

How Audi uses artificial intelligence responsibly

Trust forms the foundation of every collaboration. A company's reputation, success and, above all, the trust that customers and investors place in its brands and products depend on whether it lives up to its economic and social responsibilities.

At Audi, integrity is the cornerstone that provides guardrails for decision-making in uncertain times and ensures the company's continued viability. [Compliance](#) and [integrity](#) form the basis for sustainable business within the context of ESG (environmental, social, and corporate governance). Compliance provides the legal foundation that all actions and decisions must be based on. Integrity adds another dimension: an upright and responsible attitude, a sense of critical situations when it is important to challenge conventional thinking and behavior, express concerns openly, and strive to do what is right. This is required of each and every Audi employee.

Trustworthy and [responsible conduct](#) is more challenging when familiar paths are abandoned in favor of new ways forward where the guardrails are not yet in place – whether it is the advance of digitalization, the increasing use of artificial intelligence, or the commitment to help reduce global greenhouse gas emissions. AI, for example, will transform the way people work in the future.

AI in the supply chain

To promote transparency and prevent risks in the supply chain, Audi uses [intelligent algorithms](#) as a means to identify potential sustainability risks in the supply chain early on. An AI analyzes publicly available news from 150 countries in 50 languages to check for reports of credible sustainability violations along the supply chain. Whenever the AI detects a potential sustainability risk developing, Audi is alerted automatically. A team of experts reviews each incident in detail and, if necessary, ensures action is taken.

Why integrity and compliance are important for AI

AI can potentially be used for a variety of tasks, including development, production, and sales. Developments and advances in AI are highly dynamic. That makes it all the more important that everyone involved – including employees and business partners – understands AI and how to use it for good. For this reason, the Audi [Board of Management](#) has issued a [policy statement](#) on the responsible use of AI based on the [EU ethics guidelines](#) and the [AI Act](#) as well as the seven EU requirements for trustworthy AI laid out in the Assessment List for Trustworthy Artificial Intelligence (ALTAI). The use of AI is also anchored in Audi's [Code of Conduct and the Code of Conduct for Business Partners](#). Both policies are designed to enable the responsible use of AI, turning the technology into someone employees can ask for advice, an AI colleague so to speak.

The policy statement encompasses three guiding principles for trustworthy AI: respect, safety, and transparency. The first principle is respect for the human rights of personality and self-determination. Before the decision is made to use AI, these rights must be guaranteed.

The aim is to ensure that AI systems used are in line with the company's values of appreciation, openness, responsibility, and integrity, and to promote Audi's commitment to sustainability, society, and the environment.

The second guiding principle is the safe use of AI systems and the verification of their quality, sustainability, and safety, as well as ensuring human oversight and accountability. Human conduct always takes precedent over AI applications – heartbeats before bits and bytes.

The third principle is transparency: Audi is committed to transparently communicating to customers, partners, employees, and other stakeholders how AI is used in its products, services, and processes.

Corporate responsibility and governance

Companies often have differing goals that need to be balanced. Examples include ensuring cost efficiency and legal conformity or complying with environmental protection and occupational safety requirements.

Corporate decisions and developments are influenced by a number of variables that also affect the speed of change. The first are legal requirements. Matters that are already regulated at EU level, such as emissions, product liability, vehicle safety, or materials recycling, are constantly evolving with new requirements.

At least as important as regulatory requirements and investors' expected returns are the expectations of stakeholders, who may include employees, customers, local residents near Audi sites, and partners and suppliers. Stakeholders such as these expect consistent, transparent, credible, and measurable corporate decisions. Failure to meet expectations can have a profound impact on a company's reputation.

Audi has long since established effective tools for responsible corporate governance. For example, the company's [compliance management system \(CMS\)](#) provides an organizational framework; it lays out the principles, measures, processes, and structures that ensure consistent compliance with laws, internal regulations, and a culture of integrity within the company. The CMS is constantly updated to stay ready for the requirements of the future.

