



MISSION:ZERO

Audi Biodiversity Report 2023

AUDI AG Progress Report on the Leadership Commitment
of the “Biodiversity in Good Company” Initiative



Preamble

Alongside climate change, the dramatic loss of biodiversity is one of the greatest challenges of the 21st century. The United Nations has therefore proclaimed the period from 2021 to 2030 to be the Decade on Ecosystem Restoration.

Companies take on a special role in this context. They benefit from the products of nature that are provided free of charge, while frequently also having a negative impact on biodiversity. It is difficult or impossible to allocate the resulting costs to individuals responsible, and this is not taken into account in internal decision-making processes. Instead, they are borne by the general public – to the detriment of biodiversity. The external ecological costs caused by companies have been rising for many years and will also be the subject of future legislation.

Biodiversity and the automotive industry

Cause and effect often go unseen in the automotive industry. Unlike in the food industry, for example, the relationships tend to be more indirect.

With the exception of a few natural fibers, like rubber for tire manufacture or biomass for fuel production, the automotive industry is dependent on the regulating resources of nature like the supply of water for production purposes. Although the automotive industry might not appear to be especially reliant on the products of ecosystems at first glance, it makes a significant contribution to the drivers of biodiversity loss through its products, their manufacture, and the resulting impact along the entire value chain. Examples include carbon dioxide and nitrogen oxide emissions or the depletion of mineral resources such as metals and rare earths – often in regions that are also biodiversity hotspots. Additionally, roads in combination with changes in land use lead to the fragmentation of habitats. All of these factors have a substantial negative impact on biodiversity.

Accordingly, the automotive industry's responsibility for conserving biodiversity is far from negligible. Audi is aware of this and thus supports the biodiversity objectives of the United Nations. As a member of the "Biodiversity in Good Company" initiative, Audi also subscribes to its Leadership Commitment.

LEADERSHIP-ERKLÄRUNG



All signatory companies acknowledge and support the three objectives of the International "Convention on Biological Diversity" (CBD):

- Conservation of biological diversity
- Sustainable use of its components
- Fair and equitable sharing of the benefits that arise out of the utilization of genetic resources

Sie verpflichten sich:

1. Analyzing impacts of corporate activities and current operational dependencies with regards to biological diversity;
2. Integrating the protection of biological diversity, the sustainable use of components and the equitable sharing of benefits derived from use (the three objectives of CBD) into sustainability management systems;
3. Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Board of Management;
4. Defining realistic and measurable objectives to improve the protection of biological diversity and its sustainable utilization, to be monitored and adjusted every two to three years;
5. Publishing activities and achievements related to biological diversity in the company's annual, environmental or sustainability report;
6. Informing suppliers about the company's biodiversity objectives and integrating suppliers accordingly and step by step;
7. Exploring the potential for cooperation with scientific institutions, non-governmental organizations and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate biodiversity management system

To demonstrate ongoing commitment, member companies shall provide the Initiative with a progress report every two years.



Progress Report for the period from 2021 to 2023

The following report summarizes the progress made by AUDI AG in implementing the objectives set out in the Leadership Commitment at its German locations in Ingolstadt and Neckarsulm in the period from 2021 and 2023.

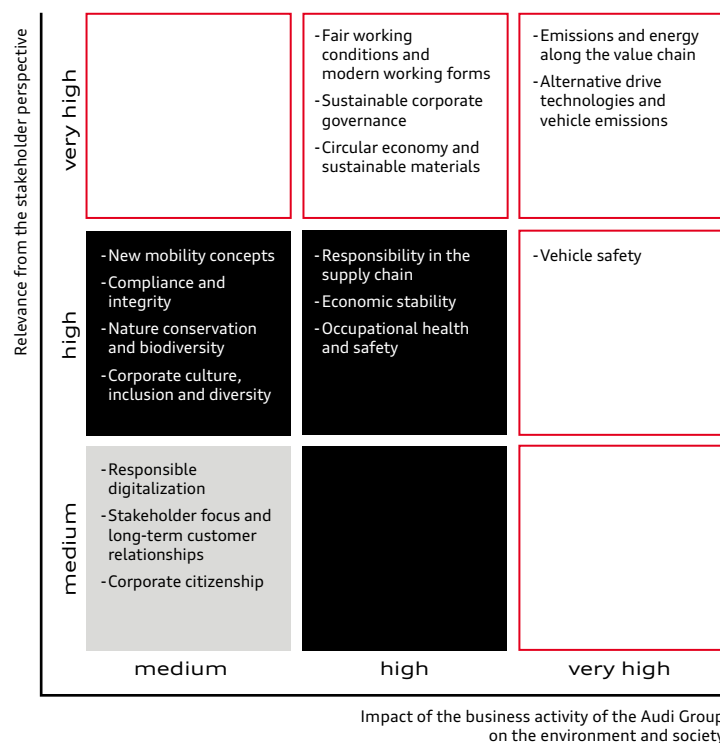
1. Analyzing the impacts of corporate activities with regard to biological diversity

