

SUSTAINABILITY MANAGEMENT

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SUSTAINABILITY MANAGEMENT

In the reporting year, Porsche approved its Strategy 2030, further developing its strategic focus on sustainability. The company is reviewing the entire value chain with a view to improving sustainability at all levels of its commercial activities, against the backdrop of global challenges. With the sustainability focus of Strategy 2030, Porsche is pursuing its long-term objective of achieving meaningful growth in economic benefit and social responsibility while reducing the ecological footprint of its business.

Sustainability strategy

Businesses are key participants in society. Commercial activities have a diverse range of social, economic and ecological impacts. As employers and economic actors, however, companies also depend on the acceptance and well-being of society. The coronavirus pandemic made this dependency particularly tangible during the reporting year. Society rightly demands that businesses meet their obligations and are accountable and put their power behind universal concerns.

Every year more resources are consumed around the world than can be naturally produced. The planet's population will grow to over eight billion people by 2030. Companies are operating in a new economic context shaped by global competition for resources, the threat of climate change, political upheaval and the global consequences of the pandemic, rampant consumer demand, and the changing views and standards of a range of interest groups in relation to sustainable development. The automotive industry is especially affected by this. It is facing major change and new challenges.

The new Porsche sustainability Strategy 2030 identifies the principal challenges for the company in six strategy fields that are key to the sports car manufacturer's sustainable development. These action areas provide a consistent focus for Porsche's activities. The impact of business activity and of society's expectations for the company are always at the core. With its strategy fields, Porsche is meeting global risks head-on while simultaneously embracing new opportunities to influence and innovate, in collaboration with its suppliers, employees and customers, across the entire value chain of the business.

Porsche organises its sustainability activities on the basis of the following six strategy fields:

- DECARBONISATION
- CIRCULAR ECONOMY
- DIVERSITY
- PARTNER-TO-SOCIETY
- SUPPLY CHAIN RESPONSIBILITY
- GOVERNANCE & TRANSPARENCY

Progress on this journey is subject to regular evaluation and the strategy is continually updated to secure the best possible outcomes. Porsche also engages actively with its internal and external stakeholders as well as with recognised experts such as the members of the Porsche Sustainability Council.

With ambitious aims, the Porsche Sustainability Strategy 2030 is measured against scientific findings and external expectations that create the framework for effective action. The company is also drawing on its inherent values and the brand's calling to be a bold and visionary pioneer of sustainable mobility. Porsche seeks to shape its future responsibly and successfully, with and for society.

The new strategy fields underscore Porsche's commitment to focusing on sustainability in its entirety. Indirect effects of the company's business activities, including in the supply chain, are given the same level of attention as direct, operational impacts. In this way, Porsche is living up to its responsibility along the company's entire value chain.

Strategy areas in Porsche's Sustainability Strategy 2030

ENVIRONMENT, SOCIETY AND RESPONSIBLE COMPANY MANAGEMENT		
	DECARBONISATION	Consistent reduction in CO ₂ emissions throughout the value chain
	CIRCULAR ECONOMY	Efficient, circular use of resources at all levels of the value chain
	DIVERSITY	Equal opportunities and diversity in all areas of employment
	PARTNER-TO-SOCIETY	A commitment to society wherever Porsche is active
	SUPPLY CHAIN RESPONSIBILITY	Protection for human rights, good working conditions and responsible processes throughout the supply chain
	GOVERNANCE & TRANSPARENCY	Transparent and responsible company management and unconditional compliance

*The chapters in the Sustainability section of this report are organised according to the reporting areas "Innovative Mobility", "Reliable Partner" and "Go to Zero" in line with the previous reporting period. Due to the new strategic direction undertaken in the reporting year, Porsche is in a process of transformation that will also shape the form of future sustainability reporting.

Sustainability organisation

→ GRI 102-43

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

Porsche's sustainability organisation is implemented across the entire Group. A transparent internal structure with defined roles and responsibilities allows sustainability topics to be handled consistently and effectively throughout the business. This is underpinned by the "Group Sustainability Directive". The Directive contains binding rules on organisational processes, topic management, project implementation, and communication of all sustainability topics.

The Executive Board of Porsche AG acts as the highest authority on sustainability. It regularly meets in the context of Board Strategy Workshops and sets the fundamental strategic direction as well as specific targets for sustainability. It also decides on the realisation of far-reaching sustainability measures and light-house projects.

