dialogue "Business & Human Rights" under the aegis of the German Federal Ministry of Labor and Social Affairs (BMAS). One of the goals was the joint drafting of implementation-led, industry-specific procedural instructions, which were published on the BMAS website in September 2022.³ We will continue this dialogue with representatives of trade unions, NGOs, science, politics and business in 2024. Combating modern slavery and forced labor also plays an important role here.

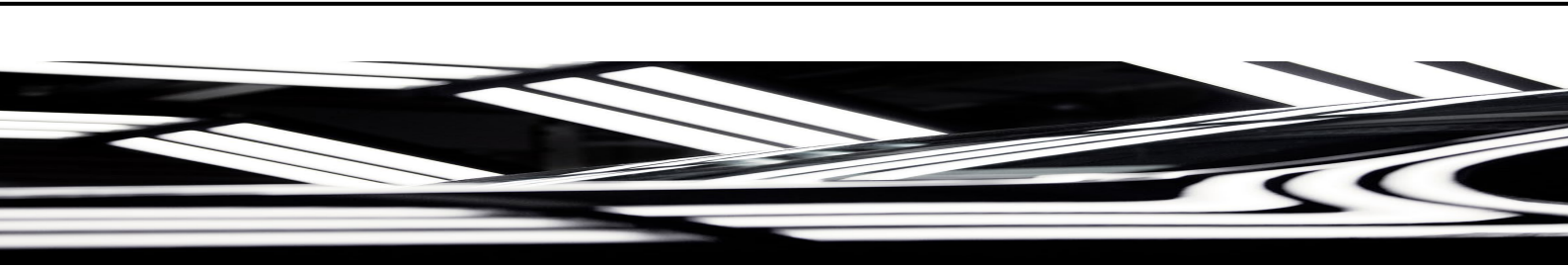
We continue to proactively seek dialogue with external stakeholders⁴ on human rights and exchanges of views within working groups or initiatives such as the DICO working group on CSR/human rights in industry or the Forum Compliance & Integrity. The stakeholder dialogue on the Audi Human Rights Strategy, which took place in October 2023, continues AUDI AG's regular exchange with relevant stakeholders on the topic of human rights. The aim of the event with representatives from science, business and consulting, NGOs and representatives of the company's departments was to present the newly developed Audi human rights strategy, to reflect openly on it together and to identify focus topics and next steps. Taking the dialogue with experts and stakeholders as our basis, we are able to build on our commitment with the aim of fulfilling our entrepreneurial responsibility for human rights even more effectively.

¹ <https://www.audi.com/en/sustainability/people-society/human-rights.html>

² <https://audi.hu/en/company/compliance---risk-management.html>

³ <https://www.csr-in-deutschland.de/DE/Wirtschaft-Menschenrechte/Umsetzungshilfen/Branchendialoge/Automobilindustrie/Handlungsanleitungen/handlungsanleitungen-art.html>

⁴ Further information available at e.g.: <https://www.audi.com/en/company/sustainability/roadmap-sustainability/audi-dialogue.html>



AUDI HUNGARIA Code of Conduct⁵

The Audi Code of Conduct is the ethical foundation for acting with integrity and in accordance with the rules in the Audi Brand Group.

The AUDI HUNGARIA has updated its Code of Conduct in 2017, in line with AUDI AG and the Volkswagen Group. AUDI HUNGARIA has revised the Audi Code of Conduct 2023 in accordance with the corresponding initiative of the Volkswagen Group and introduced it on January 1, 2024.

The AUDI HUNGARIA Code of Conduct is binding on all employees worldwide. The focus is on compliant and ethical behavior of employees as well as the responsibility of the company as a business partner and member of society. Respect for the global rules protecting human and children's rights is anchored in the Code of Conduct, as is the rejection of all forms of child, forced and compulsory labor and all forms of modern slavery and trafficking of human beings.

As binding guidelines for compliant conduct, the Code of Conduct sets out the essential principles for daily work in the Audi Brand Group. They are permanently available to all employees on the intranet and to third parties on the Internet. Their importance is continuously conveyed proactively.

The Chairman of the Board of Management and other board members, members of the Top Management (TMK) and the Compliance Officer regularly express their responsibility for compliance and integrity in internal and external events and publications.

