

SUSTAINABILITY MANAGEMENT

Sustainability strategy

Sustainability organisation

Stakeholder communication and dialogue

Stakeholder survey and materiality



↗ The figures for fuel consumption, energy consumption and CO₂ emissions are found on pages 256 – 259.

SUSTAINABILITY MANAGEMENT

SUSTAINABILITY STRATEGY

Porsche further developed its activities in the area of sustainability in the year under review. These activities are based on the company's Strategy 2030. Social and environmental changes at the global level are prompting the company to examine the entire value chain with the aim of continuously improving sustainability in all areas of its business activities.

In its Sustainability Strategy 2030, Porsche has grouped the company's key challenges under six strategic areas of action. The company systematically aligns its engagement with these areas of action. With its strategy, Porsche is assuming social responsibility, bolstering sustainable and value-creating growth and further reducing its environmental footprint.

Sustainability Strategy 2030

Companies are key players in society in many ways. Their actions have far-reaching economic, environmental and social effects. More resources are consumed around the world annually than can be naturally reproduced. The planet's population will likely grow to over eight billion people by 2030. The responsible use of natural resources is therefore becoming more and more relevant. At the same time, global competition is becoming more intense. And new challenges are arising all the time, such as climate change, political upheaval and the global consequences of the coronavirus pandemic. The consumers are generating momentum too with demand which is changing more and more quickly. There are also increasing expectations on the part of various interest groups of an economy which is oriented towards sustainability. A key role in how these changes are responded to is played by the automotive industry – and therefore also by Porsche.

In its Sustainability Strategy 2030, Porsche has grouped the company's key challenges under six strategic areas of action. These are:



Decarbonisation



Circular economy



Diversity



Partner to society



Supply chain responsibility



Governance and transparency

The company systematically aligns its engagement with these areas of action. With its Sustainability Strategy 2030, Porsche is therefore assuming social responsibility, bolstering sustainable and value-creating growth and further reducing its environmental footprint. At all times, the focus is on the impacts of its business activities and the stakeholders' expectations. With its chosen strategy fields, Porsche is taking global changes into account. Together with its suppliers, employees and customers,

the company is promoting new shaping and innovation opportunities – throughout the company's value chain.

The sports car manufacturer continuously evaluates the progress it is making in all six areas of action in its Sustainability Strategy 2030. The strategy pursued is then continuously adapted. Porsche regularly engages in active dialogue with its internal and external stakeholders and with recognised experts.

Porsche also ties the six strategy fields and its corresponding activities in with the Sustainable Development Goals (SDGs). The United Nations' SDGs offer companies guidance in bringing their targets and activities into line with sustainable development. There are 17 global goals at the heart of the 2030 Agenda. Their aim is to reconcile economic progress with social justice and environmental compatibility around the world. The SDGs apply to this report too and are tied in with Porsche's strategic focuses.

With ambitious targets, Porsche's sustainability strategy benchmarks itself against scientific findings and external expectations. These provide the framework for effective action. The company also draws on its inherent values and the brand's aspiration to be a bold and visionary pioneer of sustainable mobility.

Strategy programme



Decarbonisation

Vision

Porsche intends to make its products and processes balance-sheet CO₂-neutral across their entire life cycle.

Goal

Porsche has set itself the goal of being balance-sheet CO₂-neutral across the entire value chain by 2030.

Performance assessment

Annual measurement of CO₂ emissions in tons per vehicle using the Decarbonisation Index (DKI).

Measures

- Development of future-oriented drive concepts
- Purchasing of green electricity
- Use of sustainable materials
- Definition of the DKI targets for the model lines

2021 status

↗ Vehicle decarbonisation (decarbonisation programme), p. 94



Circular economy

Vision

Porsche intends to use sustainable materials in its vehicles and close resource cycles.

Goal

Porsche has set itself the goal of significantly increasing the proportion of the verifiable secondary materials used in its vehicles by 2030.

Performance assessment

Proportion of sustainable materials in the vehicles.

Measures

Raising the proportion of sustainable materials in vehicle and project targets.

2021 status

↗ Circular economy, p. 93



Diversity

Vision

Porsche intends to promote a corporate culture in which everyone is welcome and can apply their skills.

Goal

Porsche has set itself the goal of quantifiably establishing diversity within the company by 2030 in terms of mixed teams.

Performance assessment

A performance indicator is currently under development.

Measures

- Qualification and raising awareness across all hierarchical and departmental levels
- Networks and communities
- Diversity marketing and communication

2021 status

↗ Diversity, p. 108



Partner to society

Vision

Porsche intends to support people around the world and actively empower them through its social engagement.

Goal

Porsche has set itself the goal of achieving a quantifiable improvement in people's circumstances through its social projects by 2030.

Performance assessment

Impact assessment of social projects: establishment of lasting positive change in people's circumstances at the local level.

Measures

- Establishment of an internal fund to support project ideas which contribute to the strategic "Partner to society" goals
- Projects to potentially improve the living conditions of people involved in the extraction of raw materials for the automotive industry
- First Porsche Virtual Run
- Further development of the Porsche hilft volunteering platform

2021 status

↗ Partner to society, p. 109



Supply chain responsibility

Vision

Porsche intends to guarantee compliance with environmental and human rights standards in its value chain.

Goal

Porsche has set itself the goal of 90 per cent of its purchasing volume meeting its most stringent quality standards by 2030.

Performance assessment

S-rating coverage: assessment category for suppliers' good sustainability achievements.

Measures

- Introduction of an AI tool to monitor potential sustainability risks in the supply chain
- Introduction of a human rights due diligence management system
- Review of identified high-risk raw materials
- Publication of a Responsible Raw Materials Report by the Volkswagen Group

2021 status

↗ Supply chain responsibility, p. 122



Governance and transparency

Vision

Porsche intends to systematically embed sustainability aspects in its corporate management and work towards further enhancing transparency and responsible corporate governance.

Goal

Porsche has set itself the goal of being rated a leading automotive company in the independent ISS ESG rating by 2030.

Performance assessment

Annual assessment of sustainability achievements on the basis of the ISS ESG rating.

Measures

- Raising awareness among the employees via various information media as well as responsibilities and interfaces with the compliance management system and the Business and Human Rights functions
- Integration of the topic of human rights into the digital learning module
- Global roll-out completed of risk analysis on the topic of human rights

2021 status

↗ Governance and transparency, p. 122

SUSTAINABILITY ORGANISATION

→ GRI 102-43

Sustainability is enshrined as a central cross-cutting issue in Porsche's Strategy 2030. Responsibility for this lies directly with the Chairman of the Executive Board, with additional support from the Member of the Executive Board responsible for Production and Logistics and the Member of the Executive Board responsible for Procurement.

Porsche's sustainability organisation is established throughout the company. A transparent internal structure with defined responsibilities allows material topics to be handled consistently and effectively. This is underpinned by the Group's sustainability guidelines, which contain binding rules on organisational processes, topic management, project implementation, and communication of all sustainability topics.

The Executive Board of Porsche AG is the highest authority with regard to sustainable company development. It determines the fundamental strategic direction and concrete sustainability targets in regular strategy workshops. It also decides on the realisation of far-reaching sustainability measures and flagship projects.

The Sustainability department within the General Secretary and Corporate Development division is responsible for the sustainability strategy and its continued development. It realises sustainability projects and manages the company's sustainability bodies. In line with the Volkswagen Group Sustainability Guidelines, it also serves as the interface with the Volkswagen Group, where it represents the Porsche brand's sustainability management.

In addition, the Politics and Society department of the Communications, Sustainability and Politics division is responsible for internal and external sustainability communications, non-financial reporting and stakeholder management. It engages in sustainability networks. The office of the Porsche Sustainability Council and project management for all activities relating to the Value Balancing Alliance are also located here.

The Environment and Sustainability Steering Committee is a cross-departmental body comprising representatives of all the relevant departments. It determines and consolidates the direction and content of the sustainability strategy, for its subsequent adoption by the

Environment and Sustainability Steering Group. The Steering Committee makes decisions regarding the roadmap and objectives within the sustainability strategy. It also forms working groups to prepare, evaluate and refine topics, projects and initiatives relating to sustainability. It generally holds bimonthly meetings and reports to the Steering Group above it.

On this basis, the Environment and Sustainability Steering Group determines the focuses and direction of the sustainability strategy, which are then presented to the Executive Board to be decided upon. The Steering Group is composed of the heads of the main divisions and can be expanded flexibly as required. It addresses all the topics conducive to the development and creation of the sustainability strategy and commissions the Environment and Sustainability Steering Committee with preparing and coordinating topics, projects and initiatives relating to sustainability. The Environment and Sustainability Steering Group meets once a quarter and provides regular reports to the Executive Board.

Another key body is the Porsche Sustainability Council, which has been guiding the company into a more sustainable future since 2016. Here, external specialists from the fields of business, science, politics and civil society advise the Executive Board and top management regarding the strategic focus of sustainability. The Council members are independent and not bound by instructions. The Executive Board has given the Council far-reaching rights to information and consultation, as well as rights of initiative. Since the beginning of the year under review, this advisory body has consisted of Council spokesperson Lucia Reisch and Council members Sarah Jastram, Raffaela Rein, Adnan Amin, Ortwin Renn and Klaus Töpfer. The advisory body is also supported in its meetings with the Porsche Executive Board by Nicola Leibinger-Kammüller as an industry partner. She contributes her many years of business experience.

The Sustainability Council held two meetings with the Porsche Executive Board in the year under review. The key topics addressed included decarbonisation, ESG management, sustainable supply chains and human rights. Council members additionally held regular meetings with the Sustainability Council office and with Porsche experts. In regular video-conferences, members of the Council were closely involved in further development of the sustainability strategy and the deepening of stakeholder dialogue.

An overview of sustainability organisation

Porsche's sustainability organisation is established throughout the company.

A transparent internal structure with defined responsibilities allows material topics to be handled consistently and effectively.

Porsche Executive Board

Responsible overall for the topic of sustainability

Porsche Sustainability Council

Provides input

Politics and Society department

Manages sustainability communications and stakeholder dialogue

Responsible for stakeholder management

Interface to the Porsche Sustainability Council

Sustainability department

Interface to the Volkswagen Group's sustainability management

Manages the sustainability strategy and the sustainability bodies

Implements sustainability projects

Environment and Sustainability Steering Group

Sets sustainability priorities and strategic focus

Environment and Sustainability Steering Committee

Consolidates measures across all the departments and devises the strategic content for the areas of action

Subject-specific working groups

Develop and implement concrete sustainability measures and programmes

STAKEHOLDER COMMUNICATIONS

AND DIALOGUE ✓

→ GRI 102-40, 102-42, 102-43, 102-44

Porsche's business activities touch on the interests of many people around the world. The company engages in proactive dialogue with its stakeholders and continuously expands this dialogue. Mutual understanding and acceptance can only be established on the basis of the open and transparent exchange of information and opinions. Stakeholder management at Porsche takes a 360-degree approach that aims to systematically record the expectations of each stakeholder group. Their feedback is then reflected upon and used in strategic planning. The interests and perspectives of the various stakeholders are used to identify and take into account key social trends. These can then be incorporated into the company's decision-making. Vice versa, Porsche transparently communicates what scope for action the company sees regarding current changes and which conditions and parameters apply.

Stakeholder management tools

An exchange that is beneficial for all sides must be based on trust. This serves as the foundations of any long-term relationship between Porsche and its dialogue partners. Trusting exchange with our stakeholders must be geared towards the long term and be nurtured on an ongoing basis. Porsche believes it is important for people to talk to one another, not about one another. The company's approach seeks to understand different positions by adopting different perspectives, jointly overcome challenges and foster long-term partnerships. It does this through various media and dialogue formats in all kinds of internal and external communication channels.

The most important sources of information for thought leaders, decision makers and customers include the Porsche magazine Christophorus, the online Newsroom with its Twitter and Instagram channels, the web-based TV channel 9:11 Magazine, the 9:11 Porsche podcasts and the Porsche website. Porsche's employees also have many ways of contributing their own thoughts and ideas and of interacting directly with their line managers. All internal communications are published in digital and printed formats through the Carrera media. The Carrera Online web pages and the Carrera Magazine provide the employees with information on the latest developments in the area of sustainability. Regular works and departmental

meetings, employee information events, specifically themed weeks and digital events also form part of the extensive array of internal communications.

Events such as the Neighbourhood Dialogues held at the company's sites enable Porsche to establish personal contact with the stakeholders. Since 2016, these have given, among others, local residents the opportunity regularly engage with Porsche experts and raise specific issues. The coronavirus pandemic and the legal requirements meant that the events planned for the reporting year could not take place as normal. Instead, Porsche increasingly drew on virtual exchange with the key figures and groups in order to obtain direct feedback and input. If necessary, stakeholders can contact the departments responsible for sustainability directly using the email address sustainability@porsche.com.

Complaints management

Porsche logs its internal and external stakeholders' questions, suggestions and concerns. The centralised complaints management function in the Politics and Society and Environment and Construction Management departments serves as the central contact point regarding complaints and suggestions for improvements at the Porsche sites. This enables the company to respond more quickly, if necessary.

Memberships and networks

As another element of its stakeholder dialogue, Porsche promotes economic, environmental and social topics through its involvement in networks, sustainability initiatives and working groups. The sports car manufacturer is involved in a broad spectrum of areas. For example, the company is a founding member of the Bündnis für Luftreinhaltung clean air alliance, a member of the Plattform Urbane Mobilität and an active participant in the industry dialogue on the German National Action Plan for Business and Human Rights (NAP). It has also been a member of the German Environmental Management Association (B.A.U.M.) since 2016. In 2017, the company joined the European Business Ethics Network Deutschland (DNWE) and became a signatory to the state of Baden-Württemberg's WIN Charter for sustainable business, marking its commitment entrepreneurial responsibility. In 2019, Porsche became the first automobile manufacturer to join the Value Balancing Alliance, together with the Volkswagen Group. In 2020, the company also joined the Responsible Mica Initiative (RMI). This cross-industry coalition campaigns for transparency and improved labour conditions in mica mining. The company will be heavily involved in the working groups of its existing networks in 2022 too and is looking to join more new sustainability networks.

VALUE BALANCING ALLIANCE

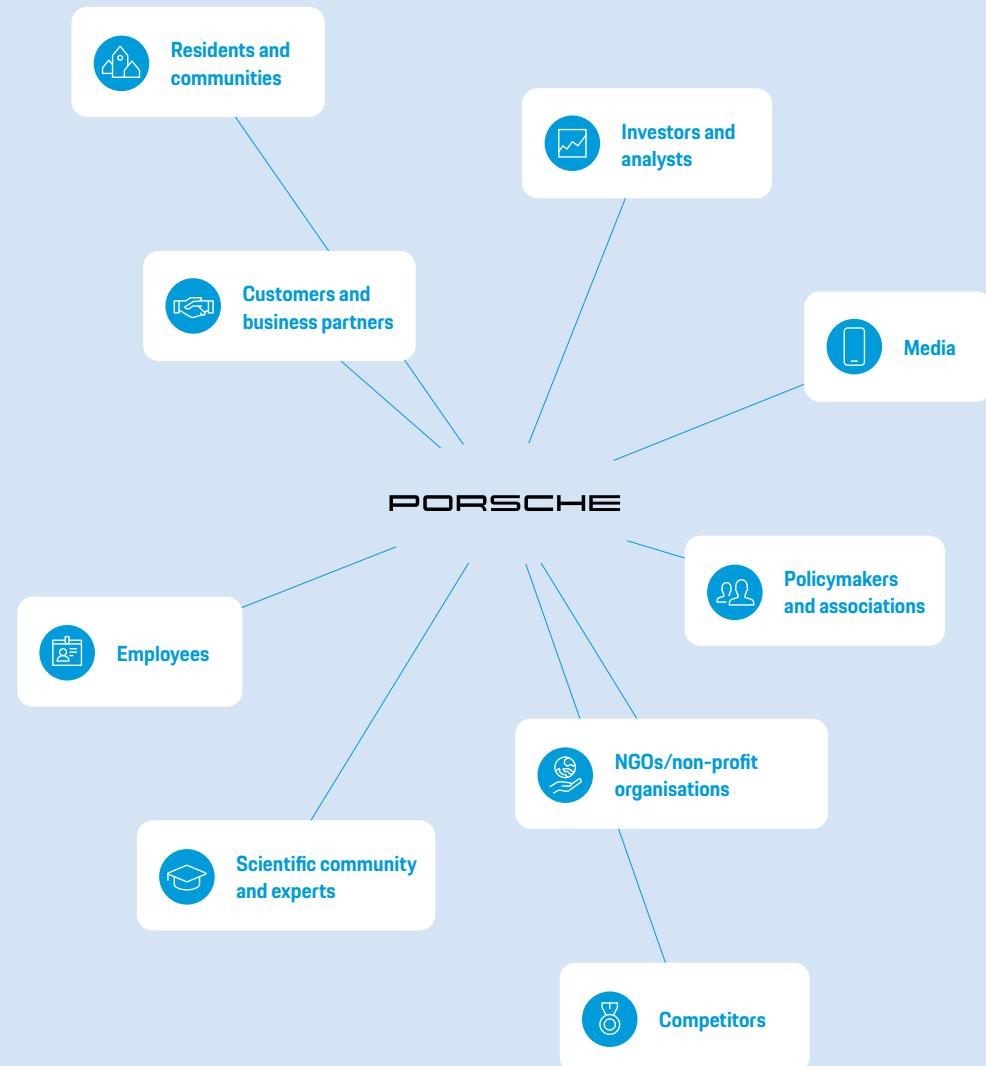
In November 2019, Porsche became the first automobile manufacturer to join the Value Balancing Alliance, together with the Volkswagen Group. Its aim is to develop a standardised way of measuring and evaluating in money terms the impact of companies' business activities on the environment and society. The new methodology is being developed in collaboration with the other member companies and is supported among others by the OECD and the European Commission. In addition to Porsche and the Volkswagen Group, its core members include BASF, BMW, Deutsche Bank, Deutsche Post DHL, Michelin, Mitsubishi Chemical, Novartis, Philip Morris International, SAP and SK. With this methodology, the value of a business is not simply expressed in terms of the financial value it creates, but also incorporates its



Porsche stakeholders

→ GRI 102-40, 102-42, 102-43, 102-44

The most important Porsche stakeholders as determined by internal analyses.



Dialogue with politics

Porsche operates in a complex and heavily regulated field. Numerous circumstances have to be taken into account in business decisions. The consequences of these decisions for the stakeholders also have to be assessed and incorporated into the process. It is necessary to engage in transparent and proactive dialogue with governments, parliaments, authorities, associations, institutions and representatives of civil society through political lobbying. In this way, Porsche helps shape the legal framework for its business activities.

