

NON-FINANCIAL STATEMENT 2023

Porsche AG has prepared this non-financial statement, which is combined with the non-financial statement of the Porsche AG Group, in accordance with the requirements of section 315c in conjunction with sections 289c to 289e of the German Commercial Code (HGB), Article 8 of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder. The GRI Sustainability Reporting Standards were used as the framework. The information in this non-financial statement relates to the entire Porsche AG Group. If information only relates to individual subsidiaries, this is expressly stated. All information on the Porsche AG Group also applies to Porsche AG, unless stated otherwise. If Porsche AG is mentioned in the comments on objectives, due diligence processes, measures and results, this should be understood to mean that Porsche AG is currently implementing the respective points throughout the group, also against the background of future CSRD reporting, but that this has not yet been completed at the time of reporting.

SUSTAINABILITY MANAGEMENT AND ORGANIZATION

The automotive industry plays an important role in the transformation of business towards sustainability and the fight against climate change. Therefore, the Porsche AG Group developed the company systematically in line with its Sustainability Strategy 2030 and further expanded sustainability activities in the reporting year. More attention is being paid to the entire vehicle value chain. The overarching goal is to embed sustainability even more deeply into all business activities.

The Sustainability Strategy 2030 classifies the key challenges facing the Porsche AG Group into six strategy fields.

-  Decarbonization
-  Circular economy
-  Diversity
-  Partner to society
-  Supply chain responsibility
-  Governance and transparency

The work done by the Porsche AG Group is closely aligned with these fields of action. In doing so, the Porsche AG Group wants to embrace its responsibility, bolster sustainable and value-creating growth, and continuously reduce its environmental footprint. It remains focused on the impact of its own business activities and the expectations of stakeholders along the entire value chain.

The Porsche AG Group evaluates its progress continuously in all six fields of action of its Sustainability Strategy 2030. To this end, the Porsche AG Group regularly engages in dialog with its internal and external stakeholders and with recognized experts. Where necessary, the Porsche AG Group then uses the findings from this dialog to update its strategy.

The Porsche AG Group also aligns the six fields in the Sustainability Strategy 2030 and its related activities with the Sustainable Development Goals (SDGs) from the 2030 Agenda of the United Nations. This helps guide the Porsche AG Group in its efforts to make its own business activities even more sustainable. They show how to reconcile economic progress, social justice, and environmental compatibility.

The Sustainability Development Goals that Porsche AG is concentrating on:



More information on the Porsche AG Group's business model can be found under → [Business model](#). In the reporting year, no significant non-financial ESG (environmental, social, governance) risks linked to the requirements of section 289c HGB were identified in the Porsche AG Group. Additional disclosures on ESG risks can be found under → [Report on risks and opportunities](#).

ESG management

The Porsche AG Group completed its IPO in 2022, which means that the expectations of the capital market have become more relevant, also in terms of sustainability in the context of environmental, social, and governance (ESG) aspects. The Porsche AG Group values an independent evaluation of its performance in sustainability and is rated on ESG criteria by selected independent rating agencies at regular intervals. The Porsche AG Group considers this independent, external assessment to be an important tool and source of impetus for the continuous improvement of its sustainability management.

To control and measure sustainability in business processes and contributions to ESG aspects in a targeted way, the Porsche AG Group launched a software based ESG management system in 2021. In the reporting year, it was expanded further and a central control and monitoring system for ESG data was put into operation. Furthermore, the Porsche AG Group determined performance indicators, which illustrate material non-financial ESG contributions and transparently demonstrate the Porsche business model's contribution to sustainable development.

Sustainability organization

Sustainability is enshrined as a central cross-cutting issue in Porsche's Strategy 2030.¹ Throughout the Group, it is anchored in the organization with a clear internal structure and defined responsibilities. This way, the Porsche AG Group wants to address material topics systematically and effectively.