There is also a risk management system (RMS) and an internal control system (ICS) under the governance aspect of ESG to ensure Audi stays on track to meet its goals and embed long-term viability and competitiveness. These requirements are supplemented by comprehensive policies and processes.

Values as key skills

Audi's Code of Conduct provides the ethical and values-driven foundation for workplace integrity and compliance within the Audi Group, and is a mandatory guideline for Audi employees all over the world. The same applies to the Code of Conduct for Business Partners, which is a mandatory requirement for companies who wish to do business with Audi.

In addition, Audi encourages its employees through targeted awareness-raising measures, communication, and training. Managers promote independent and effective work by giving employees a high degree of freedom to act and make decisions. At the same time, employees must be prepared to assume personal responsibility.

Speak-up culture and psychological safety

Audi is committed to creating a working environment geared toward psychological safety, where diverse opinions are welcome, calculable risks are taken, and mistakes are viewed as a learning opportunity. In addition, a culture of trust is essential to retaining employees and attracting new professionals and experts.

Some 100 Integrity Ambassadors act as multipliers and role models in all business areas, promoting dialogue on integrity and a speak-up culture that encourages honest and open feedback.

How Audi communicates rules and values to employees

Audi has put in place on a comprehensive engagement and training strategy to meet regulatory requirements, fulfill commitments, and further develop its corporate culture. Related measures include:

- Mandatory training for all employees on the Audi Code of Conduct, insider information, anti-corruption, and money laundering.
- Mandatory training for all employees on respecting human rights and personal and corporate responsibilities against the backdrop of the Supply Chain Due Diligence Act.
- Training on handling dilemma situations, impulse workshops on the topic of integrity, and overcoming cover-your-back-behavior.
- Integrity Skillset, an [ethical management](#) training program for all candidates on the development path leading to management roles. The program teaches candidates how to make decisions with integrity in an increasingly complex environment, and about values-driven, impact-based management.
- Regular interactive events such as talks on compliance or Audi Integrity Summits for employees and managers.
- Audi is committed to the Universal Declaration of Human Rights, the principles of the International Labor Organization and the OECD, the principles of the Rio Declaration on Environment and Development, and the UN Convention Against Corruption.
- The company also rejoined the UN Global Compact, the world's largest sustainable business initiative, in March 2022. Membership in one of the most active platforms for the exchange between business, civil society, and politics is an important pillar of Audi's stakeholder management.

- Since the beginning of 2023, Daniel Patnaik has been coordinating and monitoring compliance with human rights within the Audi Group and along the supply chain as Human Rights Officer.

What happens in the case of violations

The Audi Investigation Office operates an independent, impartial, and confidential whistleblower system to systematically investigate potential employee misconduct or violations of laws, regulations, and the Code of Conduct for Business Partners in the supply chain. Reports can be submitted directly to Audi at any time, both internally and externally, through a variety of channels. In 2023, out of a total of 547 reports of potential violations submitted, 33 were supply chain-related. Most reports were made directly to the Audi Investigation Office and not anonymously, which speaks to the high level of trust that whistleblowers have in the whistleblower system.

Status March 2024

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The Audi Group is one of the most successful manufacturers of automobiles and motorcycles in the premium and luxury segment. The brands Audi, Bentley, Lamborghini, and Ducati produce at 21 locations in 12 countries. Audi and its partners are present in more than 100 markets worldwide.

In 2023, the Audi Group delivered 1.9 million Audi vehicles, 13,560 Bentley vehicles, 10,112 Lamborghini vehicles, and 58,224 Ducati motorcycles to customers. In the 2023 fiscal year, Audi Group achieved a total revenue of €69.9 billion and an operating profit of €6.3 billion. Worldwide, an annual average of more than 87,000 people worked for the Audi Group in 2023, more than 53,000 of them at AUDI AG in Germany. With its attractive brands and numerous new models, the group is systematically pursuing its path toward becoming a provider of sustainable, fully networked premium mobility.