The Politics and Society department coordinates all the political topics that are relevant to Porsche. It does this at all levels, whether local, regional, national or international. It is also responsible for the company's political lobbying. The team additionally works with associations and is in contact with numerous non-governmental organisations as well as civil society, political and business representatives. Its activities include the organisation of and support for visits by politicians and political events as well as providing regular updates on political topics and developments to the Executive Board. All of Porsche's political activities are coordinated via the Governmental Affairs Steering Committee to ensure a joined-up approach and consistent communications in dialogue with partners. There is coordination with the Volkswagen Group via the Group-wide Public Affairs steering body, which reports regularly to the Board of Management of the Volkswagen Group.

Principles such as integrity, transparency and traceability as well as guidelines on contact with politicians constitute part of the Group-wide policy. The policy also regulates the political lobbying process. Accordingly, all the people responsible for politics at Porsche and all the brands, foreign markets and divisions within the Volkswagen Group notify the Group's Public Affairs department of their activities. Activities within business and political associations are likewise handled in accordance with the principles of openness, traceability and responsibility. Competition and antitrust legislation as well as other legal provisions are taken into account.

Porsche does not maintain any representative offices of its own. Political lobbying is handled by the Volkswagen Group's representative offices in Berlin and Brussels. The list below provides a selection of Porsche's memberships of business and political organisations and associations:

- German Association of the Automotive Industry (VDA)
- Industry Association of Baden-Württemberg (IWI)
- Südwestmetall (Baden-Württemberg employers' association for the metal and electrical industry)
- Chamber of Commerce and Industry of the Stuttgart Region (IHK)
- Leipzig Chamber of Commerce and Industry (IHK)
- Society for the Advancement of the Kiel Institute for the World Economy
- American Chamber of Commerce in Germany e.V. (AmCham Germany)

Porsche's activities are directed at promoting a Europe that is harmonious, sustainable and internationally competitive. The European Single Market, cross-border trade, the free movement of workers and the sharing of knowledge determine the company's competitiveness. Porsche supports the Paris Agreement and welcomes the European Green Deal as a key framework for the future. The company promotes free, fair, sustainable and rule-based international trading relationships. These then protect human rights and promote prosperity, employment and growth.

As a matter of course, Porsche remains impartial in its dealings with political parties and interest groups. The company does not donate to political parties. During the reporting year, it incurred no expenditure related to supporting party events, advertising in publications affiliated with parties, or external lobbying agencies or services.

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STAKEHOLDER SURVEY AND

MATERIALITY ✓

→ GRI 102-40, 102-43, 102-44, 102-46, 102-47, 102-48

Since 2013, Porsche stakeholders have, upon request, been offering the company their views and expectations regarding sustainability and future challenges. This exchange and the materiality analysis process occur every two years and serve as the cornerstones of reporting on and the reviewing and further development of the company's sustainability strategy.

In summer 2021, the sports car manufacturer invited various stakeholders to evaluate Porsche's sustainability activities in an anonymous, international online survey for the fifth time. In total, 1,440 people responded. Around 84 per cent of the responses came from European markets and around 14 per cent from China. Two per cent of the responses came from other international markets, but were included in the European evaluations due to their low numbers. Alongside customers, business partners, analysts/investors, politicians and representatives of public authorities, media outlets, and representatives from NGOs and academia, Porsche also surveyed a large number of its employees. Owing to the abundance of employee responses, the internal and external stakeholders were assessed using a 50:50 weighting. The responses from external stakeholder groups were weighted equally. The methodology and weightings are comparable to those of the previous survey conducted in 2019.

Before conducting the online survey, the company modified the selection of sustainability aspects in consultation with internal and external experts, taking into account recent changes and incorporating relevant topics from the Sustainability Strategy 2030. In all, the survey featured 23 key topics.

The members of the Porsche Sustainability Council also commented on the sustainability topics relevant to the company in personal expert interviews. They discussed their input with the Porsche Executive Board in the year under review. Overall, they praised the incorporation of their input into the corporate strategy and the Executive Board's active practising of this. At the same time, they referenced the topic of diversity and Porsche's socially ethical transformation.

In late summer 2021, 23 identified sustainability topics were evaluated in detail from the company's perspective in a multistage process. Management representatives from all the relevant departments, representatives of the corporate strategy and a selection of key markets evaluated and prioritised the topics. Their assessment was founded on the topics' business relevance for Porsche regarding the opportunities and risks for business development, the corporate strategy and the business result. The circle of participants also evaluated the impacts of Porsche's business activities on the economy, the environment and society based on the defined topics. Porsche combined the results with the stakeholder evaluations to create a materiality matrix.¹

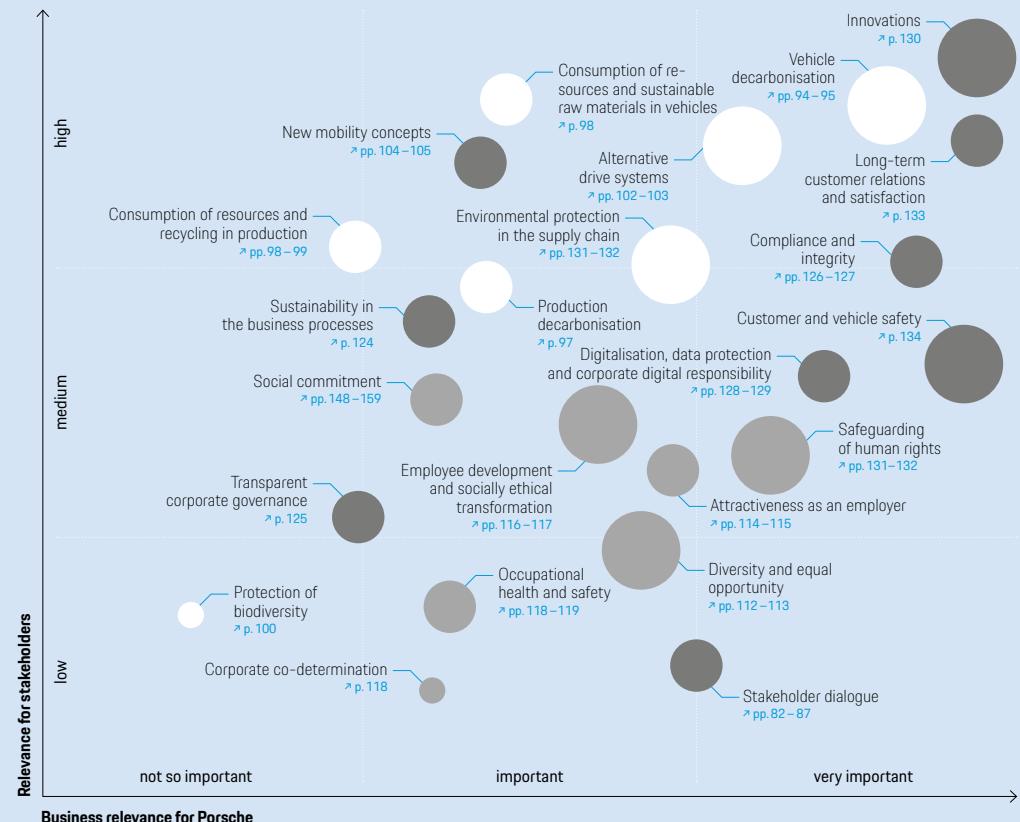
This exemplifies the most important topics for Porsche and its stakeholders and their impacts on the economy, the environment and social affairs. It also correlates them. The 2021 materiality matrix presents the topics with the highest prioritisation in the top right. A number of them differ from the 2019 materiality matrix in terms of their classification. The topic of "Innovations" was included in the evaluation for the first time in the year under review and was deemed a core topic both by the stakeholders and by the company. Both parties also rated the relevance of "Long-term customer relations and satisfaction" more highly. The aspect of "Consumption of resources and sustainable raw materials in vehicles" was likewise rated more highly. The topic of "Digitalisation, data protection and corporate digital responsibility", which was featured in the survey for the first time, was given a similar evaluation. For the stakeholders, the topic of "Compliance and integrity" increased in importance.

The results of the materiality analysis were confirmed by the Environment and Sustainability Steering Group and by the Executive Board. Porsche presents all the material topics and how they are handled in the corresponding topic sections. Porsche has also incorporated other topics of relevance to the company into this report. The findings of the materiality analysis make an important contribution to the further development of Porsche's Strategy 2030.

The materiality matrix exemplifies the most important topics for Porsche and its stakeholders and their impacts on the economy, the environment and social affairs. The findings of the materiality analysis make an important contribution to the further development of Porsche's Strategy 2030.

Materiality matrix ✓

→ GRI 102-44, 102-46, 102-47



Field of activity

- Environment
- Social affairs
- Corporate governance

Impacts on the economy, the environment and society

- low
- medium
- high



ENVIRONMENT

DECARBONISATION

Porsche has made a commitment to the climate targets agreed on in Paris in 2015. The company assumes responsibility for reducing environmentally harmful emissions. The product portfolio represents the core of its activities – Porsche is seeking to shape the mobility of the future with innovative products and technologies and attractive services. The premium manufacturer is developing future-oriented drive concepts in order to significantly reduce CO₂ emissions, focusing in particular on electromobility. Half of all new Porsche models are to have an electric motor, in other words be all-electric or partially electric, by 2025. Porsche entered this era back in 2019 with the Taycan, a thrilling sports car that blends tradition and the future. In addition to its electrification strategy, Porsche has enshrined the continuous decarbonisation of its products and business processes in its strategy. This applies to the entire life cycle. In addition to the CO₂ emissions caused by vehicle production, the emissions in the supply chain and during a vehicle's service life are likewise taken into account.

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INDUSTRY, INNOVATION AND INFRASTRUCTURE

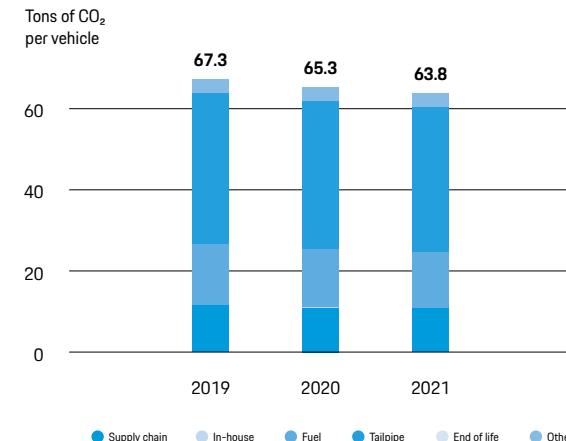
Infrastructure and industry are to be sustainable around the world by 2030. In addition, resource efficiency is to be promoted and environmentally sound technologies are to be expedited. The United Nations gauges the progress made with these targets on the basis of CO₂ emissions. The lower these are, the more sustainable the contribution made to creating a liveable future for the global community.



CLIMATE ACTION

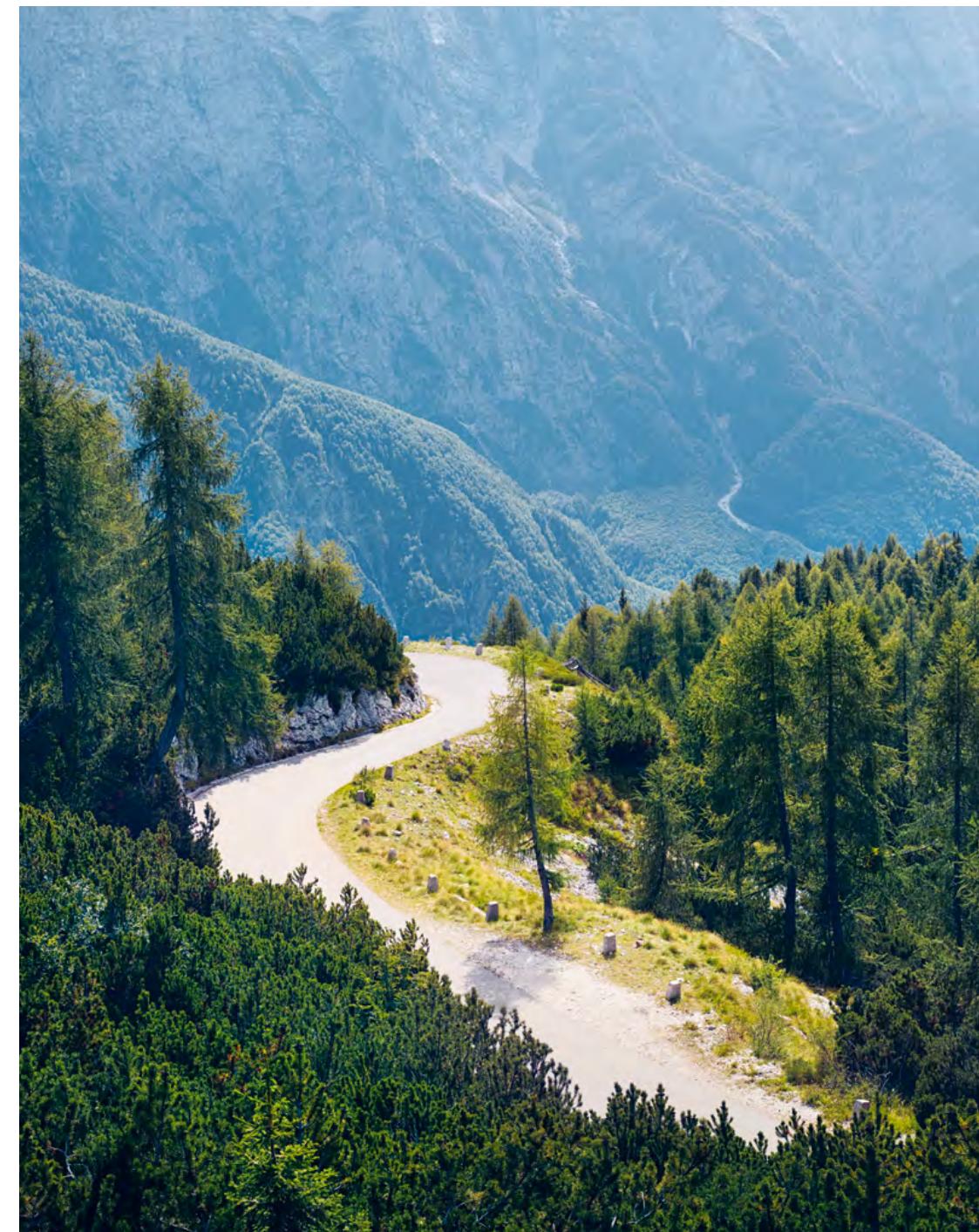
The global community wishes to slow down climate change. This calls for strategies and action plans to be developed. The industry players therefore need to disclose their strategies regarding how they are adapting to the consequences of climate change, building up resilience and limiting harmful emissions. CO₂ emissions need to be reduced in order to protect the climate.

Porsche calculates the volume of its CO₂ emissions in tons per vehicle all along the value chain using the Decarbonisation Index (DKI).¹ This has fallen by around five per cent since the defined base year, 2019 ([Vehicle decarbonisation, pp. 94–95](#)). As such, Porsche is contributing to sustainable industrialisation and is playing its part in SDG 9 and 13 being achieved.



¹ Porsche bases its calculation of the DKI among other things on assumptions which are founded on statistics. They are model-based calculations that draw on company-specific premises and values and on data from LCA databases. Total vehicle mileage of 200,000 km is assumed for the Porsche fleet vehicles. Vehicle servicing is not factored into the calculation. Intrinsic tolerances cannot be ruled out of the modelling. The target of balance-sheet CO₂ neutrality in 2030 is founded on averaging.





CIRCULAR ECONOMY

There are two factors which are crucial when it comes to modern and future-proof vehicle architecture – sustainable materials and consideration of the environmental impacts. Long-lasting Porsche sports cars, quality workmanship and the use of low-wear materials are key aspects of the Porsche principle, which the company wishes to strengthen through its engagement. Porsche has set itself the goal of closing materials cycles, with the resources used being fed back into a production process at the end of a vehicle's service life. The company takes the environmental impacts of the materials it uses for its products into account and evaluates the materials on the basis of sustainability aspects. In this way, the circular economy is further expanded. It represents a strategic priority. This aspiration is also reflected in the vision of the production of the future. Based on the guiding principle of a zero-impact factory, negative environmental impacts should be avoided in the production processes wherever possible.

Porsche has set itself the goal of closing materials cycles, with the resources used being fed back into a production process at the end of a vehicle's service life. The company takes the environmental impacts of the materials it uses for its products into account and evaluates the materials on the basis of sustainability aspects.

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

The earth's resources are finite. The United Nations is therefore seeking to establish sustainable resource management globally by 2030 and to ensure that natural resources are used efficiently. The contributions made here are assessed by means of the material footprint.

Porsche is reducing its material footprint by increasingly using recycled and sustainable materials. In this way, the company is systematically increasing the added value of the production processes.

RECYCLED MATERIALS FOR A REDUCED MATERIAL FOOTPRINT.



The Porsche footprint can be reduced by means of the increased use of secondary materials. By using recycled materials, Porsche also conserves primary materials. In this way, the sports car manufacturer is increasingly helping SDG 12 and sustainable resource management to be achieved.



THE TAYCAN MODELS ARE AVAILABLE WITH ENTIRELY LEATHER-FREE INTERIORS

VEHICLE DECARBONISATION (DECARBONISATION PROGRAMME)

Advancing climate change means the global automotive industry has obligations. Newly developed vehicles and drive systems need to significantly reduce CO₂ pollution. Porsche intends to continuously lower its CO₂ emissions all along the value chain, including after its vehicles' life cycles. The sports car manufacturer is intensively expediting the electrification and hybridisation of its product portfolio to this end. The vehicles are at the heart of an extensive and comprehensive decarbonisation programme within the sports car manufacturer's strategy.

Target: decarbonisation and CO₂ neutrality
The company has initiated an extensive decarbonisation programme. Porsche wishes to achieve balance-sheet CO₂ neutrality across the entire value chain by 2030. This is the sports car manufacturer's contribution to the UN's climate targets being achieved.

Concrete measures have already been and will be adopted within the decarbonisation programme. These will be founded on three guiding principles, which also represent the priorities in descending order. At the top of the list are measures to avoid or reduce CO₂ emissions. Second come measures that seek to switch the energy sources used in the value chain to less CO₂-intensive or to renewable energies. And in accordance with the third guiding principle, CO₂ emissions which cannot be avoided will be offset through climate protection projects which meet the most stringent international standards.