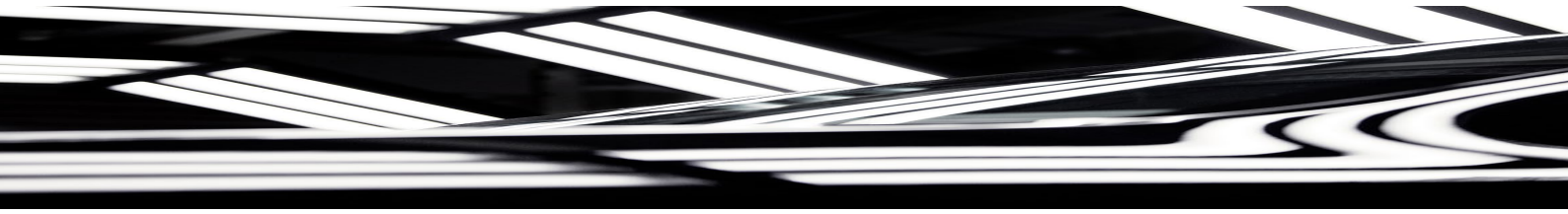
Department-specific, cross-divisional and company-wide dialogue events additionally strengthen the so-called "Tone from the Top" and "Tone from the middle". As part of this, members of the Board of Management and managers discuss with employees the importance of compliance and integrity for Audi's day-to-day work and corporate success.

All employees with permanent employment contract, managers and members of the Board of Management of AUDI HUNGARIA are trained on the Code of Conduct on a regular basis. The corresponding web-based training is updated as needed. This is part of a standard process within the framework of the compliance management system.

Members of the Board of Management and members of the Upper Management (OMK) also complete an annual Code of Conduct certification. In this way, this group of people once again confirms its responsibility and role model function in the context of the Code of Conduct.

For its business partners, the Volkswagen Group has also formulated the Code of Conduct for Business Partners and anchored it as a mandatory part of the contract. It clarifies the Group's expectations regarding the attitude and behaviour of the business

⁵ <https://audi.hu/en/compliance/>



partners, in particular suppliers and sales partners. These requirements concerning business activities of the business partners are regarded as the basis for the successful shaping of business relations between Audi and its business partners.⁶

AUDI AG policy statement regarding the commitment to and observance of human rights⁷

In order to affirm AUDI AG's commitment to the respecting and upholding human rights in general and condemning forced labor and human trafficking specifically, the AUDI AG's Board of Management signed a Policy Statement Regarding the Commitment to and Observance of Human Rights in 2017. The Declaration of Human Rights, which was renewed in 2023 and also contains the human rights strategy of the Audi Brand Group, documents AUDI AG's commitment to respecting and complying with human rights.

The Audi Group Whistleblower System⁸

The Whistleblower System is the a point of contact for reporting suspected potential regulatory violations by employees. These include, for example, violations of human rights – a matter that fundamentally constitutes a “serious regulatory violation”.

With effect from December 17, 2018, a new corporate guideline on the whistleblower system has come into force at AUDI HUNGARIA. Wherever they are in the world, employees as well as business partners and customers are able to report misconduct by Audi Group employees along a variety of channels. As well as via e-mail and by traditional mail, regulatory violations can be reported via a secure online reporting channel (BKMS) and on a 24/7 phone hotline 365 days a year in several different languages. There is also the option of submitting a report to the external lawyer (ombudsperson) appointed by the Volkswagen Group. If desired, reports can be made anonymously, especially via the online reporting channel where there is the opportunity of consultation with the whistleblower. Strict confidentiality and secrecy are maintained throughout the entire process. The Whistleblower System guarantees the highest possible protection for whistleblowers and all persons who participate in investigating and remedying misconduct and regulatory violations. Discrimination against whistleblowers and participating persons is fundamentally a serious regulatory violation and will not be tolerated. At the same time the Whistleblower System protects the interests of persons of interest. They shall be presumed innocent until proof of a violation is obtained. The processes involved in the Whistleblower System were examined in light of the requirements of the German Supply Chain Due Diligence Act (LkSG) and adjusted where necessary. Corresponding rules of procedure for the complaints procedure was published on the [AUDI HUNGARIA website](#).⁹