This is underpinned by the Group's sustainability guidelines. They contain binding rules for the entire Porsche AG Group concerning the organization, internal processes, topic management, project implementation, and communication of relevant sustainability topics. They enable the Porsche AG Group to ensure that the sustainability strategy is known and implemented throughout the Porsche AG Group. For Porsche AG, the company's sustainability guidelines are seen as the counterpart of the Group's sustainability guidelines. The other subsidiaries are required to review the Group's guidelines and implement them in similar documents.

Sustainability is the responsibility of the Chairman of the Executive Board, supported by the Member of the Executive Board responsible for Production and Logistics and the Member of the Executive Board responsible for Procurement. Their role is that of sustainability strategy overseers for the Executive Board. The Executive Board is the highest body in charge of sustainable corporate development. It determines the fundamental strategic direction and concrete sustainability targets in regular strategy workshops. It also decides on particularly far-reaching measures and flagship projects.

The Sustainability department within the General Secretary and Corporate Development division is responsible for implementing the sustainability strategy and works continuously to optimize it. It realizes sustainability projects and manages the sustainability bodies of Porsche AG. It also serves as the interface with the Volkswagen Group, where it represents the Porsche AG Group's sustainability management.

The Politics and Society department of the Communications, Sustainability, and Politics division is responsible for internal and external sustainability communications, strategic stakeholder involvement, and non-financial reporting. It engages in sustainability networks and represents the office of Porsche's Sustainability Council.

¹ The Porsche Strategy 2030 focuses on the four stakeholder dimensions: customers, society, employees and investors. The Porsche AG Group aims to become more sustainable with its Strategy 2030. "Sustainability" is one of six cross-cutting strategies, together with "customer", "products", "digitalization", "organization" and "transformation".

The Environment and Sustainability Steering Committee is a cross-departmental body comprising representatives of all the relevant departments and determines the direction and content of the sustainability strategy. It also handles decisions regarding the road map and objectives within the strategy. It convened a total of eight times in the reporting year. The Environment and Sustainability Steering Committee forms working groups to prepare, evaluate, and refine individual topics, projects, and initiatives relating to sustainability. These assignments are issued by the Environment and Sustainability Steering Group, to which the Steering Committee reports.

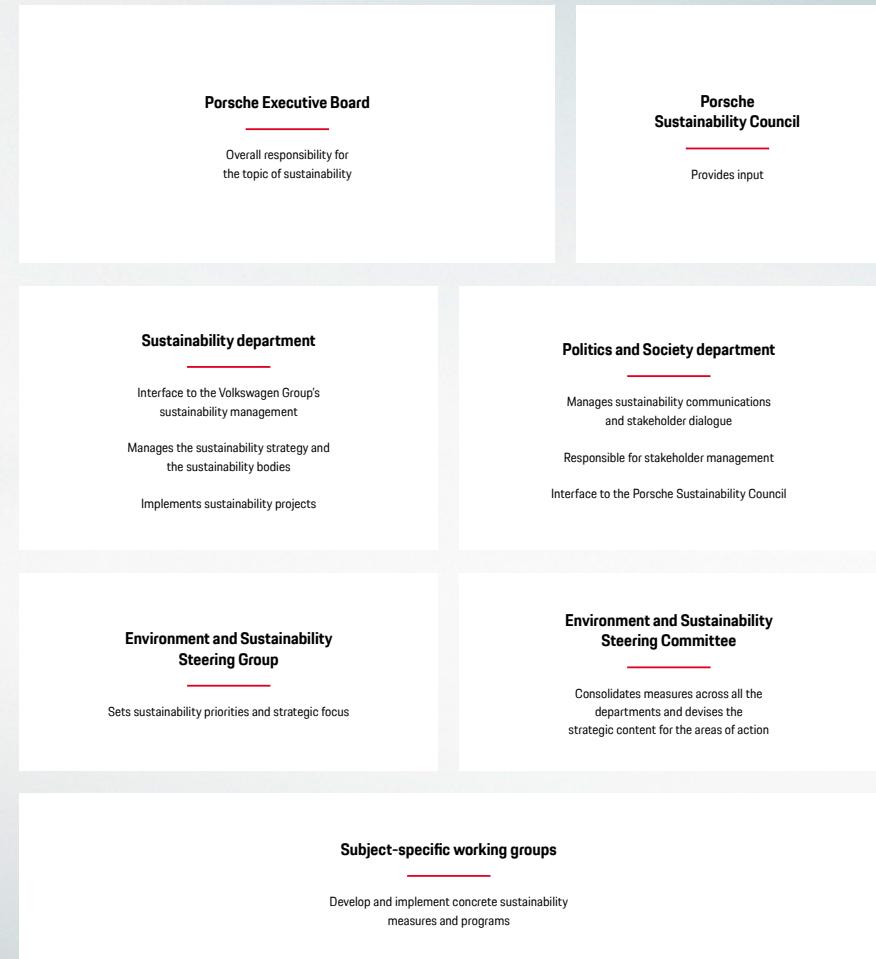
The Environment and Sustainability Steering Group, which determines the focal points and direction of the sustainability strategy, is composed of the heads of the main departments. It can be expanded flexibly as required and generally meets once a quarter and prepares the Executive Board's decisions regarding the sustainability strategy.