Decarbonisation Index

The Decarbonisation Index (DKI) is Porsche's most meaningful instrument for measuring and controlling progress across all the divisions. The aim of the DKI is to offer as comprehensive an overview as possible of the CO₂-equivalent emissions throughout the value chain. It is primarily based on life cycle assessments which Porsche performs on the basis of systematic methods that are standardised in ISO 14040/44.¹ A life cycle assessment examines environmental impacts such as the CO₂ footprint caused throughout a vehicle's life cycle during manufacture, use and recycling. The scope of consideration of a vehicle's life cycle encompasses the vehicle and all of its parts:

- The supply chain and production include the emissions generated during raw material extraction, component production and the manufacturing steps of body construction, paintwork and assembly.
- Service life encompasses the emissions related to fuel/power supply as well as to vehicle operation over total mileage of 200,000 km per vehicle.
- Recycling assesses the emissions caused during disassembly.

The DKI also records other emissions within the value chain including the energy and fuel emissions of non-production sites and business trip and logistics emissions.

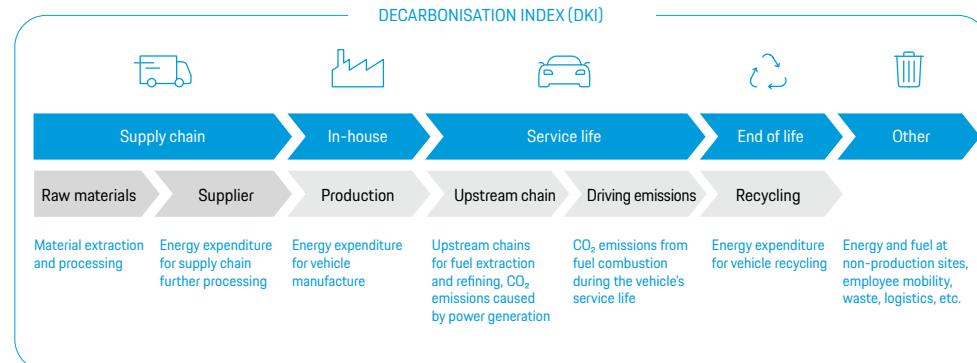
The DKI therefore comprises the production sites' direct and indirect CO₂e emissions

Porsche has initiated an extensive decarbonisation programme. Porsche wishes to achieve balance-sheet CO₂ neutrality across the entire value chain by 2030.

¹ Calculation is based on company-specific premises and values and on data from LCA databases. Vehicle servicing is not factored into the calculation.



PORSCHE'S DECARBONISATION PROGRAMME AIMS TO ACHIEVE BALANCE-SHEET CO₂ NEUTRALITY BY 2030



[Scopes 1 and 2] on the one hand and also includes other upstream and downstream CO₂e emissions during a vehicle's life cycle, in other words from raw material extraction and use through to the recycling of end-of-life vehicles [Scope 3].

The DKI is subject to regular modification due to changes in the internal and external requirements (such as test cycles) and advancements in findings. DKI values previously published can therefore be adapted to new premises and be changed for the purposes of presenting a methodologically consistent time series.

As a strategic performance indicator, the DKI contributes to the comprehensive management of the company's progress in becoming CO₂-neutral. All the activities relevant to the DKI are consolidated within the Decarbonisation Task Force and are assessed by a group of experts from various business divisions. The body draws up proposals of targets and tracks the progress made in each case. It also manages the defined strategic programmes on the basis of performance indicators and adopted ramp-up curves. It serves as a forum for

Vehicle fleet electrification is a key lever for reduction of the Decarbonisation Index (DKI). Other leverage points include making systematic use of green electricity, definition of the DKI targets for vehicle projects and the decarbonisation of production.

THE DECARBONISATION INDEX HAS FALLEN BY AROUND FIVE PER CENT SINCE THE DEFINED BASE YEAR, 2019.



the discussion of content and lays the groundwork for policy decisions in the relevant management and steering committees. The Porsche management bodies report the DKI all the way up to the Executive Board. They also adopt binding targets for the various business divisions. For example, the product development process features target values at the vehicle level.

All the Volkswagen Group brands calculate the Decarbonisation Index on the basis of standardised methodology. It is then consolidated as a performance indicator at the Volkswagen Group level.

Vehicle fleet electrification is a key lever for DKI reduction. Other leverage points include making systematic use of green electricity, definition of the DKI targets for vehicle projects and the decarbonisation of production.

Porsche's DKI has fallen by around five per cent since the defined base year, 2019. The two levers with the biggest influence on reduction are the electromobility campaign and the renewable energy strategy for the service lives of vehicles.



PRODUCTION DECARBONISATION ✓

Porsche is clearly committed to the goals of the Paris Agreement. The sports car manufacturer is to be balance-sheet CO₂-neutral across the entire value chain from 2030. Porsche is systematically pursuing an electrification strategy and is setting itself ambitious decarbonisation targets, also in comparison with the rest of the industry. The CO₂ emissions of the company and its products are to be reduced throughout the life cycle. The sports car manufacturer's own production activities constitute a key part of its decarbonisation programme. Porsche has therefore additionally developed a target vision of a zero-impact factory for its production activities, comprising 11 areas of action. The consumption of materials and resources is another focal area. The aim is to achieve closed cycles wherever possible.

CO₂ EMISSIONS PER VEHICLE
REDUCED BY MORE
THAN 90 PER CENT AT
THE COMPANY'S
OWN PRODUCTION
PLANTS.



Target: balance-sheet CO₂ neutrality

At Porsche, environmental protection is determined on the basis of internal policies and strategic guidelines. The Group's Environment and Energy Management guideline defines a standardised approach and the responsibilities. It assists the Group companies in systematically identifying, fulfilling and reviewing all the environmental and energy requirements.

Porsche is working towards the clear goal of a zero-impact factory that produces without any negative environmental impacts. The factory for the all-electric Porsche Taycan at the main plant in Stuttgart-Zuffenhausen is the first milestone in this direction. When expanding the plant, the company additionally optimised the entire site and made it balance-sheet CO₂-neutral. The minimal remaining CO₂ emissions are offset.

The sports car manufacturer has reduced the CO₂ emissions per vehicle at its own production facilities by more than 90 per

cent since 2014. The energy supplies at the two production sites in Stuttgart-Zuffenhausen and Leipzig are sourced from green electricity and biomethane.

THE ENVIRONMENTAL POLLUTION CAUSED BY PRODUCTION IS TO BE REDUCED BY 45 PER CENT BETWEEN 2014 AND 2025.



The Member of the Executive Board responsible for Production and Logistics is responsible for systematic implementation of the necessary measures and is assisted by the Environment and Energy Management department. The projects include reducing the environmental impact of production by 45 per cent between 2014 and 2025. This target figure includes energy and CO₂ per vehicle.

Certified management systems

The Porsche strategy defines short-, medium- and long-term environmental and energy management measures. These are founded on the environment and energy efficiency strategy and environmental policy. Top management evaluates these set targets and measures at least once a year and accordingly determines what action is required. The overarching intention is to achieve ongoing improvements, in particular implementing the requirements as per ISO 14001, ISO 50001 and the EMAS Regulation.

All the requirements are presented in Porsche's environmental compliance management system (ECMS). A guideline stipulates a standardised approach for the company and its subsidiaries. The ECMS is part of the company's overall management system. It serves to organise and determine the responsibilities and procedures regarding environmental and energy aspects within all the departments and divisions. The ECMS requirements are based on the specifications of the Volkswagen Group and are incorporated into the Porsche specifications by the Environment and Energy Management department. This ensures that binding obligations are met.

At the same time, the environmental aspects of sustainability are to be taken into account in all business processes. The Stuttgart-Zuffenhausen plant has enjoyed

validation under the Eco-Management and Audit Scheme (EMAS) for over 20 years. It has also been in compliance with the ISO 50001 energy management standard since 2011.

In addition to the Stuttgart-Zuffenhausen plant, Porsche Leipzig GmbH, the Weissach Research and Development Centre and its external sites, the central parts warehouse in Sachsenheim and Porsche Werkzeugbau GmbH have all likewise been certified as compliant with this standard and with the ISO 14001 environmental management system. Porsche records the environmental impacts at the Stuttgart-Zuffenhausen site, assessing all the relevant environmental pollution in the air and water, energy consumption and waste volumes.

Independent third parties audit the official certifications. In addition, Porsche performs annual system and process audits to determine whether and to what extent all the applicable environmental and energy legislation is being observed and adhered to across the company.

Efficient use of energy

Porsche is continuously promoting and increasing the proportion of the renewable energies that the sites generate themselves. In Leipzig, for example, the company makes use of the solar energy generated by a four-megawatt photovoltaic system. Highly efficient combined heat and power plants with overall efficiency of more than 83 per cent cover most of the remaining energy needs.

New buildings go far beyond the minimum statutory energy efficiency requirements. One plant has already been certified in accordance with the highest standard stipulated by the German Sustainable Building Council (DGNB). In addition, minimum criteria have been stipulated for new builds.

Environmental compliance

Environmental protection is one of the six compliance topics at Porsche. Europe-wide regulations and directives, German national laws, federal state laws and ordinances, and municipal by-laws must be observed. The Environment and Energy Management department ensures compliance through officers who follow and assess all the legal developments and then notify the company divisions affected. We are not aware of any violations of environmental or energy legislation regulations at Porsche sites in the reporting period.

CONSUMPTION OF RESOURCES AND SUSTAINABLE RAW MATERIALS IN VEHICLES

Many of the raw materials used in automobile production are finite or their extraction has a direct impact on the environment. Porsche is therefore working on using materials efficiently and reducing its primary raw material needs. The sports car manufacturer is thus making use of or developing environmentally friendly alternatives wherever possible. This is especially important to the company. Porsche therefore enshrined targets for the use of sustainable materials in all newly developed vehicle projects with electric drives in 2021.

Efficient use of resources

Organisational prerequisites were established at the strategic level and in the individual departments in order for the targets set to be systematically tracked. In an operationalisation project, responsibilities were defined, roles were assigned and target tracking systems were established. The company incorporated the vehicle and project targets set into the target system for the model lines and into the corresponding processes. All the business divisions (Procurement, Development, Production, Finance) are involved in their realisation. The relevant environmental impacts are to be incorporated even more into the vehicle development process as an important decision-making factor.

Porsche wishes to reduce the negative environmental impacts of its material use. The company is focusing on using secondary or renewable raw materials in its vehicles. Materials are additionally to be extracted and sourced in environmentally responsible ways. Porsche has therefore defined the proportion of sustainable materials at the fleet level (for example plastic recyclates and secondary source metals) as a performance indicator for new vehicle projects as of 2025. A higher proportion of sustainable materials also reduces CO₂ emissions in the supply chain, thereby contributing to decarbonisation.

In addition to these approaches, Porsche continues to work on the topic of light-weight construction. Vehicle weight is to be reduced on the basis of reduced material use, thus also reducing energy consumption and emissions.

Porsche is optimising methods of recycling HV batteries together with the Volkswagen Group and development partners, enabling even more raw materials to be recycled. And in a pilot project, used traction batteries

are being examined as part of a second-life concept. If they are no longer suitable for use in a vehicle, they can be used as stationary energy storage units instead.

Porsche founded the Cellforce Group for this together with Customcells GmbH. This is putting advanced approaches to the test. The cell production waste is recycled by the partner company BASF and turned directly into cathode active material.

On the road, electric vehicles help save the environment and improve air quality in built-up areas. Given the raw materials and production processes involved, the environmental impacts of electric vehicles occur primarily during the manufacturing process. These can, however, be further reduced in the future. Porsche is continuously improving battery production together with its suppliers, for example by using electricity from renewable energy sources in the upstream supply chain and in battery cell production. In this way, the use of raw materials in traction batteries can be further reduced, the batteries' energy density and power intensity can be increased and targeted use can be made of the raw material sources while having a reduced environmental impact. Concepts allowing modular repairs, should any be required in the traction battery, can also help conserve resources.

Sustainable raw materials

The concept of the circular economy is firmly embedded as an area of action in the company's sustainability strategy as it seeks to make more efficient use of resources. Targets for and reporting on vehicle projects has been established within strategy development. In addition, the circular economy has been expanded and optimised at the Porsche sites and reuse and recycling concepts for high-voltage batteries have been developed. All the business divisions are involved in regular dialogue.

Porsche is already increasingly taking environmental aspects into account in its advance development. For example, research is being carried out into the use of sustainable raw materials and recycled materials for interior upholstery and support components or when awarding projects.

Porsche is optimising methods of recycling HV batteries together with the Volkswagen Group and development partners, enabling even more raw materials to be recycled. And in a pilot project, used traction batteries

CONSUMPTION OF RESOURCES AND RECYCLING IN PRODUCTION ✓

Natural resources are finite. But humankind is consuming significantly more resources than the earth is able to produce. Industrial enterprises undertake to do business more sustainably and reduce their raw material consumption. In this regard, Porsche is pursuing the vision of a zero-impact factory, in other words production that has no negative impact on the environment. The company has also made a commitment to the 1.5-degree target of the Paris Agreement.

Vision: environmentally neutral production
Porsche is striving to achieve environmentally neutral production. With its Strategy 2030, the sports car manufacturer is on its way to achieving its goal of a zero-impact factory. This target vision is based on 11 specific areas of action including resource, material and energy efficiency, and efficient water usage. Other categories include technology and processes as well as logistics, which likewise influence the company's consumption of resources.

WITH ITS STRATEGY 2030,
PORSCHE IS
PURSUING THE
VISION OF A
ZERO-IMPACT
FACTORY.



Porsche is systematically working on achieving the targets set as part of its strategy. Important elements here are the reduction targets regarding energy, CO₂, waste, water and VOC per vehicle, which are to be reduced by 45 per cent between 2014 and 2025. Using water as efficiently as possible on the basis of circulation systems and multiple reuse and the careful handling of contaminated production wastewater are important aspects in this regard. Avoiding waste, harnessing low-waste technologies and deploying sustainable disposal solutions are key elements of Porsche's waste management concept. The company's Environmental protection resource regulation serves as an internal guideline and is also binding on suppliers.

Porsche has established an audited environmental management system which is certified throughout the company in accordance

with the ISO 14001 environmental standard and, at the Stuttgart-Zuffenhausen site, in accordance with EMAS. In addition, energy management systems in accordance with ISO 50001 have been implemented at the Stuttgart-Zuffenhausen, Weissach, Leipzig, Sachsenheim and Schwarzenberg sites. Employee participation in these efforts is essential. The employees' awareness regarding this topic is raised by means of various activities such as online training. More than 300 individual measures have been implemented since 2015.

Resource efficiency

In addition to reducing costs, responsible use of natural resources has a positive effect on the environment. Porsche therefore continuously optimises its processes. For example, the company modified the technical workflows at its paint shop, thereby further reducing the use of chemicals in body pretreatment and the consumption of water in its wastewater treatment. Porsche also reduced the use of structural adhesives in assembly and the body shop by shortening the set-up times, which also reduced the volume of waste. Information technology was used to identify and exploit potential for the needs-based shutdown of drives and ventilation systems. This saves more than 400,000 kWh of electricity at the Stuttgart-Zuffenhausen site a year.

Waste management

Porsche's waste management system is based on a closed-loop system. Waste is to be avoided at the zero-impact factory and materials are to be increasingly recycled, thereby conserving natural resources.

Porsche will continue to systematically collect waste which cannot be avoided separately. Wherever waste is produced, there are bins which are labelled according to the different types of waste. The valuable materials in the waste can then be used in the subsequent waste disposal process. In addition, when looking to award waste contracts, Porsche gives preference to disposal facilities that offer a materials recycling process. This is continuously monitored by Porsche's waste management officers, with improvement potential being identified and tracked.

The levels of waste can be tracked by means of digital waste logging. This helps with the tracking of target achievement and compliance with the statutory documentation obligations.

Water and effluents

Water is becoming increasingly scarce as a resource. Porsche therefore uses it prudently. It aims to reduce water consumption and the production of effluents, thereby lessening the environmental impact of drinking water and groundwater shortages. Since 2014, the company has reduced the water consumption per vehicle produced in its own production activities by more than 16 per cent. None of the Porsche sites are located in water stress areas.

SINCE 2014, THE COMPANY HAS REDUCED THE WATER CONSUMPTION PER VEHICLE OF ITS OWN PRODUCTION ACTIVITIES BY MORE THAN 16 PER CENT.



Porsche's process facilities such as vehicle leak testing equipment, washing equipment and parts washing equipment operate largely in a closed-loop system. The paint shops conserve water by using cascade rinsing to recycle water, while bath treatment helps to extend life in pretreatment and in dip coating. The wastewater generated in production is pretreated in approved systems in order to remove or reduce pollutants. The effluents are regularly analysed and monitored in accordance with the requirements of the authorities. Porsche has installed water-saving fittings in its bathrooms.

All the water pollutants of all hazard classes produced at Porsche are transported, filled into containers, stored or reused on site. The company has reduced the risk of production interruptions when handling water-polluting substances by raising awareness among the employees, fitting technical protective devices to the production systems and installing binding agent stations at outdoor locations.

Green Logistics strategy

Throughout the value chain, the company's logistics operations use the available CO₂ reduction potential, thereby making an active contribution to the Paris Agreement as well as combating global warming. Sustainability is therefore a top priority for Porsche's logistics operations. The sports car manufacturer identified numerous measures and potential options as part of the Green Logistics strategy and then implemented them.

Various sustainable drive technologies were in use in Porsche's logistics transportation in the year under review including natural gas HGVs, one hybrid HGV and one all-electric HGV. The range of LNG HGVs is 600 to 800 kilometres, so they can therefore be used for long-range trips.

Eurotrailers are used at the Stuttgart-Zuffenhausen site, thus eliminating more than 3,500 trips each year and therefore around 10 per cent of CO₂ emissions. Porsche uses LHV for deliveries of materials (inbound logistics) and for finished vehicle transportation (outbound logistics). These can hold eight vehicles rather than the usual average of six or seven, irrespective of how they are loaded. This allows up to 2,000 HGV trips to be eliminated a year. The finished vehicles are transported from the loading stations in Kornwestheim and Leipzig to the ports of Emden and Bremerhaven. All of this rail transportation has used renewable green electricity since 2018.

THE USE OF EUROTRAILERS AT THE STUTTGART-ZUFFENHAUSEN SITE ELIMINATES MORE THAN 3,500 TRIPS EACH YEAR AND THEREFORE AROUND 10 PER CENT OF CO₂ EMISSIONS.



