New ratings system at Audi: sustainability is decisive for placing orders with suppliers

- Audi to check sustainability of suppliers’ operations before placing orders
- Board Member for Procurement Dr. Bernd Martens: “Sustainability in the ordering process is just as important as costs, quality and technology”
- Start of ratings system with suppliers for the Audi e-tron* and the new Audi A3

Ingolstadt, May 2, 2017 – AUDI AG has introduced sustainability ratings for its suppliers this April. The objective is that in the future, orders will only be placed with suppliers that obtain a positive rating. Audi is therefore increasing its commitment to achieving a sustainable value chain. The ratings are based on checks carried out at the suppliers’ production plants as well as on self-disclosure. The premium car manufacturer is starting the ratings system with the selection of suppliers for the new Audi e-tron* electric SUV and for the successor to the Audi A3.

“For us, a sustainable supply chain is an important strategic goal,” stated Dr. Bernd Martens, Audi’s Board of Management Member for Procurement. “We are now taking an even more proactive approach to this issue. We will carry out audits in advance and on the spot to see whether suppliers’ operations are sustainable. Only those suppliers that maintain our standards can be Audi partners.” With the new ratings, Audi is creating more transparency and taking environmental protection and good working conditions into account when placing orders. “This will make sustainability into just as important a selection criterion as costs, quality, technological expertise and innovativeness.”

The company started a gradual rollout of the ratings system in April, with an initial focus on suppliers of purchased parts and components. As of 2018, Audi will also audit service providers and suppliers of machines and equipment in this way. If a supplier receives a negative rating, it can take appropriate action to achieve a positive result so that it is considered for future orders.

The audits carried out on suppliers’ premises include tours of the production facilities and interviews with employees there. Together with an external service provider, Audi will check twelve criteria in the areas of the environment, social matters and integrity. This will be based on the company’s sustainability requirements, which were laid down in a code of conduct for business partners in 2006, and have also been specified in supply contracts since 2014.

* This car is not yet on sale. It does not yet have type approval and is therefore not subject to Directive 1999/94/EC.
Audi itself developed the audits to be carried out locally. For the self-disclosure, Audi is making use of a standard questionnaire of the European Automotive Working Group on Supply Chain Sustainability, which some manufacturers are already applying.

Audi is in favor of car manufacturers and suppliers in the medium term together developing a standard for on-the-spot audits, which would be valid for the entire industry. A common standard would enhance efficiency for all parties and would also be effective in ensuring sustainability along the entire value chain. For example, a shared standard would prevent a supplier from being audited several times by various manufacturers. In addition, suppliers could carry out the standard audit with their sub-suppliers.

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The Audi Group, with its brands Audi, Ducati and Lamborghini, is one of the most successful manufacturers of automobiles and motorcycles in the premium segment. It is present in more than 100 markets worldwide and produces at 16 locations in twelve countries. 100 percent subsidiaries of AUDI AG include Audi Sport GmbH (Neckarsulm), Automobili Lamborghini S.p.A. (Sant’Agata Bolognese, Italy) and Ducati Motor Holding S.p.A. (Bologna, Italy).

In 2016, the Audi Group delivered to customers about 1.868 million automobiles of the Audi brand, 3,457 sports cars of the Lamborghini brand and 55,451 motorcycles of the Ducati brand. In the 2016 fiscal year, AUDI AG achieved total revenue of €59.3 billion and an operating profit of €3.1 billion. At present, approximately 88,000 people work for the company all over the world, more than 60,000 of them in Germany. Audi focuses on sustainable products and technologies for the future of mobility.