Risk analysis

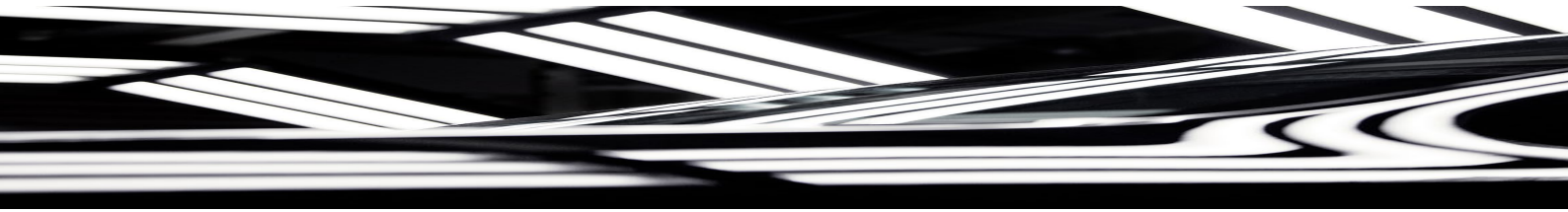
Within the framework of the established risk management processes in the Audi brand group, represented by elements including the Risk Quarterly Process (RQP) for acute operating risks, as well as the annual standard Internal Control System (ICS) and the annual Governance, Risk & Compliance (GRC) rule process. The RQP and the ICS are applied at AUDI AG as well as Audi of America, AUDI HUNGARIA, Audi Mexico, Audi Brussels and Audi China, the annual GRC control process at the remaining major holding

⁶ Further information on the Code of Conduct for Business Partners can be found in the chapter “Sustainability requirements for our suppliers: Code of Conduct for Business Partners”.

⁷ The policy declaration is published on Audi's website: <https://www.audi.com/en/company/sustainability/downloads-and-contact/documents-and-policies.html>

⁸ <https://audi.hu/en/compliance/>

⁹ <https://audi.hu/en/company/compliance---risk-management.html>



companies. In the process, risk assessments on the subject of human rights can also be carried out by the main divisions and companies. The countermeasures and control activities used are in addition reported on.

The standard ICS process lays down control requirements regarding compliance with legal and internal requirements on human rights and the control requirements are checked for effectiveness. Within the annual regular GRC process, the identification of potential risks is supported by a list of risk-related focal areas, which also includes potential risks from human rights violations. The Boards of Management of AUDI AG and Volkswagen AG as well as the Audit Committee of AUDI AG receive reports both quarterly and annually as well as whenever required.

AUDI HUNGARIA has incorporated business and human rights into the existing Compliance Management System, based on the United Nations requirements on corporate human rights due diligence. In addition, a cross-departmental working group in Group Compliance at the Volkswagen Group developed and implemented a concept in 2019 for assessing risk exposure for controlled subsidiaries. In preparation for the German Supply Chain Due Diligence Act (LkSG), the process was examined and adjusted at Audi in 2022 in collaboration with Volkswagen. At AUDI AG and in those Audi brand group companies that are the focus of the so-called "own business unit" in accordance with the LkSG, an abstract risk analysis was carried out in 2023 using questionnaires. A classification of the risk environment of the brand group companies was determined. This was done on the basis of a calculation of the country risk, the business model and some risk driver questions and results in a classification of low, medium or high in each case. The risk environment was made available to the responsible specialist functions as a guide for the concrete risk analysis. The specific risk analysis was carried out, evaluated and prioritized by the responsible departments such as HR Compliance, Occupational Health and Safety, Corporate Security, Environmental Protection, Real Estate and Materials Conformity. Specific preventive measures were taken where risks were identified. The abstract and concrete risk analysis for the Audi brand group is carried out annually. For the implementation in 2024, initial learnings from 2023 were taken into account and thus the process was further developed accordingly.

Training of employees

Within the Compliance Management System (CMS), compliance and integrity training represents an effective prevention measure in raising awareness amongst employees to existing and potential risks and preventing violations. All training measures are examined annually as part of standardized processes, updated as necessary and continuously improved.