The Volkswagen Group is one of the first automobile manufacturers in the world to use low-emission LNG vessels to ship finished vehicles, on its route from Emden to North America. This achieves substantial reductions in emissions compared with traditional methods – up to 25 per cent for CO₂, up to 30 per cent for nitrogen oxides, up to 60 per cent for particulates and up to 100 per cent for sulphur oxides. There are currently two ships being used to transport Group vehicles. These can carry up to 4,800 vehicles.

PROTECTION OF BIODIVERSITY

As part of the ecosystem, biodiversity is vital for human life. Protecting biodiversity therefore goes much further than mere nature conservation. It is one of the greatest global tasks of the modern age, alongside climate change. Porsche recognises this and is actively committed to preserving biodiversity at its sites.

Evaluating and managing biodiversity

Porsche's engagement here focuses on its sites and their immediate environment. The company's objective is to protect the occupied and unoccupied natural landscape and to minimise its own environmental footprint. Porsche wishes to maintain biodiversity, allow nature to operate and find its own balance and secure the future capacity of nature and the landscape to recover. The company therefore pays particular attention to these aspects.

In order to better evaluate and manage biodiversity at its production sites, Porsche uses an innovative biodiversity tool developed by the Volkswagen Group. Since 2021, Porsche has been one of the first brands in the Volkswagen Group to use defined biodiversity criteria to study its Stuttgart-Zuffenhausen site.

THE BIODIVERSITY INDEX RATING FOR THE STUTTGART-ZUFFENHAUSEN SITE IS CURRENTLY AT 44 PER CENT. THE AIM IS FOR ALL THE SITES TO ACHIEVE 100 PER CENT BY 2030.



Five areas – surface management, internal impact, external impact, local factors and external factors – are evaluated. This involves 53 parameters being logged per site in 25 clusters. For example, the biodiversity rating in the area of surface management can be improved among other things by expanding flowered areas and by increasing the number of species in the flowered areas. A site's biodiversity index is calculated as somewhere between 0 and 100 per cent. Porsche's Stuttgart-Zuffenhausen site is currently at 44 per cent, meaning the target for the year was achieved. As part of the zero-impact factory concept, Porsche will seek to get all of its sites to 100 per cent by 2030. In the future, the company will increase its

use of environmental principles and near-natural concepts. On the one hand, Porsche will take into account the environmental aspect and the contribution made to biodiversity. On the other hand, the maintenance work required has a role to play too. For example, highly diverse wild flower meadows are cut just one to three times a year and therefore require significantly less maintenance than grass lawns. Other advantages of near-natural company grounds include the employees' improved well-being. This is achieved on the basis of an attractive work environment and higher building certification ratings awarded by the German Sustainable Building Council (DGNB).

Zuffenhausen near-natural company grounds
In summer 2021, an area of 2,000 square metres was turned into recreational space for the employees and the neighbourhood as part of the project Naturnahes Firmengelände. The cultivated pastures and native plants also serve as a habitat for insects.

Sustainable concept for protection of honey bees
Germany's bee population is considered to be at risk. More than half of the 560 native types of bee are in danger of dying out and more than 50 per cent of the wild bee types are on the Red List of Threatened Species (as at 2015). In Baden-Württemberg, it is 45 per cent of the 481 types of wild bee found there. However, wild bees are indispensable in the ecosystem as the primary pollinators of many wild herbs and crops. Many species are very constrained to specific flowering plants as their source of pollen and nectar, and require special nesting places. With their pollination function, wild bees have a significant influence on the ecosystem and are therefore classified as a keystone species. The loss of such species can have serious consequences for the entire ecosystem.

THE STUTTGART-ZUFFENHAUSEN SITE IS HOME TO 13 BEE COLONIES, EACH WITH AROUND 50,000 BEES.



To conserve nature and species at the Stuttgart-Zuffenhausen site, the company therefore introduced 13 bee colonies, each with some 50,000 bees, to a meadow

orchard located within the grounds in 2020. Porsche introduced a further five colonies there in the year under review. In addition, another bee site was established in Zuffenhausen. There are now 10 new bee colonies established at the edge of the woods between the central workshops and the former Bosch grounds. In spite of the tricky weather conditions, the company harvested the site's first forest honey in the year under review.

The main plant in Stuttgart-Zuffenhausen is the second company site to get its own bee colonies – since 2017, some three million honey bees have occupied the off-road site at the Leipzig plant which has been returned to nature. The lives of the honey bees are also the topic of the Porsche Safari environmental education programme, which is organised in cooperation with Auwaldstation Leipzig. Between March and October, children, school classes and families can take a tour of the Porsche Leipzig off-road site and discover everything there is to know about its flora and fauna.

Porsche Leipzig's grazing concept is unique in the automotive industry. In addition to honey bees, the sports car manufacturer also introduced Exmoor ponies and wild oxen to the off-road site in 2002. The 132-hectare natural space is also home to Finnsheep and numerous wild animals.

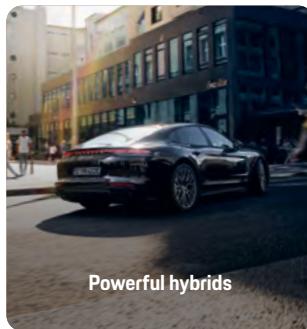
The company is also committed to protecting biodiversity around the Porsche Development Centre in Weissach. A guide was developed to this end together with experts in the fields of landscape planning and species conservation. This gives concrete recommendations for future planting and the creation of green spaces. The aim of the transformations is to create a wildlife corridor leading to the local natural structures and species outside the development centre. Special attention was paid here to especially protected species of wild bee. To improve their conditions of existence, wild bee pastures were created in the green spaces along specific park areas and the southern approach road. Other measures in the project Naturnahes Firmengelände are in the pipeline. In this way, biodiversity and habitat variety will continue to be promoted at the Weissach site.



ALTERNATIVE DRIVE SYSTEMS



Emotive combustion



Powerful hybrids



High-performance e-mobility

The Porsche drive strategy is based on a technology triumvirate: emotive combustion, powerful hybrids and high-performance e-mobility. As such, Porsche reflects the demands and needs of the customers, the environment and the policymakers. This triumvirate is complemented by the use of new technologies available in the market such as eFuels.

Drive strategy based on three pillars

The company will simultaneously offer vehicles with optimised petrol engines, powerful hybrid drives and all-electric sports cars. The plug-in hybrids in the Panamera and Cayenne model lines will continue to be designed with high performance in mind, with greater electric ranges of more than 80 kilometres. Going forward, very sporty hybridisation will be possible in the case of the iconic 911 sports car too. This has already been seen in motorsport.

Porsche has earmarked around 15 billion euros in the electrification, digitalisation and sustainable production of its vehicles up to 2025. The company is therefore systematically expanding its range of electromobility offerings. Fifty per cent of all newly sold cars are to be electrified by 2025, i.e. be all-electric or plug-in hybrids. An electric vehicle causes fewer CO₂ emissions than a comparable vehicle with an internal combustion engine. As renewable energies can be used during an electric vehicle's service life, one of the biggest levers for reducing the CO₂ footprint can be found in this area. Porsche is accordingly looking to use sustainable energy sources such as wind and solar power.

Based on the advantages of e-mobility, Porsche has decided to adopt a systematic electrification strategy. With this path it has chosen, the company is seeking to establish itself as a technology leader. To make the breakthrough, e-mobility needs an accessible, available charging infrastructure that meets demand and provides a customer-friendly charging process. Porsche is pursuing a holistic approach and continues to work on refining charging technologies and developing the charging infrastructure. The aim is for new products and services to turn charging into a personal customer experience that is fast and attractive.

A network of 350 kW quick-charging stations is being expanded and expedited throughout Europe with the joint venture IONITY. The plan is to have 400 charging stations up and running. At home, Porsche customers can top up the Taycan's battery overnight using a Porsche-developed wall box providing up to 22 kilowatts. And on the road, the Porsche Charging Service already provides users with access to more than 100,000 charging points throughout Europe with the possibility of central billing.

Alternative fuels

Porsche is prioritising its electrification strategy. The company is additionally pursuing avenues to reduce the CO₂ emissions of vehicles with petrol engines and hybrid drives in certain areas by means of efficiency measures. Here, Porsche is focusing on what are known as eFuels. Porsche classifies eFuels as synthetic liquid fuels. These are made of hydrogen obtained exclusively using renewable energy and non-fossil carbon dioxide extracted from, for example, the ambient air.

costs. Furthermore, additional renewable energy is generated which does not compete with other industrial needs.

Diesel

As of February 2018, Porsche no longer includes any diesel models in its portfolio. Together with other parts of the Group, the company is also actively committed to bringing down nitrogen oxide levels in German cities. Before Porsche's decision to stop selling diesel-powered vehicles, Germany's Federal Motor Transport Authority, the Kraftfahrtbundesamt (KBA), had ordered a recall measure to update the software in certain Porsche diesel vehicles owing to irregularities in the engine management software. The relevant recall for all affected Porsche diesel cars was launched. In 2017, Porsche Cayenne 3.0-litre V6 diesel cars in the Euro 6 emissions class were recalled in Germany due to individual technical characteristics of the engine management software. In mid-October 2017, the KBA approved the software update pro-

posed by Porsche. Porsche has since recalled the vehicles concerned for a free software update. More than 99 per cent of the affected vehicles in Germany have now been updated.

In July 2018, the KBA ordered cars of the type Macan 3.0-litre V6 diesel (Euro 6) to undergo a similar update. The proposed Porsche software update received official approval on 1 August 2018. Porsche has been recalling these vehicles to workshops for a free software update since October 2018. Currently more than 99 per cent of the vehicles registered in Germany have been updated.

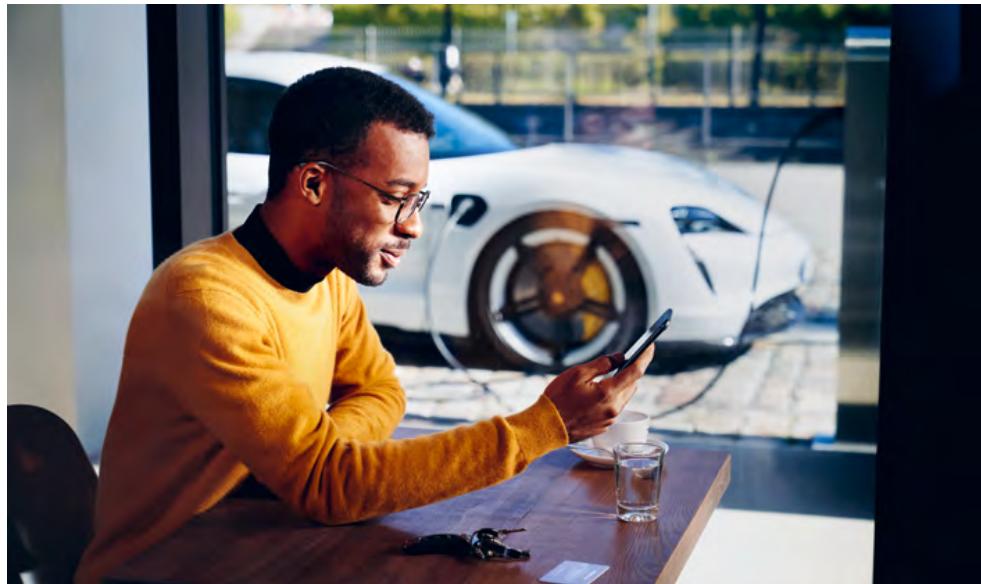
In addition, the KBA issued Porsche with recall notices for the Cayenne 4.2-litre V8 diesel (Euro 5 and Euro 6) and Panamera 4.0-litre V8 diesel (Euro 6). Porsche's proposed software update for the Panamera 4.0-litre V8 diesel (Euro 6) was approved by the KBA in August 2019. The recall campaign started in November 2019 and the software update has already been applied to

around 98 per cent of the affected vehicles. Approval was granted by the KBA for software updates in respect of the Cayenne 4.2-litre V8 diesel (Euro 5 and Euro 6) in January 2020 (Euro 5) and July 2020 (Euro 6). The owners of the vehicles have been contacted by the responsible Porsche partners and the recall campaign has been launched. So far, some 88 per cent of the Cayenne 4.2-litre V8 diesel (Euro 5) and Cayenne 4.2-litre V8 diesel (Euro 6) models in Germany have been updated.

In addition, Porsche voluntarily announced that it would produce software updates for Euro 5 3.0-litre V6 diesel Cayenne and Panamera models. The KBA approved this software update in January 2020. The service campaign was published immediately in the market and made available to customers as a free software update. Currently around 62 per cent of the vehicles registered in Germany have been updated. The software update will also be made available in other EU countries shortly.



THE AIM IS FOR HALF OF ALL NEW PORSCHE VEHICLES TO BE ELECTRIFIED BY 2025



PORSCHE DEVELOPS INNOVATIVE PRODUCTS AND SERVICES FOR URBAN MOBILITY

NEW MOBILITY CONCEPTS

Scarcity of resources and climate change are intensifying innovation and market dynamics. Vehicles and their usage are adapted to these. On the one hand, the result is greater diversification of drive concepts in the direction of more efficient versions. And on the other, innovative, flexible vehicle usage models are being developed. Meanwhile, the customers' mobility needs are changing rapidly too in terms of both car ownership and car use. Digitalisation, connectivity and the customers' desire for greater flexibility and sustainability are accelerating this change. The customers expect mobility offerings ranging from hardware concepts to digital services that enable movement.

Personal mobility in the smart city
Mobility today means so much more than simply moving from A to B. Owning a car in an urban environment is raising more and more questions. Porsche is therefore also working on services that will make urban mobility more flexible and more convenient. In cities, mobility is gaining importance as one of the most relevant areas in which quality of life can be improved, making urban planners important stakeholders in the automotive industry.

PORSCHE IS WORKING ON SERVICES THAT WILL MAKE URBAN MOBILITY MORE FLEXIBLE AND MORE CONVENIENT.



Measures that answer existing questions, including regarding congestion, CO₂ and noise emissions, lost time and parking space scarcity, are being prioritised accordingly. Close collaboration between city councils and the providers of new mobility solutions is therefore key.

Porsche is developing innovative products and services as an expression of flexible mobility which is in keeping with the needs of the times. The aim is to make personal mobility sustainable and to make smart cities a reality. It is a question among other things of demand-oriented car usage options (for example, flexible usage models and premium rental) and seamless connection to other forms of transport.

Electrification of the Porsche fleet therefore also has an important part to play in the development of mobility products. All the services offered under the Porsche Drive umbrella brand are a response to changes in the customers' wishes. They reconcile flexible, digital and personalised use with electric vehicles. Flexible solutions such as Porsche Drive Flex, Porsche Drive Subscription and Porsche Drive Rental are designed to make it even easier for the customers to get into electromobility. They allow customers to experience electric driving for an extended period without having to immediately commit to something. Porsche is therefore closely linking electromobility and mobility. In the Porsche Drive Flex pilot project, customers can choose from among various vehicles within their subscription and define their choice of vehicle via the app. The Taycan is also available under Porsche Drive Subscription, which closes the gap between short-term rental (up to 28 days) and traditional leasing (from 12 months). The Taycan model series was offered with special conditions to generate added incentive.

Targeted collaboration

To keep pace with the changing requirements, responsibility for mobility services was pooled under the auspices of Porsche Financial Services. The mobility offerings are developed and scaled globally in close collaboration with Porsche AG, the importers, the subsidiaries of Porsche Financial Services and other internal and external partners. The products offered are to be as efficient as possible so as to afford the customers a premium user experience. The development of digital solutions in close cooperation with Porsche Digital GmbH is therefore a top priority.

Agile, interdisciplinary teams develop concepts that are focused primarily on new customer requirements and implement these in a targeted manner. Success is guaranteed on the basis of the intensive collaboration of the company's different departments, an open information policy, early piloting in various markets and prompt stakeholder involvement. Synergies within the Group are systematically exploited in the development and implementation of services.

Porsche uses a number of tools for fine adjustment to continuously optimise the existing and new mobility services. These include offsetting the local CO₂ emissions of the Porsche Drive fleet with the Porsche Impact offsetting service and making increasing use of digital processes.

Managing mobility at the sites

Another priority is the expansion of a sustainable range of mobility options for the employees at Porsche sites. The aim of company mobility management is to make the employees' commutes and business travel more sustainable. The company has been systematically realising various measures for this since 2015. For example, employees receive a monthly subsidy for a local transport season ticket targeting commuters as well as for a Deutsche Bahn Jobticket. In addition, travellers on the S-Bahn light rail link between the company's Weilimdorf and Zuffenhausen sites in Stuttgart can present their Porsche works ID card in lieu of a travel ticket when on company business. Frequent shuttle buses run back and forth between the sites for all other work trips in order to reduce the amount of individual traffic. Porsche also introduced a company cycling scheme back in 2019, offering the employees attractive subsidised bike purchase options.

PORSCHE IS MAKING ITS FLEET OF COMPANY AND LEASED CARS ELECTRIC AND IS EXPANDING THE INTERNAL CHARGING INFRASTRUCTURE.



Due to how the pandemic has developed, other measures to expand mobility services are in the pipeline. In addition to a car-sharing/commuting app being reintroduced, these include the expansion of bike services such as the development of bike service points.

As part of the expansion of sustainability and alternative forms of mobility, Porsche is promoting the electrification of its motorised site traffic. The internal charging infrastructure is being extended and powered by certified green electricity and new electric vehicles are being added to the fleet of company and leased vehicles all the time. In addition to the infrastructure, other management measures and complementary services were realised in the year under review.

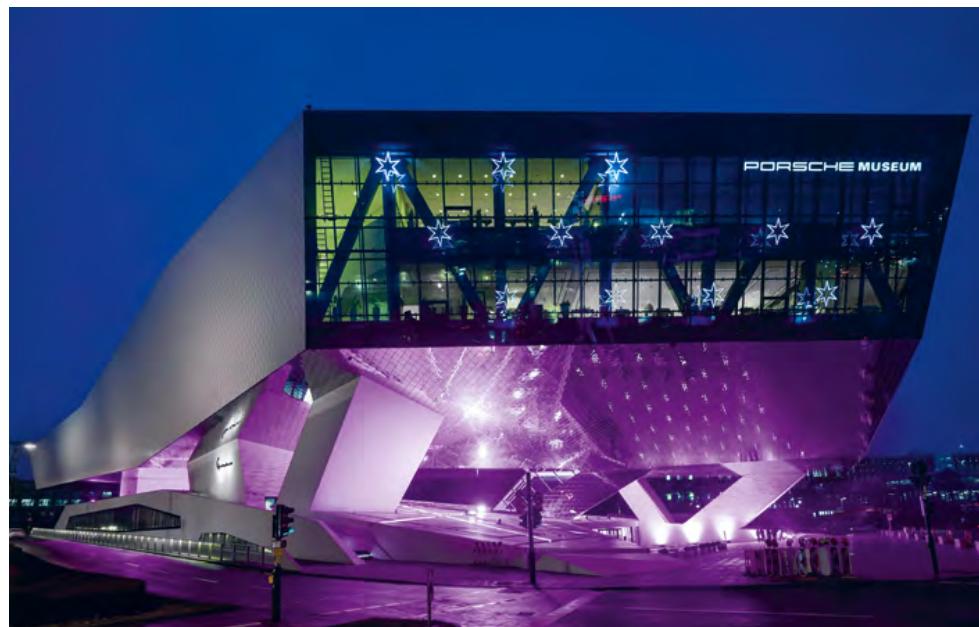
The impact of the projects on the targets set is gauged on the basis of employee surveys and traffic flow analyses. These show that the total volume of traffic continues to improve. There has also been a positive change in the modal split, i.e. the distribution of traffic across a range of transport options.