Another key body is the Porsche Sustainability Council. It was formed in 2016 and institutionalizes the stakeholder dialog on sustainability. The Council was restructured in the reporting year. External specialists in business, science, politics, and civil society advise the Executive Board and top management regarding the strategic focus of sustainability regularly. The 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 2023, the Porsche Sustainability Council held two meetings with members of the Porsche AG Executive Board. The key topics addressed included decarbonization and related measures, the link between sustainability and digitalization as part of Corporate Digital Responsibility, the materiality process to identify strategic and communicative areas of focus and ESG management in the context of the capital market.

Council members also held regular meetings with representatives of its office and with experts from the Porsche AG Group in the reporting year. Additionally, the Porsche AG Group regularly involved members of the Council in the development of the Porsche AG Group's sustainability strategy.

An overview of sustainability organization



EU TAXONOMY

Doing business in an environmentally sustainable way is one of the central challenges of our time. The European Union (EU) has defined criteria for determining the degree of environmental sustainability of companies. With taxonomy-aligned investments in development activities and in property, plant and equipment, the Porsche AG Group is pursuing the goal of shaping the future in an environmentally sustainable way as envisaged by the Porsche Strategy 2030.

Background and objectives

As part of the European Green Deal, the EU has placed the topics of climate protection, the environment and sustainability at the heart of its political agenda in order to achieve climate neutrality by 2050. The financial sector is expected to play a decisive role in realizing this objective, and in 2021 the EU therefore published the Strategy for Financing the Transition to a Sustainable Economy. This aims to support financing for the transition to a sustainable economy and contains suggestions for measures in the areas of financing the transition to sustainability, inclusiveness, the financial sector's resilience and contribution as well as global ambition. It is based on the EU Action Plan from 2018 on financing sustainable growth and contains the EU Taxonomy (Regulation (EU) 2020/852 and associated delegated acts) as the main building block alongside disclosures and tools.

The EU Taxonomy is a classification system for sustainable economic activities. An economic activity is considered taxonomy-eligible if it is listed in the EU Taxonomy and can potentially contribute to realizing at least one of the following six environmental objectives:

EU Taxonomy classification system

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

An activity is only considered environmentally sustainable, i.e., taxonomy-aligned, if it meets all three of the following conditions:

- The activity makes a substantial contribution to one of the environmental objectives by meeting the screening criteria defined for this economic activity, e.g., level of CO₂ emissions for the climate change mitigation environmental objective
- The activity meets the Do-No-Significant-Harm (DNSH) criteria defined for this economic activity. These are designed to prevent significant harm to one or more of the other environmental objectives, e.g., from the production process or by the product
- The activity is carried out in compliance with the minimum safeguards, which apply to all economic activities and relate primarily to human rights and social and labor standards

Reporting for the fiscal year 2023

Pursuant to the EU Taxonomy, the Porsche AG Group is required to report on all environmental objectives for the first time for the fiscal year 2023. In addition to climate change mitigation and climate change adaptation, the criteria for the other four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems) have now been defined. The figures for sales revenue, capital expenditure and operating expenditure relate to the fully consolidated companies included in the Porsche AG Group's financial statements.