AUDI AG has already been conducting a multi-level analysis regularly in all business divisions since 2015 as part of its strategic target planning. In 2022, Audi refined its materiality analysis. To this end, an impact analysis in accordance with the new standards of the Global Reporting Initiative (GRI)* was added to the stakeholder perspective. New requirements for sustainability reporting prompted the company to analyze its positive and negative effects on society and the environment more closely. In the first step of the impact analysis, the company’s strategy team identified potential positive and negative effects for Audi for all 16 sustainability topics. In the second step, the individual influencing factors were assessed on the basis of their probability of occurrence and severity using a scoring method. In a final step, experts from the Audi specialist areas of Environmental, Social and Corporate Governance (ESG) as well as Risk Management and Corporate Strategy validated the impact assessment. The result was an assessment of all the opportunities and risks for each of the 16 topics. It was then used to prioritize the key topics accordingly. Finally, the stakeholder perspective from 2021 was included in this impact analysis.

While nature conservation and biodiversity were seen as highly relevant by the stakeholders in the reporting period from 2021 to 2023, the effect of the business operations of the Audi Group was assigned only medium relevance.

This indicates that this aspect is not viewed as especially prominent, even though aspects rated as highly relevant, such as “The circular economy and sustainable materials” and “Emissions and energy along the value adding chain” are closely related to biodiversity.

Results of the stakeholder analysis on the relevance of biodiversity for AUDI AG



The materiality matrix visualizes the evaluation of 16 relevant topics or fields of action by stakeholders (Y-axis) and by an analysis of the ecological and societal impacts of the Audi Group (X-axis). The topics are noted in the materiality matrix in accordance with the evaluations of „very high,“ „high“ and „medium.“

You can find a detailed explanation of the method used to create the materiality matrix online at www.audi.com.

Location-based analysis

As corporate biodiversity management typically begins with property management, AUDI AG had already arranged for its main location in Ingolstadt to be analyzed by external partners with a view to ecological risks and, in particular, their impact on biodiversity even before it signed up to the initiative. Biomonitoring was also performed with a focus on paint solvent emissions and heavy metals. Following this, Audi arranged for habitats and various species to be analyzed in the reporting period from 2015 to 2021. Audi intensified these investigations in the reporting period from 2021 to 2023.

Brownfield instead of greenfield: In planning the expansion of its business activities at its Group headquarters in Ingolstadt, Audi conducted an impact analysis and subsequently chose to develop a former refinery site that will be remediated in several phases over a number of years. As well as protecting natural capital by preventing intact green spaces from being sealed, Audi is laying the foundations for a positive natural capital account by revitalizing a highly contaminated industrial brownfield site and reintegrating it into the economic and natural cycle. As the remediation process will give rise to unused areas on the 75-hectare site in the interim and the site is located in immediate proximity to the particularly valuable and protected Danube wetlands, AUDI AG is planning to use defined areas for biodiversity as part of the “Natur auf Zeit” initiative.



2. Integrating the protection of biological diversity and sustainable use into operational sustainability management

Individual biodiversity targets are regularly defined in the location-specific environmental programs within the environmental management system. They are reviewed annually and updated for the individual locations. Work has also begun on the development of biodiversity standards in the areas of property management and plant planning in order to ensure that biodiversity is enshrined in the activities of the plant sites in the long term.

3. Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Board of Management

Overall responsibility for biodiversity activities is borne by the Environmental Protection Officers at AUDI AG's locations (I/P2-1I, N/P2-1N), who report to the Head of Environmental Protection (I/P2-1). In turn, the Head of Environmental Protection reports to the Head of Corporate Protection/Real Estate (I/P2), who reports directly to the Board Member for Production and Logistics. Furthermore, the biodiversity activities at all international locations are coordinated as part of the Audi environmental program Mission:Zero.



4. Defining realistic and measurable goals to improve the protection of biological diversity and its sustainable utilization, to be monitored and adjusted every two to three years

Audi stands for sustainability in its vehicles and services throughout the entire value chain. For Audi, sustainable action means considering the ecological, economic, and social consequences of every decision. This is the only way for the brand with the Four Rings to be a good employer over the long term, remain competitive, delight its customers, protect the environment, and assure a livable future for generations to come. To this end, Audi is pushing forward the development of innovative drive technologies and pursuing the principles of a sustainable circular economy. In other words, sustainable action starts with the procurement process and extends right up to the recycling of the vehicle.