SUSTAINABLE MOBILITY OPTIONS FOR THE EMPLOYEES WHEN COMMUTING OR ON BUSINESS TRAVEL

SOCIAL
Diversity
Partner to society





PORSCHE PARTICIPATES IN THE PURPLE LIGHT UP INITIATIVE ON THE INTERNATIONAL DAY OF PERSONS WITH DISABILITIES

DIVERSITY

Porsche would be nothing without the people who build it up and shape it. Porsche therefore focuses on people. Each and every employee contributes to the success of the company with their unique skills. Porsche promotes diversity and equal opportunity.

Both of these are prioritised in the sustainability strategy. This focuses on the topics of the advancement of women and international diversity, with intergenerational collaboration and the LGTBIQ community also being strengthened. At the same time, people with disabilities are proactively incorporated. In this way, Porsche promotes a work environment which is open, offers equal opportunity and encourages everyone. The strategic objective is the introduction of mixed teams in which the different strengths and skills of all the employees optimally complement one another, allowing them to realise their potential as best they can.

At Porsche, the focus is on people. Each and every employee contributes to the success of the company with their unique skills. Porsche promotes diversity and guarantees equal opportunity.

10



REDUCED INEQUALITIES

By 2030, the global community wishes to guarantee the social, economic and political inclusion of all, irrespective of age, sex, physical or mental disability, origin, ethnicity, beliefs, or economic or other status. In particular, the population groups with less than 50 per cent of median income at their disposal are to be strengthened. A more diverse workforce boosts everybody's social and economic inclusion and contributes to breaking down inequalities. Porsche is championing mixed teams and is therefore committed to the achievement of SDG 10.

PARTNER TO SOCIETY

As part of a global community of values, Porsche assists regions and communities around the world in conserving the environment, guaranteeing good labour and living conditions and boosting social cohesion. The focus here is on young or disadvantaged people. These are to be nurtured and trained in order to sustainably and permanently improve their life situations. The company campaigns for people whose social environment is directly or indirectly related to Porsche. This applies both to its own sites and to its suppliers and business partners. The aim is to promote social innovation and achieve a long-term, quantifiably positive effect with corporate citizenship projects.

In all of its strategic projects, Porsche seeks to establish demonstrable and quantifiable success monitoring. The sports car manufacturer wishes to use targeted measures to improve people's awareness and skills, enabling them to apply what they have learned in day-to-day practice. Porsche also maintains contact with the participants after completion of the project. In this way, the company determines whether a project is having a lasting positive influence on their lives and how their life situations have changed.

In the year under review, Porsche established long-term impact assessment for all of its strategic flagship projects. With its activities in the "Partner to society" strategy field, the company aims to achieve a high reach and have a major effect. Determining the reach makes it easier to understand the scale of different projects. Specifically, the sports car manufacturer records the added value that Porsche projects generate for society and whether the measures went far enough to promote people in the medium to long term.

Back in 2020, Porsche created a core team comprising representatives of all the relevant organisational units which promotes social engagement projects. This body meets on a monthly basis. The aim is to jointly determine and implement the strategy and to network the departments to this end. The core team set up a company fund in the year under review with which project ideas from throughout the company can be financially supported. In the same year, the fund was used among other things to help further develop the Porsche hilft programme as a volunteering platform.

4



QUALITY EDUCATION

To boost sustainable development at the global level, the United Nations set the target of promoting effective public, public-private and civil society partnerships.

FOR PORSCHE,
EDUCATION IS
THE KEY TO
SUSTAINABLE
DEVELOPMENT.



The PAVE programme is a strategic initiative launched by Porsche. The impact of this international vocational training programme for young people is assessed too.

17



PARTNERSHIPS FOR THE GOALS

To boost sustainable development at the global level, the United Nations set the target of promoting effective public, public-private and civil society partnerships.

Porsche delivers on this target with its social engagement. As a partner to society, Porsche has a lasting effect within communities and proactively contributes to the strengthening of global partnerships. The company enters into strategic partnerships with other organisations itself, tackling tasks for groups within society in a targeted manner. Porsche gauges the impact of these projects with the aid of recognised impact assessment methods. In all of its strategic flagship projects, Porsche seeks to establish a demonstrable and quantifiable impact assessment, thereby making it possible to continuously improve its engagement. With these measures, Porsche contributes to the strengthening of global partnerships and to SDG 17 being achieved.



PAVE – VOCATIONAL TRAINING IN TECHNICAL PROFESSIONS FOR DISADVANTAGED YOUNG ADULTS

Porsche uses projects to campaign for people whose social environment is directly or indirectly related to the company. This applies both to its own sites and to its direct suppliers and business partners. The aim is to conserve the environment, guarantee good labour and living conditions and boost social cohesion.

Porsche hilft

Porsche broadened its support in view of the global consequences of the coronavirus pandemic. It is in this context that the Porsche hilft initiative was established last year. This complements the company's extensive financial aid with the placement of voluntary helpers.

A digital placement platform lists organisations and associations that need the support of volunteers. Individuals and teams, be they Porsche newcomers or retirees, can then quickly and straightforwardly see where help is needed. The individual projects and organisations are aligned with the Porsche strategy and in particular with the sustainability aspects of engagement and empowerment. The employees frequently make use of this service, with hundreds of hours of voluntary commitment having already been accrued. Trees have been planted, reading evenings have been organised at facilities for the disabled, and disadvantaged youths have been prepared for embarking on a career.

Voluntary engagement is an integral part of Porsche's cultural self-image. The platform therefore continues to be developed and the array of possible assignments expanded. With Porsche hilft, the company is focusing more than ever before on people – each and every one of us can make an important contribution to society and have a lasting positive influence on it.



PORSCHE IS INVOLVED IN THE RESPONSIBLE MICA INITIATIVE

Responsible Mica Initiative

Mica is used as a raw material in many industrial and cosmetic products. Porsche processes mica too and is therefore involved in the Responsible Mica Initiative.

The initiative was founded in Paris in 2017. In 2021, the initiative published the Global Mica Standard as a global workplace standard. It promotes safety and fair labour conditions and wages at the processing companies. Companies that join the Responsible Mica Initiative commit to introducing and implementing these standards. The initiative is supported by a range of representatives from the paint, pigment, textile, plastics and cosmetics industries. In the year under review, Porsche was proactively represented on the initiative's Board of Directors, in the programmes Transparency and Work-

place Standards and Community Empowerment, and on the strategy review task force.

Remarkable success was achieved in the area of community empowerment in spite of the coronavirus crisis. More than 3,000 households were provided with hygiene items and food during the pandemic. In total, some 11,000 people were reached through the local projects.

In the area of transparency and workplace standards, Porsche was part of a pilot project which kick-started traceability using blockchain technology. Together with the Responsible Mica Initiative and other representatives, Porsche also gave a presentation to the OECD Forum on the topic of the responsible procurement of mica, thereby raising people's awareness of this issue.

Sustainability Festival

"Shaping the future together" was the motto of Porsche's first Sustainability Festival held for all the employees. Over five days, those responsible presented the strategy fields "Decarbonisation", "Supply chain responsibility", "Diversity", "Partner to society" and "Circular economy". Internal and external experts gave presentations. The live programme, which changed daily, was complemented by many other formats held on an interactive platform. For example, various quizzes and an escape game served as points of entry to the topic of sustainability. Suitable audio accompaniment came in the form of a playlist specially compiled for the festival. The employees were encouraged to become Porsche sustainability ambassadors. The festival communicated concrete ideas regarding how each and every employee could contribute to a liveable future. The project serves as a role model, demonstrating that sustainability remains a strategic priority for the company's future even during the coronavirus pandemic. It is therefore important that all the employees be informed about and made aware of sustainability issues. We can only shape the future together.

Porsche Aftersales Vocational Education

The Porsche Aftersales Vocational Education (PAVE) programme has been training highly qualified employees in technical professions for more than 10 years. They are trained at international sites in accordance with European standards. The employees are then appointed to the dealer organisations of Porsche and other Volkswagen Group brands around the world. Both the trainees and the Group benefit from PAVE. For example, it affords predominantly disadvantaged young adults access to sound, first-class vocational training. The dealer organisations are provided with highly qualified employees. And thanks to long-term, strategic school partnerships, vocational training skills are embedded locally. PAVE therefore has a lasting, effective impact. At the same time, changes in vocational training needs are responded to flexibly and in advance. Promising future prospects and development opportunities are created for the programme graduates. These lead not only to greater self-determination for the individuals, but also to social improvements.

CASCADE

Porsche and Michelin are campaigning for the sustainable extraction of natural rubber. With the project CASCADE (Committed Actions for Smallholders Capacity Development), the sports car manufacturer and the tyre manufacturer are championing greater transparency and better labour conditions during extraction of this raw material. With the initiative, the partners are supporting numerous smallholders involved in rubber extraction in Sumatra, Indonesia. Training and education in production practices, biodiversity and occupational health and safety aim to lastingly improve the smallholders' circumstances and economic situations. Indonesia is one of the world's primary rubber producers. Porsche and Michelin identified potential supply chain sustainability risks related to rubber extraction on the basis of analyses, conducted among other things with a specially developed app, and talks held locally. The initiative is training more than 1,000 smallholders to make their production methods more environmentally friendly and more efficient. Porsche and Michelin are jointly investing some one million euros in the project which is initially set to run until 2024.



PORSCHE ALSO OFFERS TRAINING AT INTERNATIONAL SITES IN ACCORDANCE WITH EUROPEAN STANDARDS



DIVERSITY OF VIEWS IS AN INTEGRAL PART OF THE PORSCHE CORPORATE CULTURE

DIVERSITY AND EQUAL OPPORTUNITY ✓

Porsche actively champions diversity and inclusion in the workforce. The premium manufacturer wishes to create an environment which promotes each and every person's individuality in the interests of the company. Porsche firmly believes that diversity of views drives innovation and therefore represents a key success factor. Active diversity management creates new ideas, a better understanding of the market and greater employer attractiveness.

Significance for stakeholders and society With this orientation, Porsche wishes to serve as a role model in the social context. The company therefore promotes diversity and inclusion outside of the factory gates too. Its activities here include social support projects and finding voluntary placements for employees. Voluntary engagement serves society and broadens the helpers' horizons.

Diversity as a corporate principle

Safeguarding and promoting diversity and equal opportunity are highly important to Porsche and are enshrined as corporate principles. It is a matter of course for Porsche to offer all the employees the same opportunities. The company rejects all forms of discrimination. Porsche is pursuing the goal of establishing an inclusive culture, promoting diversity of views and appreciating people's differences. This enables the employees to contribute their personalities and develop their personal potential, which encourages appreciative and tolerant interaction and taking a positive approach to different perspectives. This is all geared towards the achievement of a high level of productivity, competitiveness, innovative capacity, creativity and efficiency. The employees' sense of belonging and communal spirit are to be bolstered at the same time. This is likewise enshrined in the Porsche family's cultural self-image.

PORSCHE IS PURSUING THE GOAL OF ESTABLISHING AN INCLUSIVE CULTURE, PROMOTING DIVERSITY OF VIEWS AND APPRECIATING PEOPLE'S DIFFERENCES.

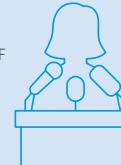


By adding their signature to the Charta der Vielfalt (Diversity Charter) in 2019, the Executive Board and Works Council set out in writing their commitment to diversity as part of the corporate culture. The Diversity and Equal Opportunity department is responsible for the long-term implementation and safeguarding of equal opportunity and diversity. This is based within the Learning, Corporate Culture and Change division as a source of input and an expert partner.

Porsche has set itself the goal of increasing diversity within the company by 2030. For example, the premium manufacturer wishes to establish a quantifiable number of mixed teams throughout the organisation. The basis for this is the strengthening of a mindset among all employees that is conducive to diversity. This involves creating an awareness of the positive effects of and the complexity of diversity.

In addition, a company complaints desk has been set up at Porsche, to which employees can turn in the event of discrimination or to which they can submit a complaint for review.

PORSCHE WISHES TO SIGNIFICANTLY INCREASE THE PROPORTION OF WOMEN IN MANAGEMENT POSITIONS BY 2025.



Targeted promotion of diversity

As a matter of principle, Porsche selects, hires and promotes its employees according to their qualifications and skills. Based on the gender quota required by law, the sports car manufacturer has set itself the target of increasing the proportion of women in management positions by 2025. The proportion of women at the first and second management levels below the Executive Board are to be increased to 20 per cent and 18 per cent respectively.

To achieve this, all managers are required to increase the proportion of women at all management levels as well as in the pool of young employees. Likewise to make gender diversity quantifiable at Porsche, the company participated in the Women Career Index (FKI), a management tool for the advancement of women in business, for the second consecutive year. Porsche was ranked second overall and was also named Newcomer of the Year.

PORSCHE RANKED SECOND IN THE WOMEN CAREER INDEX AND NAMED NEWCOMER OF THE YEAR.



Porsche has set itself the goal of increasing diversity within the company by 2030. For example, the premium manufacturer wishes to establish a quantifiable number of mixed teams throughout the organisation. The basis for this is the strengthening of a mindset among all employees that is conducive to diversity. This involves creating an awareness of the positive effects of and the complexity of diversity. At the same time, a corporate culture is to be established which perceives the employees' differences as an advantage and a competitive factor for the company – regardless of gender, nationality, ethnic origin, religion, disability, age, sexual orientation or identity.

Porsche has a whistle-blower system in place via which possible violations of equal opportunity and equal treatment can be reported. Possible violations of the rules are followed up by this system, taking into account data protection, labour law and co-determination requirements. If violations are identified, action is taken accordingly.

Social

↗ The figures for fuel consumption, energy consumption and CO₂ emissions are found on pages 256–259.

managers' awareness of equal opportunity and diversity is continuously raised in the Porsche Leadership Labs. A digital "diversity toolbox" assists them in their day-to-day work and management roles and provides an overview of the relevant performance indicators. The toolbox features a large number of different measures, tools and ideas which enable managers and their teams to make diversity of views experienceable in all its dimensions and question traditional patterns of thinking and behaviour. The majority of the training and event formats were switched to digital media in 2020 as a consequence of the coronavirus crisis. Other virtual and hybrid formats were added in the year under review, including the Diversity Days, which were held for the fifth time, and initiatives in relation to this year's International Women's Day.

Dialogue and exchange

Key elements here in the year under review were interaction, discussion, intensive dialogue and exchange within the Porsche workforce. An International Diversity Community was founded as a means of extensively promoting diversity. This is a forum which brings together all the Porsche subsidiaries around the world and their respective diversity managers. The community has a shared fundamental understanding of diversity. Its purpose is to strengthen the global perspective of diversity and equal opportunity as an area of action within Strategy 2030. It is provided with tools and ideas for the concrete implementation of diversity of views in the Porsche markets, enabling them to learn from one another on the basis of dialogue and exchange.

Porsche's international women's network likewise serves as an important platform for knowledge exchange across the various departments. The network now has more than 1,000 members. As a source of input for product development from a female perspective, it offers a variety of dialogue formats and informal support such as case advice offered by co-workers. In addition to the women's network, the Proud@Porsche Community is an integral part of the Porsche culture too. Proud@Porsche is an internal LGBTIQ network which serves the employees as a platform for networking and regular exchange. Other exchange formats include Porsche Mentoring, which was expanded in 2021, the Diversity Strategy Talks and the dialogue conducted within Porsche's Strategy 2030 or at the Sustainability Festival.

113

ATTRACTIVENESS AS AN EMPLOYER

Employees are one of the four key target groups in Porsche's overarching Strategy 2030 alongside the customers, society and investors. Porsche's primary goal in this area is to remain an attractive and reliable employer. What this first and foremost means for the sports car manufacturer is consistently focusing on the workforce and assuming responsibility as an employer. Being an attractive employer is therefore a core aspect of its HR strategy.

Porsche's corporate culture

Porsche sees a strong corporate culture as a key foundation. It serves to rise to strategic challenges and enable the company's successful transformation. The Porsche Code offers long-term guidance here as well as a target vision for the employees and managers. It allows them to actively co-determine the ongoing further development of the Porsche culture and contribute to ongoing improvement.

Porsche sees a strong corporate culture as a key foundation. It serves to rise to strategic challenges and enable the company's successful transformation. The Porsche Code offers long-term guidance here as well as a target vision for the employees and managers.

One of the central goals of Strategy 2030 is to be an attractive and reliable employer. For Porsche, this above all means keeping the promises it makes its employees and turning them into a tangible reality in everyday working life. Talented individuals in the labour market should perceive Porsche as a top employer. This is dependent on it having a high degree of credibility. This is the only way Porsche can attract the most qualified staff and retain them in the long term. The company wishes to recruit experienced and creative IT and digitalisation experts in the fields of the future and is continuously stepping up its efforts here.

Porsche is looking for new employees who will actively help shape the future of mobility and thus drive social change. The company has taken various steps to this end, such as the Sustainable Career employer branding campaign and partnerships with relevant universities and organisations, including its collaboration with Formula Student Germany and the programming schools 42 in

Wolfsburg and Heilbronn. With this special engagement, Porsche secures talented young individuals to whom it is especially important that their work has more meaning than merely financial incentive.

Work-life balance

Porsche strives to ensure that its staff can achieve a work-life balance. Employees receive support from a wide variety of different measures and options. For example, local cooperation partners ensure that regular childcare places are available in nurseries close to the company's sites. Furthermore, in emergencies, additional childcare places are available at day care centres in Stuttgart. Parents can also take their children to work for a few hours.

In summer, the children of employees can attend a school holiday programme that runs throughout the holidays. Through its family service, Porsche offers extensive, free and individually tailored advice and support on all aspects of family life, in particular for parents-to-be and in the area of care for the elderly.

