

Interview with Chief Financial Officer Jürgen Rittersberger: “Sustainability is a Competitive Advantage”

Ingolstadt, March 17, 2022 – Companies are increasingly being measured by the ESG criteria for environmental sustainability (environment), social responsibility (social) and good management (governance). Chief Financial Officer Jürgen Rittersberger is responsible for the ESG strategy at AUDI AG. In this interview he explains why Audi is implementing ESG criteria not only for valuation on the capital market, but also as a matter of conviction, how the company creates transparency, and why economic success and sustainable action are mutually interdependent.

Mr. Rittersberger, why are sustainability and ESG so important to Audi?

Rittersberger: I’m convinced that sustainability is an opportunity for Audi. If we implement it systematically, it will give us competitive advantages, open up new business potentials and increase our company value. Only a sustainable business model will allow us to be future-proof. Accordingly, ESG is not merely something “nice to have.” Instead, it helps us ensure our “license to thrive” – meaning our right to develop and grow in accord with our environment. On the capital market, analysts are increasingly assessing our future viability based on the question of how we behave in terms of environmental protection and in questions of social responsibility and transparent company management. However, not only the capital market but also our partners and customers expect us to take a clear position. Sustainability and the certainty of purchasing a fair product – this is becoming more and more important in purchasing decisions. Therefore we anchor ESG criteria in all corporate and product decisions and are establishing a holistic, robust ESG management system.

How does Audi create the necessary transparency for customers, partners and investors?

Rittersberger: We make our ESG performance transparent and comparable for the capital market and other stakeholders. To this end, with the Audi Report, we publish a combined report and make our actions transparent in the context of the new EU taxonomy, which is pursuing similar goals. We are doing this voluntarily. We made a conscious decision to disclose our revenues and operating and investment expenses, all of which are compliant with the EU taxonomy, and to make it possible to compare us to others in the industry. On top of that, we'll submit to the ESG rating of an independent agency in the future, which will mean transparency in every respect.

Where does Audi currently stand in terms of sustainability questions?

Rittersberger: The business year just ended shows: We are on a very good path with the transformation of our entire business model. We are having increasing success with our electrification strategy: In 2021 deliveries of fully electric models were up by 57.5 percent. And

10.7 percent of the vehicles we produced were electric cars or hybrids. Another strong sign was the overfulfillment of the CO₂ fleet value for new registrations in Europe. Here we were 7 grams per kilometer better than the requirement.

How will things proceed from here?

Rittersberger: Our commitment to electric mobility is unequivocal and we have a clear road map. In the latest planning round, we budgeted about 18 billion euros for electrification and hybridization investments by 2026. As of 2026, Audi will only be launching models with electric drive systems onto the global market. And as of 2025, all production at Audi locations will be carbon neutral. This is already the case in Brussels, Győr and Böllinger Höfe. We have set ourselves the goal of gradually reducing vehicle-specific carbon emissions by 40 percent by 2030 compared with the reference year 2018 and along the entire product lifecycle. And, what is also important to me: We have introduced important steps to ensure that the carbon footprint is also improved in the supply chain and that human rights are upheld.

The latter applies to the social dimension of the ESG criteria in particular.

Rittersberger: Correct, and now we are also intensifying our efforts in this area. We are already assuming social responsibility in many ways. For example, working conditions at Audi are very good. We are clearly committed to employment guarantee 2029, and we are making investments in qualification and apprenticeship, particularly with regard to our transformation in the direction of e-mobility, which we are addressing together with our employees. By 2025 we will invest half a billion euros in the qualification of our colleagues, with an additional transformation budget of 100 million euros. And we are on a very good path with regard to diversity. We see diversity as an important precondition for competitiveness and our company's sustainable success.

What have you done in terms of governance questions?

Rittersberger: Governance describes transparent, integrity-based corporate management, adherence to laws and rules, compliance. This is the fundamental basis for long-term economic success. Audi drew enormous consequences from the diesel crisis and created framework conditions for a new corporate culture. We're very pleased to be a member of the UN Global Compact with immediate effect (March 17, 2022). I am convinced: Economic success and sustainable, integrity-based entrepreneurship are inextricably linked. We as a company bear responsibility for our environment and society. And we embody this in all our products and processes. Only in this way we will be able to ensure that our world is also livable in the future.

Short biography

Jürgen Rittersberger is a member of the Board of Management of Audi AG and is responsible for Financial and Legal Affairs. His duties also include the strategic further development of the ESG field. Rittersberger has been working in the Volkswagen Group since 2002: After holding various positions at Porsche, in 2018 he moved directly to the Volkswagen Group in Wolfsburg. There Rittersberger took charge of the General Secretariat and Group Strategy of Volkswagen AG. In May 2020 he was appointed Executive Vice President of Volkswagen AG. Since April 2021 Rittersberger has been a member of the Board of Management of AUDI AG.

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The Audi Group is one of the most successful manufacturers of automobiles and motorcycles in the premium and luxury segments. With its brands Audi, Ducati, Lamborghini and, since January 1, 2022, Bentley, it comprises the premium brand group within the Volkswagen Group. Its brands are present in more than 100 markets worldwide. Audi and its partners produce automobiles and motorcycles at 21 locations in 13 countries.

In 2021, the Audi Group delivered around 1.681 million cars from the Audi brand, 8,405 sports cars from the Lamborghini brand and 59,447 motorcycles from the Ducati brand to customers. In the 2021 fiscal year, AUDI AG achieved total revenue of €53.1 billion and an operating profit before special items of €5.5 billion. More than 85,000 people all over the world work for the Audi Group, around 58,000 of them in Germany. With its attractive brands, new models, innovative mobility offerings and groundbreaking services, the premium brand group is systematically pursuing its path toward becoming a provider of sustainable, individual, premium mobility.