In fiscal year 2023, dedicated qualification measures on the subject of business and human rights (BHR) again took place in a variety of formats and with a range of scopes, including as part of AUDI HUNGARIA's Code of Conduct training. Business and human rights aspects are also communicated through special awareness-raising trainings for Gatekeepers (leaders in key positions).

There is also the intention to increase awareness and transparency of human rights issues as part of the compliance communication strategy.

The Code of Conduct is made accessible to employees at AUDI HUNGARIA via various channels, such as the intranet or online. All new employees take part in a mandatory Code of Conduct training.

In addition, AUDI HUNGARIA rolled out the group-wide mandatory Code of Conduct training program in 2019 and requalified it in 2023. In this training, basic information on the topic of human rights is provided.



In 2023, a new web-based training (WBT) "Human Rights – Our Responsibility in the Volkswagen Group" was developed in the Volkswagen Group and rolled out to all companies in the Group, including the Audi Brand Group. In the comprehensive compulsory qualification, participants are informed about their responsibility to respect human rights, sensitised to possible human rights- and environment-related risks and violations, and enabled to recognise and report them.

In addition, the Volkswagen Group provides training for its business partners to Procurement and Sales on key matters of compliance and corruption prevention. For further information, please refer to "Training for employees and business partners".

Measures along the supply chain

We the Audi Brand Group, together with our more than 14,000 direct suppliers worldwide, have a major impact on the environment and society. At the same time, we assume responsibility along the value chain for fair and humane working conditions and integrate our partners into our activities so that we can meet this responsibility together. The development and implementation of responsible supply chain management are an integral component of our procurement processes. We have based our commitment in this area around three strategic subject areas: environment, people and innovation.

Human rights due diligence

One area of focus in the year under review was the further systematizing of the priority topic of human rights. To that end, the human rights due diligence management system underwent further development. The aim of this approach is to avoid or minimize human rights or environmental risks along the Volkswagen Group supply chain, using a systematic risk analysis as the basis.

The purpose of the risk analysis is to identify risks in the Volkswagen Group's supply chain. The analysis is carried out based on the business models of suppliers and takes external and internal data on human rights and environmental risks into consideration. Based on an assessment of the risks, suppliers are classified as a low, medium or high sustainability risk. Where suppliers achieve a low sustainability risk, a country risk score is also applied. If there is an elevated country risk for a supplier, it is moved to the medium risk category.

Measures are allocated based on the risk analysis. Depending on the risk profile, these measures include media screening, the Sustainability Rating (S-Rating) and more in-depth human rights training in addition to the Volkswagen Code of Conduct for Business Partners or the Supply Chain Grievance Mechanism.

Sustainability requirements for our suppliers: Code of Conduct for Business Partners¹⁰

The "Volkswagen Group requirements regarding sustainability in its relationships with business partners" – the Code of Conduct for Business Partners – is the core element of our supplier management. It was revised in 2022 and, after its publication in 2023, also verified by AUDI AG. The Code of Conduct for Business Partners is a contractual component and fundamentally applies to every partner company of the Volkswagen Group. Our expectations of our business partners' conduct with respect to core social, integrity and environmental standards are set out there. These requirements are based, among other things, on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the relevant conventions

¹⁰ <https://www.audi.com/content/dam/gbp2/company/sustainability/downloads/documents-and-policies/2023/CoC%20f%C3%BCr%20Gesch%C3%A4ftspartner%203.0.pdf>



of the International Labour Organization (ILO). The Code of Conduct for Business Partners is, however, not just based on international standards, but also on objectives, rules and policies of the Volkswagen Group.

The requirements for suppliers specifically with regard to the topic of modern slavery were revised in 2022 and are worded as follows from fiscal year 2023:

“No modern slavery, no human trafficking, no unethical recruitment | Business partners must take appropriate and adequate measures to eliminate debt bondage, forced and compulsory labor, as well as all forms of modern slavery and human trafficking in their own area of responsibility and/or along the supply chain. Business partners ensure that employment relationships are voluntary and allow employees to give notice of their own volition in observance of a reasonable notice period. Employees of business partners are given a contract at the time of hiring that complies with applicable law and is in a sufficiently documented form (e.g. written or electronic), is written in a language they understand and in which their rights and obligations are truthfully and clearly set out.