The company further intensified the implementation of its Audi environmental program Mission:Zero at the worldwide Audi locations in the reporting period with a view to achieving consistently sustainable production. All activities and measures for reducing the ecological footprint at the Audi sites worldwide in Production and Logistics are bundled in Mission:Zero. The focus is on Audi's key challenges of decarbonization, water use, resource efficiency, and biodiversity. One important objective is to achieve net carbon-neutral production locations by 2025. To measure biodiversity at its locations, AUDI AG has developed a biodiversity index together with the Volkswagen Group that was tested and optimized further in the 2021–2023 reporting period. Various measures are already being specified in the environmental programs at the individual AUDI AG locations and reviewed annually.



5. Publishing activities and achievements related to biological diversity in the annual, environmental or sustainability report

Environmental programs are published in the company's environmental declarations and updated accordingly. In addition, biodiversity topics and all other environmental issues are addressed in the Sustainability Report, which is prepared in accordance with the current guidelines published by the Global Reporting Initiative (GRI).

6. Informing suppliers about the company's biodiversity objectives and integrating them step by step

The aim of AUDI AG's procurement policy is to select suppliers who meet the company's quality requirements in all areas. In order to make optimum use of synergy potential, Audi chooses suitable business partners in cooperation with the Volkswagen Group. The entire Volkswagen Group's procurement management has been based on the concept of "sustainability in supplier relationships" since 2006. These sustainability requirements are clearly defined in the "Volkswagen Group requirements regarding sustainability in its relationships with business partners" and have been anchored in supplier contracts since 2014. The Volkswagen Group's Environmental Policy is binding. The suppliers of Volkswagen AG are also provided with online information about the company's sustainability policy and its expectations regarding its partners adopting a similar policy via the business-to-business platform www.vwgroupsupply.com.

Audi began rolling out the Sustainability Rating to relevant first-tier suppliers in 2017 and has prioritized and significantly expanded its on-site checks in the years since. From 2019 onward, Audi introduced a supplier sustainability rating in order to examine how potential suppliers implement sustainability requirements and identify areas for development. Where necessary, specific measures are implemented in partnership with suppliers in order to improve sustainability performance even before the company signs a supply contract. Proposals to include biodiversity in the rating were developed in the 2017–2019 reporting period in the form of biodiversity criteria for raw materials, and further efforts to include biodiversity criteria for the supply chain were intensified in the last reporting period. AUDI AG is also a member of the Aluminium Stewardship Initiative. This industry-led initiative is aimed at promoting sustainability throughout the entire aluminum value chain and also takes the conservation of biodiversity into account. Audi is the first car manufacturer to be awarded the "Chain of Custody" certificate of the initiative. It certifies that Audi can comply with the material flow chain for sustainably produced aluminum in accordance with the ASI standard and can introduce the material certified in this manner into the "Aluminum Closed Loop" with its suppliers. The sustainability level certified by ASI is therefore fully retained not only for the vehicle components but also for the process cuttings from the Audi press shops that are managed in the cycle.



7. Exploring the potential for cooperation with scientific institutions, non-governmental organizations and/or governmental institutions with the aim of deepening dialogue and continuously improving management

As a member of the Biodiversity Working Group of the Bavarian Environmental Pact, a joint initiative between the Bavarian State Government and Bavarian businesses, Audi was actively involved in developing measures for promoting biodiversity together with other companies. “Natur auf Zeit” is an important project that was launched in 2017. It aims to create a legal framework for promoting biodiversity on unused factory areas. With the support of the Bavarian State Ministry of the Environment and following intensive preparations with the authorities responsible, the contract between AUDI AG and the conservation authorities for a potential expansion site at the Münchsmünster plant, near its headquarters in Ingolstadt, was signed in the first quarter of 2019. It is one of the first public-law “Natur auf Zeit” contracts in Germany to take legal effect. Additional areas for potential “Natur auf Zeit” contracts were defined in the current reporting period.

The reporting period from 2021 to 2023 also saw intensive contact with various conservation organizations, such as LBV Bavaria, with a view to optimally designing compensatory areas for the new IN-Campus site or realizing joint project concepts in urban areas and at Audi sites, among other things.

Voluntary projects for the protection of biodiversity



Property management

In the run-up to the 2022 World Biodiversity Summit (CBD-COP 15) in Montreal, Audi published a commitment to biodiversity with a focus on promoting biodiversity on the plant premises. The UN Secretariat uses this commitment as an example of best practice for the biodiversity and economy division.