Porsche takes account of its employees' individual needs and promotes flexible working options with regard to workplace and working hours, giving them a high degree of flexibility regarding their personal circumstances. This flexibility was further enhanced in 2021 with the amended works agreement regarding mobile working, which allows up to 12 full days of mobile working per calendar month. Mobile working by the hour also remains an option. An exceptional rule was applied in the year under review due to the coronavirus crisis, with the permitted time for working hours being extended and with interns and trainees being incorporated too. Porsche employees are free to decide where and, to a certain extent, when they perform their work if their role can be carried out remotely.

Further options range from flexible working hours aligned to the employee's current phase of life through to care leave to support family members. Employees may also take sabbaticals and have the option of working part-time. Many employees decide to take parental leave. Porsche then helps these individuals make a smooth return to work, arranging further qualifications for them during their absence that will simplify the process of returning to work.

THE MOOD INDEX CAME IN AT 79.1 OUT OF 100 INDEX POINTS.



Measuring employee satisfaction ✓

It is very important to Porsche that its employees are actively involved in processes and that their opinions, views and suggestions are all listened to. The company gauges the satisfaction levels among its employees with the mood barometer. This annual employee survey also determines the company's attractiveness as an employer internally. The sports car manufacturer is additionally interested in the employees' views regarding the company's integrity and its collaboration with the Volkswagen Group. The results of the mood barometer are used to identify potential areas for improvement and provide managers with information on areas requiring attention in their organisational units. In fixed follow-up processes, the managers and their employees jointly define suitable measures with the support of the team responsible for the mood barometer, which has various tools at its disposal. The aim is to secure the long-term implementation of the derived measures in the organisational units. More than 16,000 Porsche employees participated in the 2021 mood barometer survey, which corresponds to a participation rate of 74 per cent. The mood index, one of the mood barometer's primary metrics, came in at 79.1 out of a possible 100 index points in the year under review, thus confirming the previous year's level.

MORE THAN 130,000 APPLICATIONS IN RESPONSE TO OVER 3,800 ADVERTISED VACANCIES.



The company's top rankings in the previous year among the target groups of engineers and economists were likewise confirmed once again. In the Tredence Institute's annual student survey, Porsche improved its scores across all the target groups (engineering, economics and business adminis-



BEING AN ATTRACTIVE EMPLOYER IS A CORE ASPECT OF PORSCHE'S HR STRATEGY

EMPLOYEE DEVELOPMENT AND SOCIALLY ETHICAL TRANSFORMATION

Many of the training and professional development sessions were held virtually in 2020. The significance of new content offerings with regard to how the "new normal" is handled therefore increased in the year under review. Working and learning during the pandemic and the transformation advancements necessitate key skills and new professional abilities. These were jointly developed by HR and the departments.

Mindfulness and hybrid management

Working flexibly, be it in the office or from home, calls for an array of options to be offered to the employees and managers accordingly. The objective is to ensure that "hybrid" collaboration within a team goes smoothly and that the new ways of working are given the best possible design. For example, the simulation of practical examples in the "Managing hybrid teams" training course allowed decisions, the team's reaction to these and their work results to be addressed in an entertaining and fun way.

It is also important that every member of a team maintains or improves their own achievement potential. Here too, virtual workshops and tricks were developed which allow for self-assessment and which provide concrete tips regarding how to be more mindful of oneself and others in day-to-day work.

The topic of mindfulness is in great demand. In view of this, a podcast entitled "Brennen statt Ausbrennen" (meaning "Fired up, not burnt out") was created in the year under review, based on the content of the "Promoting self-management skills" training course. Comprising five episodes, the podcast addresses various aspects of mindfulness, resilience and work-life balance, and teaches practical exercises for use in day-to-day work.

Digital learning

The podcast is made available centrally via the Porsche podcast app, which is offered exclusively to the employees. It serves as a central platform for numerous internal podcasts from various business divisions. The podcast app therefore expands the array of digital services by another important building block and promotes needs-based learning which is flexible in terms of time and location.

Overall, what's known as the Porsche learning ecosystem was expanded by a large number of innovative and user-centric tools and formats in the year under review. For example,



PORSCHE IS EVALUATING THE POTENTIAL OF VR HEADSETS FOR PRESENTATION TRAINING

the 360° Feedback app was used during the Porsche Leadership Labs once again and was further professionalised. Online simulations were also used in the areas of change management and hybrid management. This involved the potential of VR headsets to assist with presentation training being evaluated. At the heart of these activities is the goal of creating a unique learning experience which usefully integrates the formats, tools and offerings, thereby supporting the employees in self-managed, social and also trainer-based learning.

From Fit for Digit@l to the Digital Academy
The Fit for Digit@l knowledge initiative has reached more than 5,000 employees throughout the company in recent years

and has familiarised them with digital transformation. In a variety of formats and offerings, the digital world is made tangible and the company's digitalisation strategy is communicated. To date, primarily beginners' knowledge has been taught in the more than 170 hours of mainly digital learning opportunities. This year, however, the array of professional training with a higher level of specialisation was also significantly expanded. The Porsche Digital Academy is neither an academic institution, nor a purely online service. Rather, it sees itself as an umbrella operation for all of Porsche's qualification opportunities relating to digital skills. In collaboration with internal and external experts, the Learning, Corporate Culture and Change main department provides cross-

The importance of new online training increased in the year under review. Working and learning during the pandemic and the transformation advancements necessitate key skills and new professional abilities.

participants and the trainers. The Learning Campus inaugurated in Stuttgart-Zuffenhausen in autumn has likewise met with positive feedback. This new training space is used for the qualification of employees and caters to the increasing expectations of an interactive approach to modern qualification. The room configuration allows for flexible use and also facilitates a hybrid training setting.

Start of the new management programme

Porsche introduced a new management programme in the year under review based on the revised requirements for the assumption of management functions. It is aimed at employees taking on a management function for the first time. They are offered intensive support in their new roles as disciplinary or functional managers in the form of perfectly tailored qualification measures. The programme focuses on three key areas – strengthening the management role faced with the conflicting priorities of operational versus innovative tasks, managing in-person, hybrid and virtual teams, and moulding one's own scope for action to create value.

Survey in the context of Strategy 2030

Porsche's success is founded on the performance of its employees, who apply their skills and knowledge to the company. For this to be the case, it is important that needs-based development opportunities continue to be offered in the future too.

How are the current development paths received? What expectations do the employees have regarding their development at

Porsche? The sports car manufacturer obtained answers to these questions in a representative employee survey conducted in October 2021.

The employees were selected at random from among the entire workforce. Over 60 per cent of them participated. The results offer a new angle on a career at Porsche. They are used to derive measures on the topic of HR development and to elaborate development paths for what's known as Porsche Workforce Transformation within Porsche's Strategy 2030.

Measuring effectiveness

The feedback form developed in 2020 assesses all of Porsche's qualification measures. It was implemented at the beginning of the year under review. A new aspect of the form is that it does not only record learning outcome directly upon the conclusion of training – it also records the employees' opinions 90 days later. An assessment can then be made regarding how what they learned is being applied in their day-to-day work. The sports car manufacturer also defined other performance indicators that shed light on the contribution made by the interdisciplinary qualification portfolio. Designed to boost the effectiveness of the measures, these are summarised and clearly illustrated. The half-yearly evaluation is made available both to those responsible for the products and to management representatives. The intention is to improve the participants' satisfaction with the interdisciplinary qualification measures and continuously improve the processes.



DIGITAL EXPANSION OF THE PORSCHE LEARNING ECOSYSTEM

One of the key pillars of Porsche's corporate culture is corporate co-determination. There is regular dialogue between the employer and the employees, including on difficult issues. Open and direct communication across all hierarchical levels is a long-standing tradition at Porsche. It provides the basis for exceptionally constructive cooperation. Alongside collective bargaining agreements, corporate co-determination is a key tool with regard to good work and employees who apply themselves. The advantages of corporate co-determination include better labour conditions, higher and fairer wages, more training and professional development opportunities, greater job security and a good work-life balance.

Works Councils and collective agreements
Porsche's main site is in Germany. This means it is required by law to engage in collective co-determination. The company has been systematically meeting this obligation for decades and has positive experience in this area. For Porsche, it is natural for employees and their legal representatives to be informed as soon as possible and in as much detail as possible about any significant changes regarding operational workflows or the organisation of the company. This is done in compliance with national laws, applicable collective bargaining agreements and works agreements, including beyond Germany's borders. The information channels used here include the Supervisory Board with equal representation, the Works Council committees, a range of communication formats and the works agreement database on the intranet.

Porsche has in place collective agreements on wages and conditions that apply to all full-time and part-time employees. Remuneration is made transparent on the basis of the applicable pay framework agreement. An additional Labour Market of the Future package has been agreed, which brings together numerous working time regulations. These include flexible working hours, voluntary personal sabbaticals and care leave. The company is also a member of the employers' association Südwestmetall and is therefore part of the social partnership actively practised between the metal and electrical industry and the IG Metall trade union.

Open communication channels
Porsche offers its employees numerous ways of making suggestions, reporting problems or registering complaints with committees

Occupational safety is a top priority for Porsche and its employees. An organised and structured occupational health and safety management system ensures a uniform approach and is designed to ensure that legal provisions are implemented.

OCCUPATIONAL HEALTH AND SAFETY

The protection of employee health and safety is a core responsibility for any company. It is also a basic prerequisite for ensuring a motivated and capable workforce. Porsche's occupational health and safety management has a key part to play here, ensuring that the company can continue to develop, produce and sell exclusive, in-demand vehicles.

Regulated occupational safety processes
Occupational safety is a top priority for Porsche and its employees. An organised and structured occupational health and safety management system ensures a uniform approach and is designed to ensure that legal provisions are implemented. This helps to prevent workplace accidents and occupational diseases as far as possible.

The central processes are standardised and are set out in the Group guideline on occupational safety. Occupational safety is regulated in law in Germany, so the Group guideline represents a major element of Porsche's compliance management system. It applies to the whole workforce. The managers are to ensure that their employees are familiar and comply with the provisions of this guideline. Specialists in occupational safety and works doctors are available to all employees in an advisory capacity. All staff members are also represented through their legally defined representatives in the occupational safety committees in accordance with Germany's Occupational Safety Act (ASiG). The Group guideline is currently being updated. It is to be extended to include health protection and will then serve as the basis for a certifiable occupational health and safety management system.

Safe and humane labour conditions are particularly important in view of a world of work which continues to gather pace and is becoming more demanding as a result of automation and digital transformation. The Occupational Safety department is open to receiving queries from employees. In addition, it regularly tours workplaces with managers who have local responsibilities and provides assistance with risk assessments and standard operating procedures.

and decision-making bodies. One example includes the union ombudsman structure. It is also possible to talk directly to individual members of the Works Council at any time. Alongside the Works Council, there are interest groups for employees with severe disabilities and representation for young workers and trainees. Both of these bodies are closely integrated with the Works Council and involved in its decision-making processes.

Co-determination in the workplace continues to play an important role in the new digital era. The primary aim here is to cover all mandatory areas requiring co-determination by law to ensure compliance. Examples include the introduction of IT systems that are capable of monitoring employee conduct or performance and data protection measures or rules on the use of electronic media for communication. Porsche endeavours to involve the employee representatives early on in the development process. Close collaboration between the company and employee representatives is also highly important when it comes to research into operating solutions for the new digital world of work. Internal media are used to inform employees about current topics, especially from the perspective of the employees and their elected representatives.

In addition, the Works Council keeps employees fully updated about its works meetings at each of Porsche's sites in Germany and thus provides an open platform for discussion. The coronavirus restrictions during the reporting year meant that no works meetings could take place. Communication with the workforce was therefore maintained via the intranet, information videos and mailings.

Workplaces, machinery and equipment are designed with input from safety engineers with the aim of preventing accidents and risks to health. Construction and installation sites are overseen and monitored by special construction experts beyond what is required

by law. Safety standards are subject to ongoing refinement as part of this process.

In the event of workplace accidents, the causes are analysed in detail and appropriate measures are implemented in the form of action plans to avoid future accidents. The occurrence of workplace accidents at Porsche and in its organisational units is measured using the injury rate (occupational accident index) and reported monthly. Porsche endeavours to continuously improve workplace safety for the employees on the basis of annual targets.

Preventive health management

Health management encompasses all of the topics that contribute to the health of employees. In addition to safety systems and the provision of local medical care for employees working at the sites, there are services for preventive health promotion in the workplace. Porsche Health Management offers courses on healthy eating, relaxation techniques and effective self-management. Employees can also access individual physiotherapy advice

at the workplace. On the basis of the Occupational Safety Act, the works doctors assist with the design of healthy and ergonomic workplaces. They advise the employees and carry out preventive checks. In addition, they assist with the organisation of first aid and help with the reintroduction of employees to the workplace after illness.

The Health Management division is responsible for all health promotion activities, structures and processes. A number of company health departments are responsible for providing medical care at work. As a preventive discipline, occupational health care plays a key role in occupational health management. The works doctors' responsibilities include analysis of the effects of work on employees. They also promote the employees' health and productivity and assist the employer in planning healthy labour conditions. Occupational health care also encompasses emergency paramedics as part of first-aid organisation, meaning acute and emergency health care is always guaranteed at the plants.

Porsche has a targeted occupational reintegration management system in place for restoring employees' capabilities after longer periods of illness. For example, the affected employees are reintroduced to the strains of working by means of gradual workplace re-integration. Porsche's Health Management division also provides social counselling to those with psychosocial stress and support for those in difficult life conditions.

Employee integration

All the employees are represented in occupational safety committees by statutory representatives. The site-specific occupational safety committees meet four times each year. All the employees receive information on occupational safety at least once a year. This ensures that they are kept up to date on specific hazards and rules of conduct. The intranet also contains a broad range of information and education on health and safety in the workplace.

To avoid risks to other companies' employees at Porsche sites as much as possible, Porsche stipulates detailed rules of conduct. These apply in particular to construction sites, but also to the procurement and assembly of machinery and equipment.

MORE THAN 14,000 VACCINE DOSES ADMINISTERED AT THE COMPANY'S OWN VACCINATION CENTRES.



EXTENSIVE VACCINATION SERVICES FOR EMPLOYEES AND THEIR FAMILIES

Support during the coronavirus pandemic
Porsche's emergency response organisation dealt in detail with the coronavirus crisis during the reporting year. It implemented appropriate measures to protect employee health. In addition to providing information to affected internal departments, this also included communication with public authorities. A telephone help desk and a centralised inbox are used by employees as a point of contact for all queries relating to the coronavirus. Employees engaged in administration activities were able to work remotely for their own protection. In the course of a 10-week campaign of vaccinating against COVID-19, more than 14,000 vaccine doses were administered by Porsche's Health Management division at vaccination centres set up especially. This service was made available to employees and their families.

GOVERNANCE

Supply chain responsibility
Governance and transparency

➤ The figures for fuel consumption, energy consumption and CO₂ emissions are found on pages 256 – 259.

GOVERNANCE

SUPPLY CHAIN RESPONSIBILITY

Porsche's corporate responsibility does not end at the factory gates – it extends across the entire value chain. With the expanded product portfolio and the new technologies used, the supply chain is becoming increasingly important. Porsche is therefore systematically focusing its strategy on the continuous management of its supplier relations in terms of sustainability aspects. The sustainability assessment of its direct suppliers has been a binding criterion for the awarding of contracts since the introduction of the sustainability rating (S-rating). It helps to safeguard sustainable procurement, compliance with human rights standards and employment practices, and responsible resource management among the suppliers. The materials used are also to be systematically analysed as the current projects are continued together with the Volkswagen Group. Here, Porsche looks for potential risks in relation to material origins, production conditions or raw material extraction.



DECENT WORK AND ECONOMIC GROWTH

Human rights are not respected in all regions around the world. The United Nations has therefore called for effective action to be immediately taken in this regard in order to bring an end to forced labour, modern slavery, human trafficking and child labour.

With the S-rating, Porsche encourages its direct suppliers to apply minimum standards, including the upholding of human rights at all stages of the value chain. An increasing proportion of suppliers with a good S-rating contributes to modern slavery and child labour being prevented. At the same time, this promotes decent and sustainable employment in the supply chain.

COMMITMENT TO SUSTAINABLE EMPLOYMENT AND THE PROMOTION OF HUMAN RIGHTS.



Porsche has set itself the goal of 90 per cent of its purchasing volume meeting the most stringent quality standards by 2030. This goal relates to the direct suppliers of production materials with a positive S-rating in the top assessment category. The degree of fulfilment in the year under review was 69 per cent. In this way, Porsche seeks to contribute to sustainable employment and to the promotion of human rights in the regions affected by its activities.

GOVERNANCE AND TRANSPARENCY

Porsche sets the highest standards for itself. For Porsche, ethical behaviour is essential, not least because the confidence that the customers, partners and society have in the company is dependent on this. Acting and doing business with integrity therefore serve as the foundations for all of the company's activities. In this area of action, Porsche is strategically working to increase transparency and responsible corporate governance in all the relevant areas. The objective is for the sports car manufacturer to be perceived by the industry and society as a strong partner and an exemplary company. Porsche also has itself rated by external organisations to this end and bases its improvement measures on the results of these ratings.

17 SUSTAINABLE DEVELOPMENT GOALS (SDGs)



GOOD, ETHICAL CORPORATE GOVERNANCE IS ESSENTIAL FOR PORSCHE



↗ The figures for fuel consumption, energy consumption and CO₂ emissions are found on pages 256–259.



PORSCHE FOCUSING ON SUSTAINABLE FINANCING

SUSTAINABILITY IN THE BUSINESS PROCESSES

Effective, sustainable activity is a fundamental prerequisite for the economic success of a business. Only those that enjoy economic success have the means to intercede on behalf of the environment and society. Porsche therefore builds on economic stability and value-creating growth.

Securing high profitability

Porsche has excellent profitability. It has set itself the strategic target of achieving a minimum operating return on sales of 15 per cent and a return on investment of at least 21 per cent. The sports car manufacturer wishes to ensure that it continues to meet its own profit targets in the future on the basis of continuous productivity and process improvements as well as strict cost management. This applies irrespective of its high investments in e-mobility and digitalisation. Porsche's company management is focused on maintaining a flexible and scalable organisational and cost struc-

ture. The cost-effectiveness of strategic projects and plans in the product portfolio is therefore prioritised and safeguarded within defined budgets. Porsche gauges and reports on the success of its measures on the basis of financial data and value creation calculations.