Furthermore, business partners must not mislead or defraud potential employees about the nature of the work, ask employees to pay recruitment fees or inappropriate transportation fees, and/or confiscate, destroy, conceal, and/or deny access to employee passports and other identity documents issued by government and/or restrict the employees' freedom of movement or require employees to involuntarily use accommodation provided by the company for no operational reason.”¹¹

Our goal, on the basis of the defined requirements, is to lay the foundation for enhanced sustainability and responsibility according to a risk-based approach and in a spirit of partnership together with our suppliers.

We use a large number of channels for raising awareness among suppliers. These include the information on the ONE Group Business Platform¹², the information on our Audi website, the S-Rating Information Hub¹³ and supplier training opportunities.

Sustainability requirements as a criterion for awarding contracts

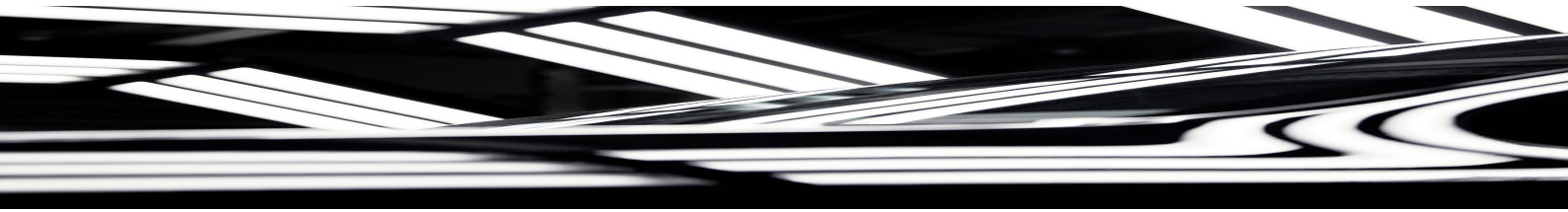
Our goal is to be aware of and effectively address the key sustainability risks in our supply chain. Audi introduced a sustainability rating (S-Rating) in 2017, to identify and avert specific risks before contracts are even awarded and to identify scope for continuous improvement. This S-Rating was made mandatory throughout the Volkswagen Group on July 1, 2019, and is therefore a mandatory criterion for awarding contracts to suppliers of production materials as well as for relevant suppliers in General Procurement. Within the contract awarding process, the S-Rating is on a par with other important criteria such as cost, quality, technological expertise and logistics. It is based on a self-assessment questionnaire and is supplemented on the basis of risk by on-site checks (audit).

A standardized questionnaire or “self-assessment questionnaire” (SAQ) of the Drive Sustainability Initiative is used to assess and analyze the site's sustainability performance of the supplier company's. It provides Audi with information about possible risks with regard to corporate ethics and social and environmental aspects at the respective suppliers. The information and documents in the SAQ are checked and validated by a service provider: If a supplier states that they have processes and policies in place, they

¹¹ Ebd., page 23.

¹² https://www.vwgroupsupply.com/one-kbp-pub/en/kbp_public/homepage/homepage.html

¹³ www.s-rating.audi



must prove this with documents. Specifically, a question is asked regarding a human rights policy which includes the topics of “Forced or compulsory labor and human trafficking.” It is also identified whether there is a documented grievance mechanism in place. By the end of reporting period on December 31, 2023, a total of around 14,953 suppliers had completed an SAQ for the S-Rating. Corresponding measures enabled around 9,357 suppliers to improve their sustainability performance.

If the self-assessment questionnaire proves unsatisfactory, including in consideration of a country-specific risk, an independent sustainability assessor performs an on-site check of the company – not only in respect of modern slavery, but also in terms of other aspects such as eco-friendly production and occupational health and safety.

89 on-site checks were conducted for the Volkswagen Group in 2023. Deviations are recorded in a Corrective Action Plan and measures initiated to correct them. Monitoring is subsequently conducted to ascertain whether the deficiencies identified by the sustainability assessor are actually being rectified. At the end of an S-Rating process, a partner is either capable of being awarded a contract or not. Within the context of a partnership of cooperation, another objective of the S-Rating is to provide suppliers who have not yet been able to demonstrate satisfactory performance with the information and tools they need to do this. This is the only way in which to achieve a positive impact on people and the environment. Every supplier has the option in principle of undergoing a repeat evaluation after they have completed the necessary improvement measures.