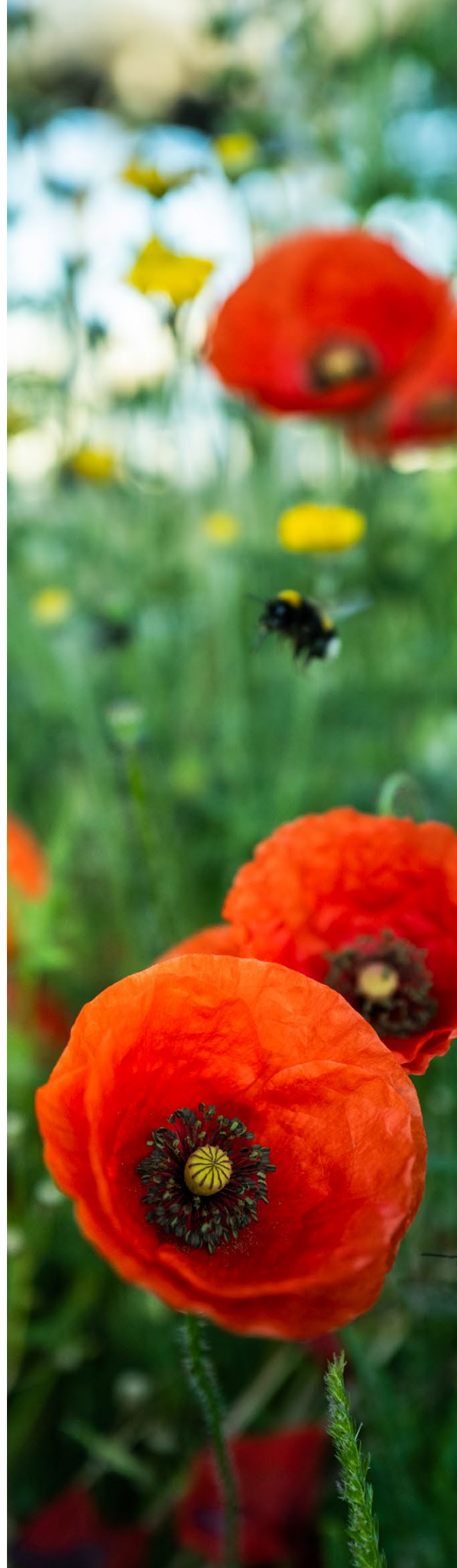
In the area of property management, Audi has taken extensive efforts to promote biodiversity and an awareness for it at the respective plant sites.

For example, biodiversity and conservation concepts for selected characteristic species at the different locations have been developed and biodiverse plant lists have been created. The progress of development is documented in the form of regular monitoring by external experts. One focal point in Ingolstadt and the surrounding plants is support for wild bees. Detailed five-year monitoring that was completed in 2019 found a significant quantitative and qualitative increase in wild bee species, including initial evidence of two species that had previously been thought to have died out in the respective natural environment.

In June 2019, the “Blühpakt Bayern” scheme initiated by the Bavarian State Ministry of the Environment recognized the Münchsmünster site near Ingolstadt as a Blühender Betrieb (“Flourishing Company”). Audi had developed a comprehensive biodiversity concept for the entire plant site in order to combat the loss of species diversity. The plant site covers 31 hectares, of which 17 hectares were designed to be biodiverse right from the very start of development at the location in 2013. The result is a habitat for 165 plant species that is typical of extensive meadowland, as well as for around 100 wild bee species.

The open space plan for the Ingolstadt plant also took account of biodiversity in the form of biodiversity modules and plant lists. In 2020, new habitats for insects were established across an area of around 4,000 square meters.

The area was expanded to 10,000 square meters in the reporting period. Areas of flowering plants were also created at the Neckarsulm site in order to support insects. Greenery was also added to facades and non-indigenous plants were replaced with regional plants.





Employee awareness

One important objective of Audi's biodiversity strategy is to secure employees as external multipliers for biodiversity. To this end, numerous employee campaigns were held in the reporting period with the aim of promoting biodiversity on the company premises and discovering biodiversity in their own surroundings at home, making insect hotels and bat boxes, and thereby generating enthusiasm for biodiversity. A range of presentations on biodiversity topics were also delivered as part of training.

Internal and external communication has been intensified, particularly around the International Day for Biological Diversity that takes place annually on May 22. In addition, the company restaurants have increasingly started offering biodiversity menus accompanied by corresponding information.

Legal notice

Contact persons

Would you like more information?
The environmental department looks forward to hearing from you.

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Implementation

nuts communication GmbH

Picture credits

AUDI AG

Reporting period

07/2021 bis 06/2023

Date for the next Progress Report

The next Progress Report will be submitted in 2025.