Porsche focusing on sustainable financing
In the future, business and the ability to compete will be heavily dependent on the transition to climate-neutral and more closed-loop-oriented products and production forms. With the European Union's Sustainable Finance Strategy, more and more capital will be directed into sustainable investments. Financial products that are used to pursue sustainable objectives form part of this trend. Porsche already embarked on a new path in August 2019 with the refinancing of sustainable projects. The company is the first automobile manufacturer to date to offer a green Schuld-schein (promissory note), with a volume of one billion euros. The refinanced project portfolio includes funds for the development of the all-electric Porsche Taycan and

investments in modern, energy-efficient production buildings and facilities that will be used exclusively for manufacturing and developing battery-powered vehicles.

The company has obtained Clean Transportation certification from the Climate Bonds Initiative (CBI) for the composition of this portfolio of green projects. This was carried out in accordance with the Green Bond Principles of the International Capital Market Association and was verified by the sustainability rating agency ISS ESG. ISS ESG and the CBI confirmed that the funds had been used correctly and completely for the project portfolio in post-issuance certification carried out in September 2020. The refinanced green project portfolio supports the United Nations' Sustainable Development Goals, specifically targets 9.4 (clean technologies to reduce CO₂ emissions) and 11.2 (access to sustainable transport systems). The proportion of sustainable refinancing in the Automotive subgroup is currently around 60 per cent. This is to be increased to 100 per cent by 2030.

TRANSPARENT CORPORATE GOVERNANCE

Porsche is aware of the importance of its reputation of doing business successfully. The company therefore takes its stakeholders' interests into account in its decision-making and sets great store by living up to society's expectations.

ESG management at Porsche

For this reason, Porsche introduced extensive ESG management in the year under review. ESG stands for environment, social and governance, and represents a set of requirements made of companies by the capital market. It can be used to better understand and assess companies' performances in the area of sustainability.

Porsche planned its ESG management system in 2021 and incorporated appropriate evaluation processes into its existing sustainability management. Responsibility for this lies with the Sustainability department, which also manages the sustainability strategy. Adopting an integrated approach, the ESG management system complements the strategy with additional key topics.

The company established a set of performance indicators which illustrate material non-financial ESG contributions and transparently demonstrate the Porsche business model's contribution to sustainable development. Comprehensive ESG management will be established beyond the year under review for a subset of these performance indicators.

Going forward, the ESG management system should make it easier for the Executive Board and the departments involved to monitor and manage their ESG contributions, interpret results and produce regular reports. It was decided in the year under review that a centralised IT system would be established for this purpose. The Sustainability department pools this software's output, manages the monitoring process and assists the departments with material decisions.

ISS ESG rating

Porsche is voluntarily assessed by the sustainability rating agency ISS ESG at regular intervals. Here, the company's sustainability performance in the areas of the environment, society and responsible corporate governance is examined. Porsche considers this independent, external assessment to be an important tool and source of impetus. Building on this, it can continuously improve its sustainability management.

Porsche sets great store by its sustainability performance being assessed independently. In October 2021, the company was once again awarded Prime status by the rating agency  ISS ESG and improved its previous year's rating of C+ to B-. Prime status is awarded to companies with ESG performance that exceeds a stipulated threshold which is typical for the sector. This means they meet ambitious performance requirements. The sports car manufacturer has set itself the goal of being classified as one of the leading companies in the automotive industry in this rating.

ISS ESG assesses sustainability performance on the basis of more than 100 standardised, industry-specific indicators covering the environment, society and corporate governance. ISS ESG annually analyses more than 800 different indicators at over 8,000 companies around the world. Its analysis is based on information in the public domain or information obtained through direct dialogue.

ISS ESG rated Porsche's sustainability performance especially positively in the areas of "Staff and suppliers", "Society and product responsibility" and "Environmental management".

For its assessments in the automotive industry, ISS ESG focuses particularly strongly on the companies' strategies regarding alternative drives, in particular electric vehicles. With the Taycan, the all-electric successor to the Macan and the company's further electrification strategy, Porsche is well placed for the future in this focus area.



ESG stands for environment, social and governance, and represents a set of requirements made of companies by the capital market. It can be used to better understand and assess companies' performances in the area of sustainability. Porsche introduced extensive ESG management in the year under review.

PORSCHE'S ESG FOCUS



Capital market



Analysts



Investors

Porsche is developing future-oriented drive concepts with a focus on electromobility and decarbonisation and is expediting the development of key technologies for future generations.

Transparent

Comprehensive

Material

COMPLIANCE AND INTEGRITY ✓

Acting responsibly also involves complying with the applicable laws and acting with integrity. Porsche requires compliance of the employees in the form of conforming to rules and promotes integrity as a personal attitude.

Established compliance structure

The point of compliance is to avoid penalties, fines, claims for damages or other legal consequences for the company or its employees. Compliance also contributes to protecting the company's good reputation and preventing any loss of confidence in the company.

The company promotes legally compliant conduct by means of a compliance structure which is based as closely as possible on the business model. This includes legally watertight processes as well as preventive and reactive measures. Porsche's compliance management system currently encompasses six areas of compliance, including anti-corruption and anti-money laundering measures. With its adopted compliance structure, Porsche seeks to prevent violations of the law and help its employees act in accordance with the legal and statutory provisions. It includes a Chief Compliance Officer, compliance officers covering specific topics at Porsche AG and local compliance officers at the Group companies.

Regular risk analyses are used to determine where action is needed and derive preventive measures. Aspects such as the company's business model, relevant environmental conditions and the relationships with business partners are taken into account. At Porsche, binding rules are adopted and communicated and confidential compliance advice is offered. These examples count among the key measures. Fundamentally, the Code of Conduct sets out the most important rules to be applied at Porsche. Directed at the managers and the employees, it documents the expectations of their assuming responsibility for compliance as members of society, as business partners and in the workplace. It also specifies the rules regarding how to avoid corruption or violations of antitrust law, how to handle conflicts of interest or the receipt of gifts and how to prevent money laundering. Managers and other employee groups are given targeted information and training on compliance and the related risks as a means of sustainably promoting lawful behaviour.

Porsche's central compliance help desk offers information and advice internally, answering all of the managers' and employees' questions

regarding compliance issues. In addition, employees can report possible violations of the law to an internal office set up accordingly. Outside the company, Porsche managers, employees, customers and business partners, as well as public officials and other external individuals, can report possible legal violations anonymously to two ombudsmen. Porsche diligently investigates all reports, taking the applicable data protection regulations into account. Any violations identified are responded to in line with the relevant labour and competition laws. Suitable countermeasures can be introduced and individual cases of misconduct can be sanctioned.

THE EFFECTIVENESS OF THE COMPLIANCE MANAGEMENT SYSTEM IS REGULARLY AUDITED.



The effectiveness of the compliance management system is audited by the affected department as part of the governance, risk and compliance (GRC) process and regularly also by the Internal Audit department. The compliance management system is also regularly incorporated into site checks during preparation of the Annual and Sustainability Report.

The Executive Board and the Supervisory Board of Porsche AG receive regular reports on action taken by the compliance organisation and on the preventive and reactive measures implemented at the company.

In 2021, compliance communications focused among other things on intranet posts regarding publication of the digital learning module "Competition law in procurement" and about International Anti-Corruption Day. These were complemented by reporting on other compliance issues in the site newspaper.

THE EMPLOYEES' AND BUSINESS PARTNERS' RESPONSIBILITY FOR COMPLIANCE IS COMPREHENSIVELY GOVERNED BY THE CODES OF CONDUCT.



Code of Conduct

The Code of Conduct was updated for the employees in the year under review. This governs all aspects of the employees' responsibility for compliance:

- As a member of society: human rights; equal opportunity and equal treatment; product conformity and product safety; environmental protection; donations, sponsorships and charity; communication and marketing; political lobbying.
- As a business partner: conflicts of interest; gifts, hospitality and invitations; prohibition of corruption; dealings with officials and holders of political office; prohibition of money laundering and terrorism financing; accounting and financial reporting; taxes and customs; fair and free competition; procurement; export control; prohibition of insider trading.
- In the workplace: occupational safety and healthcare; data protection; security and protection of information, know-how and intellectual property; IT security; handling company assets.

The Code of Conduct for Business Partners governs Porsche's expectation that its business partners will comply with the law as applicable. Acknowledgement of principles of ethical conduct and expectations regarding acting sustainably are also enshrined in this binding document.

Both of these codes explicitly bring the whistle-blower system for potential violations of the law to people's attention, stating the relevant internal and external reporting channels. Detailed information about this system is also published online, where there is the option of especially safe, anonymous whistle-blowing.

Compliance training

The compliance officers are responsible for conducting compliance training in collaboration with the HR department. A large number of virtual and face-to-face training sessions for various target groups were offered in 2021. In addition, the Code of Conduct digital learning module was updated and published. This teaches the principles of the Code and provides contact details for the whistle-blower system on the one hand and, in particular, explains the content of the Group guideline "Avoidance of conflicts of interest and corruption" on the other. Porsche AG's training quota at the end of

the year under review was 91 per cent. A digital learning module on the topic of fraud prevention was developed and will be available from 2022. This follows the established fun approach of the existing compliance training format and takes the form of a digital board game. The participants' knowledge is enhanced through their solving tasks and practical cases and their having to confirm that they have read general information.

91 PER CENT OF THE EMPLOYEES HAVE TRAINING IN THE AVOIDANCE OF CONFLICTS OF INTEREST AND CORRUPTION.



The compliance officers deliver the training on the basis of a subject-specific plan which uses risk analyses to identify the relevant target groups and key areas of content. This also defines the number and frequency of events as well as the capacity needs. A regular programme of set training events is in place for (new) managers, junior managers (format ended in 2021), new employees and trainees. Training is also provided on current topics with specific departments or on request.

All compliance training at Porsche is binding. The training progress made in the course of the year is monitored, with the final training status being reported both to the Compliance Council and to the Executive Board and Supervisory Board. The Compliance Council coordinates the Porsche Group's compliance roll-out measures. It also advises the Chief Compliance Officer regarding further development of Porsche's compliance management system.

Further details of the Compliance department's training programme and communications are available to Porsche employees on the intranet. In addition to the relevant Group and company guidelines, this features information on compliance culture and the compliance organisational structure. It also provides information about who to contact with queries or information and about the reporting channels as well as films, flyers, information cards and brochures.

Upholding human rights

As a company that campaigns for diversity and equal opportunity, the upholding of internationally recognised human rights is a matter of course for Porsche. This applies on the one hand to the company's own sites. On the other hand, it is also something which Porsche expects of its direct suppliers, who are required to also implement the corresponding requirements in their lower supply chain levels. The sports car manufacturer rejects child labour, forced labour and compulsory labour as well as all forms of modern slavery. Porsche develops and produces its products in accordance with the relevant conventions, including the labour and social standards of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises.

A key measure in the year under review was the global roll-out of risk analysis on the topic of human rights as part of the Porsche Group's established compliance risk analysis. The sports car manufacturer also incorporated human rights aspects into its training and communication measures, for example with background information, warning signs and recommendations for action in the event of indications of human rights violations.

AS AN INTEGRAL PART OF THE MANAGEMENT MISSION STATEMENT, INTEGRITY IS A TOP PRIORITY AT PORSCHE.



Promoting integrity

Integrity means firmly believing in one's values and ethical principles and steadfastly acting in accordance with these. It is an integral part of the management mission statement and is a top priority within the Porsche strategy regarding employee collaboration. Acting with integrity is also indispensable in retail. Integrity is therefore firmly embedded in the Porsche service standards as a key value. The high level of attention paid to this topic is also reflected in the reporting to the Executive Board and Supervisory Board. It is additionally a focus in the decision-making processes of all the top committees.

COMPLIANCE WITH INTEGRITY IS SUPPORTED BY AMBASSADORS AND A MULTIPLIER NETWORK.



The topic of "Culture and integrity" is being rolled out internationally at Porsche by the Volkswagen Group as part of its Together4-Integrity (T4I) programme. The resultant long-term measures aim to further strengthen the integrity culture and will be implemented as scheduled.

A catalogue of internal communication measures is used to continuously raise awareness of the topic of integrity among the workforce. The interdisciplinary multiplier network covering the brand, culture and integrity was further expanded in the year under review. This network serves as a platform for knowledge exchange, ideas and presentations, and assists the ambassadors in embedding the topic of integrity within the departments. A poll on acting with integrity and lawful behaviour within the corporate organisation is carried out annually as part of the Porsche employee survey. In the event of conspicuous mood barometer findings, the causes are investigated and appropriate measures are introduced if necessary, with the involvement of HR and the relevant line manager.

Integrity is an integral part of the current and future HR development programmes. Dialogue events regarding Porsche's values and culture are held in the organisational units.

DIGITALISATION, DATA PROTECTION AND CORPORATE DIGITAL RESPONSIBILITY

At Porsche, digital innovation and technological progress are key drivers of the company's future. Digitalisation is therefore enshrined in Porsche's Strategy 2030 as a cross-cutting strategy. Porsche is also investing heavily in its own digital transformation.

FIFTEEN BILLION EUROS FOR DIGITAL TRANSFORMATION, SUSTAINABLE PRODUCTION AND ELECTRO-MOBILITY.



Investment in digitalisation

Porsche will spend 15 billion euros on digital transformation, sustainable production and electromobility up to 2025. At Porsche, the operating system used for digitalisation is agility. A transition to being lean and agile will allow for creative and innovative collaboration and will expedite targeted change. In addition, it will give the Porsche customers better products and services. Digital product organisation is one example of the implementation of these work methods – self-organised teams work interdepartmentally, all using the same methods, principles and processes. A common rhythm is established in which various goals are brought together and a culture of collaboration is promoted, resulting in what's known as the "Porsche Takt". In this way, the company is further developing its business agility, reducing the time to market and boosting app ratings.

Porsche uses the Scaled Agile Framework (SAFe). With this, the company gives the agile work methods in all the digital product teams an overarching framework and caters to the increasing number of digital projects with a standardised concept. SAFe combines lean, agile and DevOps principles and practices for the iterative development of software and digital products. It allows these principles and practices to be extended across large organisations, thereby enabling a company to master complexity far beyond the team and project levels.

Porsche is supporting a research project to make the effect of agile work methods quantifiable. The Chair of Strategy and Organiza-

tion at the University of Tübingen is involved in this as a scientific partner. A total of 72 performance indicators allow agile and traditional project work in the areas of performance, product, teamwork and the individual to be compared.

Data security, transparency vis-à-vis the customer and control over data disclosure count among the primary principles in all of Porsche's digitalisation projects. The customers have a great deal of confidence in the Porsche brand. The company therefore makes a particular commitment to handling the data entrusted to it as securely and as responsibly as possible.

With its digitalisation strategy, Porsche is enhancing its innovative power outside of the company too. The sports car manufacturer has been systematically building up a start-up ecosystem to this end for a number of years. The following units and initiatives cooperate closely under the auspices of Porsche: Porsche Ventures as Porsche's venture capital arm, the technology unit Porsche Digital, the company builder Forward31 and APX, a joint venture for young entrepreneurs established by Axel Springer and Porsche Digital as long-term partners. Porsche covers the entire start-up arena with this agile quartet. Porsche is also a partner of the open innovation platform Startup Autobahn, which serves as an interface between industry-leading businesses and young technology companies. Its objective is to test innovative technologies and take them to production maturity.

PORSCHE IS ENHANCING ITS INNOVATIVE POWER BY SYSTEMATICALLY DEVELOPING A START-UP ECOSYSTEM.



Porsche's digital transformation is also to lead to a sustainable future. For example, the company is assisting the "aware" sustainability platform through Forward31, with Porsche further developing the German sustainability platform's strategy and business model in cooperation with the platform founders. The Berlin-based start-up is pursuing the goal of accompanying businesses

and consumers on their path to a sustainable future on the basis of knowledge transfer and input from a cross-industry network.

Customer privacy

The protection of personal data is an utmost priority at Porsche. This includes the right of customers to determine what is done with their data. Personal data is safeguarded on the basis of a data protection management system which is organised globally and managed centrally within the organisation. Porsche's aim is that all products are developed with data protection in mind and designed from the outset in a way that ensures customers can trust that their data is safe. To this end, data protection has been made a key component of the product development process at Porsche. All functions and control units are examined by the development team early on regarding their data protection sensitivity. If needed, they are additionally checked by a team of data protection lawyers, with not only the legal requirements being taken into account, but also the objectives of Porsche's data protection strategy, which focuses on the customer.

With its Data Protection department, Porsche creates the basis for the legally compliant and appropriate handling of personal data. The data protection management system was developed in accordance with recognised national and international standards (ISO/IDW/ISEA). Compliance with the internal processes and rules is verified by an internal control system (ICS), the ongoing optimisation, amendment and further development of which Porsche ensures by means of a regular review of the data protection management system and its processes (plan-do-check-act, PDCA). These two mechanisms (ICS and PDCA) ensure that the data protection management system has a user-oriented design and that it and its components are effective. At the same time, new data protection requirements can be updated in each process to maintain compliance.

With this management system, Porsche pursues the objective of protecting its customers' privacy and their right to determine what happens to their information. The rights of the customers, employees and suppliers are taken into account during operation of the management system. Particularly in the context of the European Union's General Data Protection Regulation (GDPR), customers are able to assert their rights in their capacity as data subjects. For example, they can find out from the Group Data Protection Officer what

data the company holds on them via an information process. The management system also implements all requests for the erasure or rectification of personal information as well as objections to data processing.

Porsche has so far avoided any major data privacy violations thanks to appropriate technical, organisational and awareness-raising measures and training. In preparation for a potential violation, Porsche created an integrated process via which data privacy violations can be readily identified and remedied. The company sets great store by reducing and ideally eliminating any residual risks for the data subjects. The process allows potential risks for the customers in the event of data privacy violations to be swiftly resolved. At the same time, the customer is transparently informed.

Data protection organisation and strategy

Porsche firmly believes that effective and evident protection of personal data is essential. In this way, the company maintains the brand's high reputation, guarantees product safety and ultimately enables new business models. Risks are minimised and professionally managed. The Porsche data protection strategy therefore pursues the vision of "Privacy – Accelerating Dreams & Innovation!" and is embedded within Strategy 2030's "Digital security and privacy" strategy field.

The data protection strategy brings together data-driven innovation, the ethical use of data and compliance with the legal requirements. It is globally positioned on the basis of a market survey conducted in 2021. Internationally, Porsche clearly focuses on a high level of customer confidence. In the digital age, the company considers its customers' digital self-determination to be key to the company's success. The customers should not only have complete control of their vehicle, but should also be in the driver's seat on the information superhighway. In the future, people's confidence in the Porsche brand should be characterised not only by the quality of the products and services. Their conviction should also be reflected in their peace of mind that they themselves can determine what happens to their data. Corporate digital responsibility (CDR) features in the goals of Porsche's data protection strategy and will be further expanded.