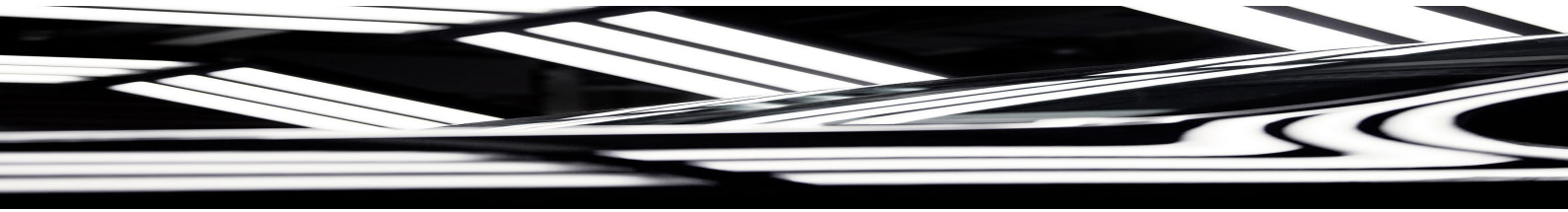
Another important element of sustainable supply chain management is our Supply Chain Grievance Mechanism, which we use in following up reports of possible violations of our sustainability requirements. The case management process was refined in 2022. The channel can be accessed on the website via the Whistleblower System of AUDI AG and is available to all potential persons of interest and stakeholders, such as employees of direct and indirect suppliers, members of civil society or representatives of communities in the immediate vicinity of our production sites. The process for examining and processing reports is described uniformly in a binding policy, managed by the Group and implemented jointly with the brands and regions of the Volkswagen Group. In the event of serious violations suppliers are temporarily barred from being awarded new contracts and the business relationship may be terminated.

Employees and external staff alike can bring potential regulatory violations by our suppliers to the attention of the Volkswagen Group’s employee representative bodies and the trade union federations. The process for addressing grievances concerning the supply chain is also linked to and governed by the process for the Audi Whistleblower System. 219 reports of violations were processed by the Volkswagen Group during the period under review. They concerned suppliers where behavior contravening the rules or contracts was identified as a result of information provided. In total, three suppliers were temporarily barred from receiving new contracts due to serious violations.

Media screening: digital innovation in the supply chain

Monitoring supply chains is an extremely complex undertaking. That makes it all the more important to understand the potential risks and make connections early on. Audi therefore adopts a comprehensive risk monitoring approach that combines various methods and systems.

In addition to more traditional and reactive channels such as the grievance mechanism, Audi also uses digital tools for automated, proactive monitoring. In the course of media screening we aggregate publicly accessible news from sources such as social media channels and local news media worldwide. Artificial intelligence (AI) then semantically analyzes the information and consolidates



the various sources. The AI analyzes the content of the reports and classifies them based on any suspicion of potential sustainability violations. If the tool identifies indications of possible breaches of our Code of Conduct for Business Partners, these are reviewed and, if necessary, processed in the supply chain grievance mechanism. Over 33,000 suppliers were included in ongoing media screening in 2023.

Raw Material Due Diligence Management System

Commodity suppliers merit particular attention. The Volkswagen Group approach to this matter is to follow the five steps of the “Due Diligence Guidance for Responsible Business Conduct” of the OECD and the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.” In 2020, we implemented an OECD-oriented Raw Material Due Diligence Management System. It serves to identify, assess and avoid actual and potential human rights risks in our upstream commodity supply chains and covers 18 especially high-risk commodities such as aluminum, cobalt and leather.

Since 2021, the Volkswagen Group has also provided information on its human rights due diligence actions in the raw material supply chain, which includes reporting on the status, progress and goals of the Raw Material Due Diligence Management System, in an annual “Responsible Raw Materials Report.”¹⁴ The report also lists the specific activities and measures on the 18 especially high-risk commodities.