During the reporting year, a new "Sustainability" department was created within the "General Secretary and Corporate Development" division with responsibility for the sustainability strategy, its implementation and its continued development. The department is also responsible for carrying out sustainability projects and managing the company's sustainability bodies. In line with the Volkswagen Group Sustainability Guidelines, the "Sustainability" department is 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 the ongoing reinforcement of stakeholder dialogue and collaboration in sustainability networks. The Office of the Sustainability Council and the project management for all activities relating to the Value Balancing Alliance are also firmly embedded here.

As a cross-departmental entity the Environment and Sustainability steering committee sets and consolidates the direction and content of the environment and sustainability

strategy in preparation for its subsequent adoption by the Environment and Sustainability Steering Group and the Executive Board. The steering committee comprises representatives of all departments with relevance to sustainability. It focuses on matters relating to the environment and sustainability strategy, including decisions on the roadmap and objectives. The Environment and Sustainability steering committee also forms working groups to prepare, evaluate and refine topics, projects and initiatives relating to sustainability. It generally holds bimonthly meetings and reports regularly to the Steering Group above it.

The Environment and Sustainability Steering Group is the ultimate instance in Porsche at which the focus and direction of the environment and sustainability strategy can be established in preparation for adoption by the

Executive Board. The Steering Group is composed of the heads of the main divisions and can be expanded flexibly as required. It is concerned with all topics conducive to the development and creation of the environment and sustainability strategy, and commissions the Environment and Sustainability steering committee to prepare and agree topics, projects and initiatives relating to sustainability. The division of roles and responsibilities among the members of the Steering Group and participants in the topic areas is governed for both the Steering Group and the steering committee in accordance with the Porsche Group Sustainability Guidelines. The Environment and Sustainability Steering Group meets once each quarter and provides regular reports to the Executive Board.

PORSCHE SUSTAINABILITY COUNCIL

The Porsche Sustainability Council is a group that advises the company's Executive Board and top management. The Council is composed of independent experts from the worlds of business, science, politics and civic society. Since being founded in 2016, it has been an effective contributor to and critical partner in Porsche's credible, strategic approach to sustainability, through its ideas, regular consultations and its own projects.

The Sustainability Council convened at the end of 2020 is composed of the following members: Prof. Lucia Reisch, Prof. Sonja Peterson, Prof. Maximilian Gege, Prof. Ortwin Renn and Prof. Klaus Töpfer. 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.

In the reporting year, the Sustainability Council held two consolidated meetings with the Porsche Executive Board. The core topics of discussion included the handling of the coronavirus crisis, decarbonisation and the creation of resilient and sustainable supply chains. The Porsche Sustainability Council also met twice with the Sustainability Council Office and held one meeting with the Volkswagen Group Sustainability Council. Alongside regular conference calls, members of the Council were closely involved in further development of the sustainability strategy and deepening of the stakeholder dialogue.

The Sustainability Council will be further strengthened in 2021, growing from five to six members, in response to the constantly increasing global challenge and rising importance of sustainability.



An overview of sustainability organisation

PORSCHE EXECUTIVE BOARD

Overall responsibility for sustainability

PORSCHE SUSTAINABILITY COUNCIL

Source of advice and impetus

ENVIRONMENT AND SUSTAINABILITY STEERING GROUP

Sets sustainability priorities and strategic focus

ENVIRONMENT AND SUSTAINABILITY STEERING COMMITTEE

Devises strategic content on sustainability and consolidates approach across all departments

SUBJECT-SPECIFIC WORKING GROUPS

Devise strategic content and implement specific programmes

SUSTAINABILITY DEPARTMENT

Interface to VW sustainability management

Manages sustainability strategy and committees

Implements sustainability projects

POLITICS AND SOCIETY DEPARTMENT

Manages sustainability communication and stakeholder dialogue

Responsible for stakeholder management

Interface to Porsche Sustainability Council

Sustainable Development Goals

→ GRI 102-47

The United Nations Sustainable Development Goals (SDGs) form the core of the 2030 Agenda for Sustainable Development. The 17 global sustainability goals that have been defined are intended to reconcile economic progress with social justice and environmental compatibility.

Porsche takes its responsibility seriously to counter the depletion of natural resources and climate change and make a positive impact on social development. The company is committed to the SDGs and is focusing its activities for sustainable development on the key topics that can make a tangible contribution through its own business model and associated value creation processes.