The EU Taxonomy contains wording and terminology that are still subject to some uncertainty in interpretation and that could lead to amendments in the reporting following later clarification by the EU. There is ultimately the risk that the indicators disclosed as taxonomy-aligned should have been evaluated differently. The interpretations of the Porsche AG Group are set out below.

Economic activities of the Porsche AG Group

The activities of the Porsche AG Group comprise the development, production and sale of passenger cars. They also include financial services and other services and activities. Activities in these areas are suited under the EU Taxonomy to making a substantial contribution to the environmental objective of climate change mitigation by increasing low-carbon mobility.

The analysis of the economic activities in the context of the EU Taxonomy has not revealed any activities that contribute specifically to any of the other five environmental objectives for the Porsche AG Group.

Activities are mainly allocated to economic activity "3.3 Manufacture of low-carbon technologies for transport" and minimally to economic activity "3.18 Manufacture of automotive and mobility components" as listed in the EU Taxonomy's environmental objective of climate change mitigation. Changes may be made to the economic activities in the future as the rules around the EU Taxonomy are dynamically evolving.

Economic activity "3.3 Manufacture of low-carbon technologies for transport"

The Porsche AG Group allocates all activities in the group associated with the development, production, sale (including financial services), operation and servicing of vehicles to this economic activity. This includes all passenger cars manufactured by the Porsche AG Group, irrespective of their drive technology, and also includes original parts.

The Porsche AG Group has detailed the vehicles manufactured by model and drive technology and analyzed the CO₂ emissions associated with them in accordance with the currently applicable requirements. In this way, the Porsche AG Group has identified those vehicles among all of its taxonomy-eligible vehicles that meet the screening criteria and with which the substantial contribution to climate change mitigation is measured. These include all of the Porsche AG Group's all-electric vehicles (BEV). They also include passenger cars with CO₂ emissions of less than 50 g/km pursuant to the WLTP until December 31, 2025. This encompasses some of the plug-in hybrids.

Economic activity "3.18 Manufacture of automotive and mobility components"

This economic activity was added to the EU Taxonomy in the reporting year to also include the components that play a key role in reducing greenhouse gas emissions. Here, the Porsche AG Group allocates the sale of engines and powertrains for battery electric vehicles produced by it to third parties; this essentially relates to the sale of these components to AUDI AG.

At this stage, other activities that are directly associated with the primary business and that in the Porsche AG Group's view should also be allocated to this economic activity have initially not been included or have been interpreted as taxonomy-non-eligible. This is because, as the rules of the EU Taxonomy currently stand, it is still unclear where to record them in accordance with the EU Taxonomy. These activities particularly include the sale of engines and powertrains as well as parts deliveries, the sale of independent products and licensed production by third parties.

According to the current assessment, hedging transactions and individual activities that the Porsche AG Group presents primarily under "Other revenue" in the consolidated financial statements do not conform to the descriptions of economic activities in the EU Taxonomy, and have therefore been initially classified as being taxonomy-non-eligible.

No Significant Harm (DNSH)

The DNSH criteria were analyzed in the reporting year for economic activities covered by "3.3 Manufacture of low-carbon technologies for transport" and "3.18 Manufacture of automotive and mobility components".

An analysis was performed for each production site where passenger cars are or will be produced that meet the screening criteria for the substantial contribution of economic activities "3.3 Manufacture of low-carbon technologies for transport" and "3.18 Manufacture of automotive and mobility components", or that are to meet them in future according to the Porsche AG Group's five-year planning — based on the current requirements.

The EU Taxonomy contains wording and terms that are subject to interpretation uncertainties and occasionally goes beyond the regulations applied in current operations. Below, the Porsche AG Group sets out its interpretation and describes the main analyses it used to examine whether there was any significant harm to the other environmental objectives. The assessments confirm that the Porsche AG Group meets the requirements of the DNSH criteria in the reporting year.