Commitment to international initiatives

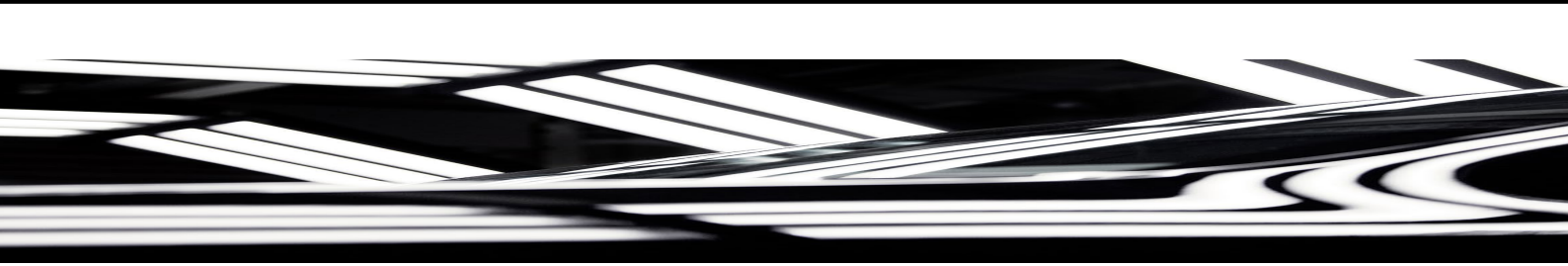
Working in the upstream supply chain and beyond contractual relationships requires more extensive measures. Cross-industry initiatives and cooperation with suppliers in a spirit of partnership play a pivotal role in the concerted drive to improve sustainability performance in the supply chain.

As part of our commitment, we seek close cooperation with international organizations. For example, Audi has been an active member of the Global Battery Alliance since 2017. This body addresses compliance with human rights and upholding of social standards in the extraction of the raw materials for batteries, and develops solutions for the reuse of lithium-ion batteries. Audi has also been involved in the Aluminium Stewardship Initiative (ASI) since 2013. The ASI has developed a global sustainability standard for the handling of aluminum, which lays down and examines environment-related, business ethics and social criteria along the value chain.

Its involvement in the industry initiative DRIVE Sustainability, under the aegis of CSR Europe, is another central element of the Volkswagen Group’s activities. In this connection the development of the joint questionnaire standard (SAQ) to examine sustainability aspects at suppliers represented a milestone, as did the approach pursued in partnership with other OEMs of providing further training for suppliers through training events in selected countries.

Since February 2022 Volkswagen AG has been a member of the “Initiative for Responsible Mining Assurance” (IRMA). IRMA is a multi-stakeholder alliance that advocates high standards in mining. The IRMA standards encompass compliance with human rights and the rights of local communities, the prevention of corruption, health protection measures, occupational safety and environmental protection. The Volkswagen Group also joined the “Leather Working Group” in the same reporting year. In the

¹⁴ <https://www.volkswagen-group.com/de/pressemitteilungen/volkswagen-group-vierter-responsible-raw-materials-report-veroeffentlicht-18393>



“Cobalt for Development”¹⁵ project in the Democratic Republic of the Congo, the Volkswagen Group and its partners are working together for improved working and living conditions for small-scale cobalt miners and their communities. The pilot project aims to strengthen compliance with the law and to improve health and safety conditions as well as the social wellbeing of the local people. For lithium, the Volkswagen Group together with other partners has established the “Responsible Lithium Partnership” initiative to promote the responsible treatment of natural resources and sustainable lithium extraction in the Salar de Atacama in Chile.

Training for employees and business partners

The systematic training of our employees and suppliers is a key building block of our strategy. The tools we use to improve social and environmental standards in our supply chain include in particular the S-Rating, on which we train our employees and business partners at events and workshops. The Audi Act4Impact Programm¹⁶ provides a detailed overview of training measures.