Taking account of internal and external sources, there are seven SDGs to which Porsche can make a significant difference through its sustainability activities.

SDG 4 – Quality education

For Porsche, education is a key to sustainable development. This is why the company offers its trainees and staff a diverse programme of vocational and professional training. All employees have access to systematic further development opportunities based on their needs. At its company sites as well as on the international stage, Porsche is also committed to a range of educational and scientific projects, including regional schemes in Stuttgart and Leipzig with the "Ferry Porsche educates" initiative, as well as the international "Porsche Aftersales Vocational Education" (PAVE) programme, which aims to provide and expand local vocational education for Porsche's sales organisations as required around the world.

SDG 8 – Decent work and economic growth

Porsche creates high quality jobs to create value and achieve sustainable growth, and affirms its commitment to observing and protecting human rights beyond the factory gates and throughout the supply chain. The sports car manufacturer therefore not only assumes responsibility for its employees and invests in their future. It also sets high, internationally recognised standards for social and human rights that must be met by its suppliers. In this way, Porsche provides effective support to the protection of humane working conditions and categorically rejects all forms of modern slavery, such as forced, mandatory and child labour.

SDG 9 – Industry, innovation and infrastructure

Porsche is synonymous with innovative products and services. By expanding a high-performance charging infrastructure for electric vehicles, permanently working to find innovative solutions, and trialling digital technologies and future trends, the company is playing an instrumental role in sustainable development. The Taycan, Porsche's first fully electric sports car, illustrates the mobility revolution. The new plant constructed for production of the Taycan in the company's traditional main Zuffenhausen works is also a good example. Here, Porsche has upgraded the entire site to make it CO₂ neutral.

SDG 11 – Sustainable cities and communities

The sports car production at the main plant in Stuttgart-Zuffenhausen is located in a mixed-use zone, surrounded by residential areas. Consequently, the company is directly confronted with the challenges posed by increasing urbanisation of the planet. This is another reason why Porsche feels a sense of duty to actively contribute to the sustainable development of cities by providing smart solutions. Resource-efficient production processes and products, as well as technological and social innovation, are the key factors for the company in this regard. Porsche is putting all its energy into mobility that is fit for the future and is including forward-looking concepts such as sharing, rental and leasing concepts in its portfolio to make urban mobility more flexible.

SDG 12 – Responsible consumption and production

Porsche not only works non-stop on products that are more environmentally and resource-friendly, but also undertakes to make its manufacturing processes as efficient as possible and sparing on the environment. The ecological and social quality of processes is equally as important as the economic, functional and technical qualities. The company places the utmost value on compliance with international rules on employee, health and environmental protection. For this reason, ethical perspectives and standards are also written into the sustainability requirements that apply to the Porsche supply chain.

SDG 13 – Climate action

Climate change is one of the most pressing issues of our time. Porsche is embracing the challenge of pushing technological boundaries, reducing fuel consumption and developing innovative drive systems. The company is aiming for total decarbonisation and CO₂ neutrality, in this way making a contribution to the achievement of the UN climate goals. Throughout the value chain, Porsche follows the principle of avoid, then reduce, then offset.

Porsche accepts its responsibility for tackling the depletion of valuable resources, acting to stop climate change, and making a positive contribution to social development.

The conservation of raw materials and energy is another huge priority. For example, the sports car manufacturer already obtains 100 per cent of its production electricity requirement from renewable sources and is also pushing ahead with additional climate protection projects at its individual sites. Porsche continually reduces the CO₂ emissions of its own car fleet and offsets the CO₂ emissions of its vehicle pool. As its development of electric models gathers pace, Porsche is not only making a contribution to global climate protection but is also helping to improve air quality in cities.

SDG 17 – Partnerships for the goals

Sustainable mobility solutions and a future world that is worth living in can only be created by working together. This is why a process of permanent exchange with stakeholders and the strengthening of partnerships form the essential basis of Porsche's sustainability strategy. The company is active in a number of networks including the German Environmental Management Association (B.A.U.M.) and the German Business Ethics Network (DNWE), and also engages in cross-industry sustainability initiatives such as the Value Balancing Alliance. Through this cooperation, Porsche supports knowledge transfer for innovative and relevant approaches from the perspective of sustainability and ensures that the needs of its own stakeholders are embedded and represented within the sustainability strategy.