CLIMATE CHANGE ADAPTATION

The Porsche AG Group performed a climate risk and vulnerability assessment to identify which production sites may be affected by physical climate risks. The physical climate risks identified were analyzed on the basis of the lifetime of the relevant fixed asset.

The Porsche AG Group's climate-based DNSH assessment is based on Representative Concentration Pathway (RCP)-8.5 and Shared Socioeconomic Pathway (SSP)5-8.5 by 2050 and thus assumes the highest concentration of CO₂ according to the Intergovernmental Panel on Climate Change (IPCC). The relevance of the identified threats was assessed for the local environment and, if appropriate, the measures needed to mitigate the risk have been developed.

SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES

The economic activities of the Porsche AG Group were evaluated with respect to the sustainable use and protection of water and marine resources looking at the three following criteria: preserving water quality, avoiding water stress and environmental impact assessment (EIA or similar processes). Risks identified in the course of EIA investigations are examined as part of approval procedures and, if relevant, result in measures and official requirements. The Porsche AG Group based the analysis primarily on ISO-14001 certificates, findings from site approval procedures and other external data sources with regard to sites in regions with a greater exposure to risks.

TRANSITION TO A CIRCULAR ECONOMY

Environmentally compatible waste management in the manufacturing process, the recycling and use of secondary raw materials and a long product lifespan are key parts of the Porsche AG Group's environmental management system. The strategy field of a circular economy is part of the Porsche AG Group's sustainability strategy and is divided into several fields of action. Here, cross-functional teams work on various key topics — including recycling concepts for high-voltage batteries, the use of circular materials in Porsche vehicles, sustainable product design, avoiding plastic waste and concepts for the reconditioning of vehicle components.

The strategy field also covers circular economy projects at the sites. The Porsche AG Group is pursuing the long-term vision of a zero-impact factory at its vehicle production sites, in other words production that has the smallest negative impact on the environment possible.

The product-related requirements for passenger cars and light commercial vehicles are reflected in the implementation of the statutory end-of-life vehicle requirements in conjunction with the type approval of the vehicle models. In addition to this, there are targets and measures for the use of recycled materials in new vehicles.

POLLUTION PREVENTION AND CONTROL

An economic activity is considered to be ecologically sustainable if this activity does not result in a substantial increase — compared to the situation before the activity commenced — of pollutant emissions in the air, water or ground. The automotive sector generally is already heavily regulated, as can be seen, among other things, from the publicly available Global Automotive Declarable Substance List (GADSL). Approval and monitoring processes are implemented with the aim of ensuring compliance with the current legislation and internal regulations applicable to the business operation. In this context, the Porsche AG Group's analyses and evaluations already also explore the use of alternative substances.

In July 2023, the EU Commission revised the DNSH criterion of the EU Taxonomy. There is room for interpretation as to the effects of the changed requirements for internal processes with regard to substitution checks for substances of very high concern (SVHC) for the reporting year 2023.

The Porsche AG Group has already established requirements and processes that stipulate that SVHCs must generally be avoided and replaced. Based on this, the Porsche AG Group includes the production process materials and vehicle-related components of the all-electric vehicles (BEV) in its analyses with regard to the substances they contain and their suppliers in order to assess the substitutability of SVHCs, taking into account technical and economic criteria. In a pilot project, the Porsche AG Group is testing the design of the processes to be implemented, including the documentation of a substitution check in accordance with the amended requirements of the EU Taxonomy.

PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS

In order to verify compliance with the requirements on biodiversity and ecosystems, the relevant areas were identified. Where biodiversity-sensitive areas are located close to a production site, we checked whether a nature conservation assessment had been performed and whether nature conservation measures had been defined in the environmental approvals and subsequently implemented. We also checked whether a site's conservation status had changed.