To enable ongoing supplier development of our suppliers, together with the Volkswagen Group we offer our suppliers subject-specific sustainability training and workshops at selected sites or online and run web-based training. About 7.000 suppliers received such training during the period under review. The figure includes 87 suppliers who used online training and the e-learning opportunities provided through the DRIVE Sustainability Initiative. Since 2020, voluntary in-depth human rights training has also been available for suppliers. Part of the training includes aspects of child labour, forced labour and discrimination. In the year under review, we began systematically rolling out the training to supplier companies with an increased sustainability risk. In addition to the training courses, we are providing current supplier companies with an e-learning module on sustainability in eight languages.

Progress report

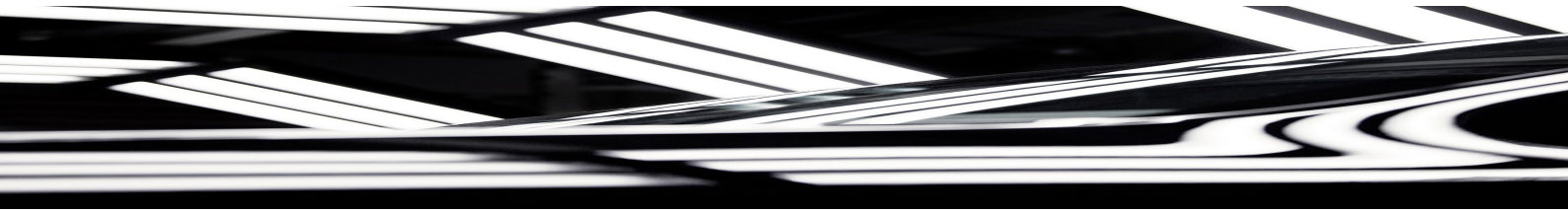
As presented in the statement of AUDI HUNGARIA for fiscal year 2022, various measures for the prevention of forms of modern slavery and human trafficking were implemented in fiscal year 2023. Alongside existing activities and processes, for example in the areas of procurement and compliance, focus in the year under review was on implementing the requirements of the Supply Chain Due Diligence Act (LkSG), which came into force on January 1, 2023. The aim is to ensure that human rights and environmental standards are respected and adhered to in all processes that can be influenced. One main focus was on risk analyses of human rights and environmental risks as well as the corresponding preventive measures for the Audi brand group companies and our suppliers, which were implemented and further developed. The appointment of the independent human rights officer for the Audi brand group and his control actions to review the LkSG risk management also make a further important contribution to meeting the requirements of the LkSG. Starting in 2024, AUDI AG will publish an annual report for the previous fiscal year on the fulfilment of due diligence obligations under the LkSG in accordance with the requirements of the responsible Federal Office of Economics and Export Control.¹⁷

As part of the Responsible Supply Chain Management, the initiative started in 2021 to implement human rights due diligence was further systematized in the year under review. Its starting point is the risk analysis that is performed based on the business models of suppliers and it takes external and internal data on human rights and environmental risks into consideration. Measures are

¹⁵ Additional information is available on the project website: <https://cobalt4development.com/>

¹⁶ <https://www.audi.com/en/sustainability/people-society/responsibility-in-the-supply-chain/act4impact.html>

¹⁷ The "Report on the LkSG AUDI AG (2023)" can be viewed on the Audi website: [Audi.com – the international Audi website | audi.com](https://www.audi.com/en/sustainability/people-society/responsibility-in-the-supply-chain/act4impact.html)



allocated based on the risk assessment. The Human Rights Focus System (HRFS), devised in 2022, aims to identify and appropriately address particularly high risks in our supply chain in connection with human rights violations and the environment. In order to identify the relevant topics, we evaluate aggregated internal data from the Supply Chain Grievance Mechanism and the audits as well as external data from studies and NGOs as part of an annual analysis. In the year under review, we identified three focus topics in this way: forced labor, living wages, and supplier management. The topics are being worked on in cooperation with the Volkswagen Group and other brands.

Under the Raw Material Due Diligence Management System, a repeat audit and evaluation of the 16 commodities previously identified as especially high-risk was carried out. These include the battery raw materials cobalt, lithium, nickel and graphite, the conflict minerals tin, tungsten, tantalum and gold (3TG), and aluminum, copper, leather, mica, steel, natural rubber, platinum group metals and rare earths. The commodities cotton and magnesium were added in 2023.

AUDI HUNGARIA Zrt., July 2024

Achim Grewe

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