The Data Protection Officer is supported by a dedicated team and other interdisciplinary data protection coordinators. As a spokesperson for the brand, they are a member of

the Group's Steering Group on Data Protection. The objective of the Steering Group is to ensure uniform application of the statutory data protection requirements across all brands and to exploit synergies from co-operation within the Group. It also engages with various associations and specialist working groups.

To stay abreast of the developments in digitalisation, Porsche established a Privacy Engineering unit within its data protection structure in the year under review. This provides technical data privacy advice and keeps track of the latest technical developments in terms of their significance to data privacy.

Once again in the year under review, no complaints regarding data privacy incidents were lodged with Porsche either externally or by any authorities. Internally, however, incidents were identified and reported thanks to the internal control measures and vigilant employees. Of these incidents, approximately 40 per cent proved to be false reports following investigation. None of the remaining cases resulted in increased risks regarding the rights and freedoms of data subjects. In all of the justified cases, Porsche took steps to remedy the causes in order to ideally rule out any such incidents again in the future. Due to internal confidentiality rules, no details of specific data privacy cases are published.

Corporate digital responsibility

If agility is Porsche's operating system, digital responsibility is our user experience. Confidence in the performance and quality of the products constitutes part of the Porsche brand essence. Transposing this confidence of all the company stakeholders to the digital world is the subject of the corporate digital responsibility (CDR) strategy, which is currently being developed with the assistance of MHP – a Porsche Company. Many of the activities mentioned above are being consolidated under the umbrella of CDR and the complete portfolio continues to be expanded. Digital responsibility means transferring the principle of sustainability from analogue to digital value creation. Porsche can only fulfil its responsibilities for its own benefit and for that of the stakeholders on the basis of both components.



THE PROTECTION OF PERSONAL DATA IS AN UTMOST PRIORITY AT PORSCHE

INNOVATIONS

The world is becoming more and more complex. A company therefore has to continuously adapt and evolve. Porsche therefore purposefully builds up new skills and adapts quickly to new customer requirements. Only then can the transition to electromobility, automated driving and digitalisation be a success.

Innovation Management

Society's expectations of Porsche as a brand are ever-changing. New customer groups in particular will require Porsche to act more sustainably than ever before in the future and offer a product portfolio in keeping with this. At the same time, the products must live up to people's expectations regarding performance and quality.

The Innovation Management team therefore continuously realises ideas from throughout the company. This affords the employees the space they need to work creatively and creates the foundations for innovation. The concept has found fertile soil – 80 to 100 employees apply themselves every year either individually or in teams. Their inspirational suggestions range from product improvements and production line changes to new, digital solutions.

7.7 MILLION EUROS FOR THE REALISATION OF INNOVATION PROJECTS IN 2021.



An idea has to fulfil three criteria in order for Porsche to consider it an innovation. It has to be new and unique, it has to be profitable and it must also offer a relevant customer benefit. If the feedback given is positive, the project is directly initiated with next to no preliminary work. It takes initiative for the ideas to be further developed because the idea provider assumes responsibility for project management. The Innovation Management department offers assistance with methodology, invests money if applicable and, if needed, contacts potential internal and external development partners. In this way, the Innovation Management department plays its part in innovative project ideas being validated in a structured manner and, in the event of success, more than likely being further developed through to series



PORSCHE INVESTS IN START-UPS AND VENTURE CAPITAL COMPANIES

production. The Innovation Management department determines the ideas' success with the aid of what's known as the transfer rate. This determines the percentage at which early-stage projects could be transferred to series development.

Organisation

Organisational speaking, Innovation Management is embedded as a cross-divisional team with a manager in each department. The team pursues a defined innovation agenda to focus its activities on the future topics of relevance to Porsche in the areas of the customer, products and the company. The topic of sustainability was made an integral part of the innovation agenda in the year under review and is to be focused on even more greatly in the future. The resultant projects will then contribute directly to Porsche's sustainability targets being achieved.

In 2021, Innovation Management had a budget of 7.7 million euros at its disposal for the realisation of innovation projects. However, this sum represents only a small proportion of what Porsche spends on innovation. For example, additional resources have been exclusively earmarked for the topic of innovation at the subsidiaries Porsche Digital and Porsche Engineering.

In the context of innovation, there is a focus in particular on collaboration with start-ups and universities. For this reason, Porsche is also a member of Startup Autobahn and a partner to the CODE University of Applied Sciences in Berlin and the Leipzig Graduate School of Management. In some cases, Porsche also invests directly in up-and-coming companies or launches initiatives

to expedite digitalisation. More than 75 million euros a year have been earmarked for investment in start-ups and venture capital companies. This ecosystem includes the company builder Forward31 and the earliest-stage investor APX, a 50:50 joint venture with Axel Springer, both of which are based in Berlin. With the venture capital unit Porsche Ventures and Porsche Digital GmbH, the company is always on the lookout for new start-ups that will strategically advance the brand.

Internally, vehicle development innovations have a key part to play in preliminary development in particular. At the heart of preliminary development are the cycle plan's target vehicles and their concrete requirements as well as the brand identity focuses, which include performance, fast travel, the driver experience, design, quality and sustainability.

In Strategy 2030, the strategy field "Innovative capabilities" was created as part of the "Organisation" cross-cutting strategy. This enhances the various innovation units' collaboration and focuses it on common content. Porsche is pursuing the goal of using the available funds as efficiently as possible (transfer rate > 55 per cent) in order to be the technology leader in defined focus areas by 2030.

Innovations contribute to differentiation between the Porsche vehicles. They improve the value creation processes and assist the company in achieving its sustainability targets. They are therefore a key factor that influences long-term success.

SAFEGUARDING OF HUMAN RIGHTS AND ENVIRONMENTAL PROTECTION IN THE SUPPLY CHAIN ✓

Porsche's supply chain is becoming more and more important. The key factors contributing to this are economic success, the expanded product portfolio and the technologies applied. At the same time, the volume of supply parts is increasing due to higher delivery figures and the procurement of innovative components.

Protection of human rights

Porsche endeavours to make its supply chain resilient by adopting a responsible and cautious approach. Following Porsche's integration into the Volkswagen Group, much of its Purchasing division was incorporated into the Group's procurement structure, with the existing structures and processes being adapted accordingly. Porsche closely coordinates and agrees on its contract awarding decisions with the Volkswagen Group.

Porsche is aware of its position in the supply chain. The company rejects child labour, forced labour and compulsory labour as well as all forms of modern slavery and human trafficking. Contractually binding sustainability requirements for direct suppliers can be found in the Code of Conduct for Business Partners and serve as the basis for responsible supplier management. This also and in particular relates to the upholding of human rights.

Along with the Volkswagen Group, the company is actively engaged in industry dialogue on the German federal government's National Action Plan for Business and Human Rights. The aim here is to establish decent labour conditions throughout the supply chain. Via the Volkswagen Group, Porsche is also a member of the World Economic Forum's Global Battery Alliance. Featuring public and private partners along the entire battery supply chain, the Global Battery Alliance strives to promote social and ecological sustainability throughout the whole value chain of the raw materials used in batteries.

Porsche developed a human rights due diligence management system in collaboration with the Volkswagen Group in the year under review. The purpose of this is to systematically analyse, prioritise and reduce human rights risks in the supply chain. A key measure here is extensive training and capacity building for the direct suppliers, in particular in countries and regions where there is a higher risk of human rights violations.

Demanding sustainability from suppliers

Trust-based cooperation between Porsche and its direct suppliers is based on shared values and clear sustainability requirements as defined in the Volkswagen Group. The concept of sustainability in supplier relations and the Code of Conduct compel all parties to observe environmental, social and human rights standards. These are founded on the International Chamber of Commerce's Charter and the OECD's guidelines. The relevant core labour standards of the International Labour Organization (ILO) serve as the foundation for the sustainability requirements.

All suppliers are also expected to follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Porsche is active here together with the Volkswagen Group within the Responsible Minerals Initiative and the Responsible Mica Initiative. The sustainability requirements are enshrined in supply contracts. If these are not complied with, contractually agreed steps all the way up to termination of the business relations are initiated.

Implementation

Sustainability is a core component of Porsche's contract awards. The company has established its own team within Procurement which is responsible among other things for rating the sustainability performance of direct suppliers.

THE S-RATING IS A MANDATORY AWARD CRITERION FOR ALL DIRECT SUPPLIERS.



Porsche always conducts integrity checks before entering into business relations with new partners. Since the introduction of the sustainability rating (S-rating) in 2019, sustainability has been a mandatory award criterion for all the direct suppliers of production materials. This also applies to suppliers in other areas based on risk. The company's checks include verification of social and environmental risks, as well as compliance including ethical conduct.

When awarding contracts, sustainability is placed on an equal footing with other criteria such as cost, quality, technological capabilities and logistics.

As a first step in the S-rating process, [potential] direct suppliers must submit a self-declaration on defined sustainability criteria using a standardised questionnaire that has become established in the automotive industry.

If the results of the questionnaire are not satisfactory, a second on-site inspection is carried out by an independent sustainability auditor. If any concerns are raised, the supplier is given a negative rating. In collaboration with the supplier, a Corrective Action Plan is initiated. Based on this, the identified risks must be quickly remedied. Implementation of any measures is subject to central verification. The affected suppliers are not considered for further contracts until they comply with and meet the sustainability requirements.

In total, 1,796 direct suppliers had submitted a questionnaire up to the reporting year. Of these, 657 underwent on-site audits. A large proportion of the suppliers that have submitted a tender for a contract already meet Porsche's sustainability requirements.

All the Porsche Procurement employees are obliged to complete an S-rating training module. This embeds sustainability in the operational procurement processes. An e-learning module also allows employees in other departments to find out about the concept and management options provided by the S-rating.

Responsible procurement of raw materials

Porsche endeavours to uphold human rights standards in the raw materials supply chain. Porsche works closely with its immediate suppliers here and demands the disclosure of the origins of materials that are potentially bound up in human rights violations such as child, compulsory or forced labour as well as all forms of modern slavery and people trafficking. These occur among other things in the context of the labour conditions for those involved in the extraction of raw materials such as cobalt, mica and natural rubber. Given the depth of the supply chains, which can comprise multiple levels, these processes are extremely complex. Porsche therefore always takes a risk-based approach.

For example, if human rights violations are identified during an on-site visit, an action plan to remedy the shortcomings is agreed upon with the supplier, which they must then work through. If this proves not be effective, Porsche will issue punitive measures.

During the reporting year, the Volkswagen Group conducted several projects in which "high-risk" raw materials were analysed in turn. Porsche is working in close cooperation with selected direct suppliers to verify two of the identified high-risk materials. In this way, the entire supply chain is followed back to the origin of the raw material and all the intermediate suppliers involved can be identified. This enables Porsche to detect human rights risks at an early stage and take action accordingly. The first Responsible Raw Materials Report was published in the year under review, covering the most important findings and measures.

Within the Volkswagen Group, existing approaches and targets are continually refined to guarantee the responsible procurement of raw materials. An example here is the product requirements document for leather, which will be mandatory for all contracts newly awarded from 2022. The product requirements document requires disclosure of the supply chain and makes a sustainability certificate which is specific to leather mandatory.

Porsche uses new technologies in certain global and complex supply chains. This increases supply chain transparency and helps to prevent raw material procurement risks. Since 2020, Porsche has been engaged in a project together with a start-up. This uses artificial intelligence to comprehensively screen suppliers. The permanent monitoring of freely available Internet sources including social media provides timely indications of possible breaches by the suppliers. This technical solution provides an early warning of potential sustainability violations at the lower supply chain levels. The results of the production-based pilot testing involving more than 4,000 direct and indirect suppliers are promising.

CO₂ emissions in the supply chain

Porsche has set itself an ambitious target – the company wishes to achieve balance-sheet CO₂ neutrality across the entire value chain by 2030. The sports car manufacturer's supply chain is currently responsible for around 20 per cent of Porsche's CO₂ equivalent emissions, which are used to calculate the Decarbonisation Index. Porsche expects this proportion to significantly increase in line with ever greater electrification.

Since July 2021, the sports car manufacturer has required its series suppliers to use renewable energies for the manufacture of



PORSCHE KEEPS TRACK OF ITS RAW MATERIALS, FOR EXAMPLE WHERE ITS LEATHER COMES FROM

Porsche components. This applies to all production material contracts awarded for new vehicle projects.

Based on a hotspot analysis, Porsche held numerous workshops with suppliers from relevant industries in the reporting year. These serve to coordinate and monitor the CO₂ reduction targets and measures as well as those for the use of sustainable materials. Porsche also required more than 1,200 direct suppliers of production materials to transparently present their CO₂ reduction plans.

Of all the parts, HV battery cells are the biggest driver of CO₂ emissions in the supply chain for electric vehicles. Therefore, to reduce these emissions, targeted measures were defined which suppliers must henceforth meet as requirements for new projects. To realise the CO₂ reduction targets in the vehicle projects, a comprehensive process was developed which accommodates all the interfaces. This applies to all new enquiries.

LONG-TERM CUSTOMER RELATIONS AND SATISFACTION

Porsche is a supplier of exclusive vehicles and services. High levels of customer satisfaction and close customer relationships have therefore always played an important role. The range of products and services is always evolving. It is therefore especially important that the customers be addressed individually throughout their vehicle's life cycle, for example with tailored offers. Porsche achieves this with a customer relationship management system that extends throughout the whole customer relationship.

Extension of digital customer care

Porsche aims to be able to reach its customers around the clock, whatever their location. The Sales and Marketing division has therefore increased its expansion of digital contact points in recent years. This has proved to be especially beneficial during the coronavirus crisis as it has allowed Porsche to keep in touch with its customers.

Porsche significantly increased its efforts in expanding the My Porsche customer portal and extended the portal's range to more than 1.2 million Porsche ID users around the world. A range of new functions were implemented during the reporting year. These include booking events, such as dealer events, and service appointments and also video-based vehicle checks, which are made available to the customers online by the servicing dealership.

Porsche continuously expanded its online digital functions. The company also fundamentally overhauled its strategy regarding native smartphone apps this year. In the future, all of the core services are to be conveniently pooled for the user in a new My Porsche app. This applies among other things to Connect, smart mobility, e-performance and digital customer care. The app solution makes interaction regarding a vehicle easier and facilitates dialogue with retail and with the Porsche brand. Initially, the primary functions of the previous apps My Porsche Essentials, Connect and Car Connect will feature. Further highlights in the areas of e-performance and aftersales will follow before the end of 2022. The new My Porsche app was gradually rolled out in just under 50 countries around the world in the year under review. Regular function expansions ensure that the new vehicle generations are supported and that the customers are offered relevant, exclusive content.

Customer feedback regarding products and services

The products and services are evolving at a rapid pace. The mechanism for customers rating ideas and concepts therefore needs to be global in design and fast. How important is product substance sustainability? How can Porsche assist with city centre parking? What colours do Porsche customers prefer? Questions like these are continuously answered by many customers in the four most important markets in the Porsche Advisors Club.

In addition to traditional tools such as online questionnaires, an array of digital communication options is used here, including discussion forums, short surveys and online discussions involving Porsche employees and customers. The Porsche customers appreciate the opportunity to actively contribute to the development work. And Porsche ensures that it can continue to offer products with a high degree of customer acceptance.

An Executive Board committee receives a monthly report on the latest developments in product quality and customer satisfaction, both at Porsche AG and in the international sales subsidiaries. This committee is complemented by regular coordination between the Sales and Marketing departments and international representatives from the markets.



CUSTOMER FEEDBACK DIRECTLY INFLUENCES THE PRODUCTS AND SERVICES



FOR PORSCHE, VEHICLE SAFETY IS A KEY ISSUE IN ITS VEHICLE DEVELOPMENT

CUSTOMER AND VEHICLE SAFETY

Vehicle safety is of the utmost importance to Porsche, with the safety of the vehicle's occupants being the top priority. In addition, making sure that other road users are also kept safe is another crucial aim.

Vehicle safety that exceeds legal requirements

Vehicle safety at Porsche encompasses front, side and rear protection, roof and door stability, interior and component safety, as well as protection of pedestrians, cyclists and motorcyclists. Autonomous or highly automated driving and corresponding driver assistance systems will additionally contribute to making the roads even safer in the future.

COMPREHENSIVE VEHICLE
SAFETY ABOVE
AND BEYOND
THE LEGAL
REQUIREMENTS.



Porsche's response to vehicle safety extends far beyond merely meeting the legal requirements. The company's focus is always on providing the best possible level of protection for its customers on the road.

The requirements and approaches to vehicle safety are discussed and agreed in several functional corporate working groups. The Safety working group comprising safety officers for all of the brands meets regularly.

Porsche's response to vehicle safety extends far beyond merely meeting the legal requirements. The company's focus is always on providing optimum protection for its customers on the road.

Vehicle safety is a decisive criterion from the outset in the development of vehicles. Development work in the area of vehicle safety focuses on functions and systems – everyone who is responsible for the safety of individual vehicle components and systems collaborates in a central function. With regard to "front protection" for example, the relevant experts come together to focus on the structure and aggregate design in terms of energy management and deceleration characteristic, as well as system development, restraint systems and primary safety components including components such as airbags and seatbelts. All of the necessary development tools such as simulations, component trials, system and full vehicle testing are also brought together. The functional properties are further tuned in multiple iterations on the basis of simulations and testing. This process is continuously improved all the way through to production maturity.

Responsibility for the functional targets being met lies with the corresponding product development departments. The relevant project coordinator for vehicle safety handles overall product maturity tracking, while final approval of the function is given by the responsible head of the specialist area.

Porsche level of protection
The targets in relation to the protection of vehicle occupants are derived from both the global legal standards for vehicle safety and numerous voluntary undertakings, as well as a range of internal requirements (the vehicle safety checklist). These guarantee a fundamental standard of safety that represents the state of the art as well as a general level of protection irrespective of the market and the model. Porsche therefore constantly monitors global legislation. Forecasts of new requirements and field observations from Porsche's team of accident investigators and analysts likewise provide the basis for this.

Assistance systems such as ABS, ESP and automatic emergency braking can prevent accidents. Another focus is to reduce the effects of an accident on the vehicle's occupants. With this in mind, the deformation behaviour of the vehicle body is precisely defined for a variety of frontal, lateral and rear end impacts during the development phase of a new model. Porsche also uses a smart restraint system consisting of airbags and seatbelts. Simulations and crash tests are used to verify the effectiveness of the safety systems. In crash testing, the entire vehicle slams into an object such as a wall under controlled conditions. The crash test dum-



↗ The figures for fuel consumption, energy consumption and CO₂ emissions are found on pages 256–259.