Minimum safeguards

The minimum safeguards consist of the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the Fundamental Conventions of the International Labour Organisation (ILO) and the International Bill of Human Rights. The assessments confirm that the Porsche AG Group meets the requirements of the minimum safeguards in the reporting year.

The Porsche AG's Executive Board and Group Works Council take their corporate responsibilities for human rights particularly seriously and are committed to these conventions and declarations and reiterate their support for the contents and principles stated therein.

The German Supply Chain Due Diligence Act (LkSG) stipulates certain due diligence obligations to avoid human rights and environmental risks. These include carrying out risk analyses, establishing preventive measures, remedial measures and providing a complaints mechanism.

For its supply chain, the Porsche AG Group has systematically added processes and measures to respect human rights to its company-wide risk and supplier management systems. For its own business, the Porsche AG Group uses its compliance risk assessment to map the human rights and environmental issues it considers relevant within Porsche as well as risks in connection with its direct suppliers. The risk assessment forms the basis for identifying appropriate measures.

Porsche AG Group operates a multistage complaints management system that provides internal and external complainants with a confidential communication channel for reporting potential breaches of human rights and violations of environmental duties.

If the Porsche AG Group determines that a violation of a human rights or environmental obligation has occurred or is imminent in its own business or at one of its direct suppliers, it takes immediate action to prevent or end such violations or to minimize the extent of the violation. If the Porsche AG Group has factual indications of a potential violation of a human rights or environmental obligation by an indirect supplier, the Porsche AG Group exercises the available legal and actual options to take immediate action to prevent or end such violations or to minimize the extent of the violation.

The Executive Board of Porsche AG has delegated the implementation of the obligations arising from the monitoring of Porsche's due diligence with regard to human rights and environmental matters to the Business & Human Rights Council, which is made up of members from various disciplines and reports directly to the Executive Board.

Key performance indicators in accordance with the EU Taxonomy Regulation

The EU Taxonomy defines sales revenue, capital expenditure and operating expenditure as the key performance indicators that must be reported on. The Porsche AG Group explains these in the following. The tables prescribed by the EU Taxonomy are also included at the end of this section.

The financial figures relevant for the Porsche AG Group are based on the IFRS consolidated financial statements for the fiscal year 2023. By differentiating between economic activities, we have avoided double counting. Where possible, the Porsche AG Group has directly assigned the figures within an economic activity. For example, the financial figures were compiled based on the vehicle model and drive technology. This applies both to the vehicles themselves and to the corresponding financial services and other services and activities. Where this was not possible for capital expenditure and operating expenditure, the figures were broken down using allocation formulas. Allocation formulas were based on the planned vehicle volumes. This data and planning form part of multi-year operational planning covering the next five years, on which the Executive Board and Supervisory Board have passed a resolution.

SALES REVENUE

The turnover defined in the EU Taxonomy corresponds to sales revenue as reported in the IFRS consolidated financial statements, which amounted to €40,530 million in fiscal year 2023. → Notes to the consolidated financial statements–1. Sales revenue

Of this total, €39,075 million, or 96.4% of consolidated sales revenue, was attributable to economic activity "3.3 Manufacture of low-carbon technologies for transport" and classified as taxonomy-eligible. This includes sales revenue after sales deductions from the sale of new and used vehicles, from sales of original parts, from the rental and lease business, from interest and similar income as well as sales revenue directly related to vehicles, such as workshop and other services.

Taxonomy-eligible sales revenue of €99 million, or 0.2% of consolidated sales revenue, was attributable to economic activity "3.18 Manufacture of automotive and mobility components" and classified as taxonomy-eligible. This includes the sale of engines and powertrains for all-electric vehicles to third parties.

Of the taxonomy-eligible sales revenue attributable to economic activity "3.3 Manufacture of low-carbon technologies for transport", €5,143 million or 12.7% met the screening criteria used to measure the substantial contribution to climate change mitigation. This includes all of the all-electric vehicles and certain plug-in hybrids. In 2023, this amounted to 49 thousand vehicles, 42.5% more than in the prior year. The very sharp increase in sales of taxonomy-aligned vehicles was due to both

a significant increase in sales of the Taycan and also to the first-time inclusion of taxonomy-aligned plug-in hybrids. In relation to the total sales revenue of the Porsche AG Group, this resulted in an increase in taxonomy-aligned sales revenue of 2.8 percentage points.

In addition, the taxonomy-eligible sales revenue attributable to economic activity "3.18 Manufacture of automotive and mobility components" met the screening criteria used to measure the substantial contribution to climate change mitigation.

Taking into account the DSNH criteria and the minimum safeguards, €5,143 million (2022: €3,787 million²) or 12.7% (2022: 10.1%) of consolidated sales revenue attributable to economic activity "3.3 Manufacture of low-carbon technologies for transport" and €99 million or 0.2% of consolidated sales revenue attributable to economic activity "3.18 Manufacture of automotive and mobility components", which had to be reported on for the first time, were taxonomy-aligned.

Of the Porsche AG Group's total sales revenue in the fiscal year 2023,

- €39,175 million (2022: €36,704 million²), or 96.7% (2022: 97.5%), was taxonomy-eligible sales revenue
- €5,243 million (2022: €3,787 million), or 12.9% (2022: 10.1%), was taxonomy-aligned sales revenue

CAPITAL EXPENDITURE

Capital expenditure (CapEx) refers to the following items in the IFRS consolidated financial statements: additions to intangible assets, additions to property, plant and equipment and additions to leased assets. These are reported in → Notes to the consolidated financial statements–13. Intangible assets, → Notes to the consolidated financial statements–14. Property, plant and equipment, → Notes to the consolidated financial statements–15. Leased assets. Additions from business combinations, each of which is reported under "Changes in consolidated group", are also included. By contrast, additions to goodwill are not included in the calculation.

In fiscal year 2023, additions in the Porsche AG Group as defined above amounted to

- €2,454 million from intangible assets
- €1,797 million from property, plant and equipment
- €2,900 million from leased assets (mainly vehicle leasing business)

Additions from changes in the consolidated group, which amounted to €0 million in fiscal year 2023, can also be added to this figure. Total capital expenditure to be included in accordance with the EU Taxonomy therefore came to €7,151 million.

All capital expenditure is associated with economic activity "3.3 Manufacture of low-carbon technologies for transport". The taxonomy-eligible capital expenditure amounted to €7,151 million or 100% of the Group's capital expenditure.

To determine the substantial contribution, the financial figures were compiled based on the vehicle model and drive technology, in the same way as for sales revenue. Where possible, capital expenditure was directly attributed to vehicles. It was included if the vehicles in question make a substantial contribution to the climate change mitigation objective. Any capital expenditure directly attributable to vehicles that do not

meet the screening criteria was not included. Capital expenditure that was not clearly attributable to a particular vehicle was taken into account on a proportionate basis using allocation formulas. Allocation formulas were used based on the planned vehicle volumes for the group companies. Depending on the primary business activity, the overarching Porsche AG Group allocation formulas were used for sales companies, for example, and allocation formulas based on the location were used for production companies.

Taking into account the DSNH criteria and minimum safeguards, capital expenditure of €2,743 million (2022: €2,634 million) was taxonomy-aligned. This represents 38.4% (2022: 43.6%) of the group's total capital expenditure. Of this, €1,494 million related to intangible assets, €820 million to property, plant and equipment and €430 million to leased assets. For all-electric vehicles (BEV), this figure includes additions to capitalized development costs of €1,297 million and additions to property, plant and equipment of €810 million. In absolute terms, taxonomy-aligned capital expenditure increased slightly compared to the prior year. This is attributable to the growing number of environmentally sustainable vehicle projects in line with the EU Taxonomy. The moderate relative decrease in taxonomy-aligned capital expenditure compared to the prior year is mainly due to investments in connection with the production set-up for the all-electric Macan, which was largely completed in the fiscal year 2022.

Of the Porsche AG Group's total capital expenditure in the fiscal year 2023,

- €7,151 million (2022: €6,045 million), or 100% (2022: 100%), was taxonomy-eligible capital expenditure
- €2,743 million (2022: €2,634 million), or 38.4% (2022: 43.6%), was taxonomy-aligned capital expenditure

EU Taxonomy: sales revenue

Economic activities	Sales revenue		Substantial contribution to climate change mitigation		Compliance with DSNH criteria		Compliance with minimum safeguards		Taxonomy-aligned sales revenue	
	€ million	% ¹	€ million	% ¹	Y/N	Y/N	€ million	% ¹	€ million	% ¹
A. Taxonomy-eligible activities	39,175	96.7	5,243	12.9	Y	Y	5,243	12.9		
3.3 Manufacture of low-carbon technologies for transport	39,075	96.4	5,143	12.7	Y	Y	5,143	12.7		
of which taxonomy-aligned BEVs					Y	Y	4,368	10.8		
3.18 Manufacture of automotive and mobility components	99	0.2	99	0.2	Y	Y	99	0.2		
B. Taxonomy-non-eligible activities	1,355	3.3								
Total (A + B)	40,530									

¹ All percentages relate to the total amount of sales revenue.

² The prior-year figures have been adjusted (see explanations on IFRS 17 → Notes to the consolidated financial statements – Effects of new or amended IFRS).

EU Taxonomy: capital expenditure

Economic activities	Capital expenditure	Substantial contribution to climate change mitigation		Compliance with DNSH criteria		Compliance with minimum safeguards		Taxonomy-aligned capital expenditure	
		€ million	% ¹	€ million	% ¹	Y/N	Y/N	€ million	% ¹
A. Taxonomy-eligible activities	7,151	100.0		2,743	38.4	Y	Y	2,743	38.4
3.3 Manufacture of low-carbon technologies for transport	7,151	100.0		2,743	38.4	Y	Y	2,743	38.4
of which additions to capitalized development costs for BEVs						Y	Y	1,297	18.1
of which additions to property, plant and equipment for BEVs						Y	Y	810	11.3
3.18 Manufacture of automotive and mobility components	-	-	-	-	-	-	-	-	-
B. Taxonomy-non-eligible activities	-	-							
Total (A + B)	7,151								

¹ All percentages relate to the total amount of capital expenditure.

OPERATING EXPENDITURE

The operating expenditure (OpEx) reported by the Porsche AG Group for the purposes of the EU Taxonomy comprises non-capitalized research and development costs, which can be taken from → Notes to the consolidated financial statements-13. Intangible assets. The Porsche AG Group also includes the expenditure for short-term leases recognized in the consolidated financial statements, which can be found in → Notes to the consolidated financial statements-35. Leases and expenditure for maintenance and repairs.

The allocation of operating expenditure to the economic activities followed the same logic as that described for capital expenditure. All operating expenditure is associated with economic activity "3.3 Manufacture of low-carbon technologies for transport" and has been classified as taxonomy-eligible by the Porsche AG Group.

Where possible, non-capitalized research and development costs were directly attributed to vehicles. It was included if the vehicles in question make a substantial contribution to the climate change mitigation objective. Any non-capitalized research and development costs directly attributable to vehicles that do not meet the screening criteria were not included. Non-capitalized research and development costs that were not clearly attributable to a particular vehicle were taken into account on a proportionate basis using allocation formulas. For these and other operating expenses, the same allocation formulas were used as for capital expenditure. Of the taxonomy-aligned operating expenditure of €555 million (2022: €467 million), 64.1% (2022: 63.4%) was attributable to non-capitalized research and development costs. The increase in taxonomy-aligned operating expenditure — both the absolute value and the proportion — is attributable to the growing number of environmentally sustainable vehicle projects in line with the EU Taxonomy.

EU Taxonomy: operating expenditure

Economic activities	Operating expenditure	Substantial contribution to climate change mitigation		Compliance with DNSH criteria		Compliance with minimum safeguards		Taxonomy-aligned operating expenditure	
		€ million	% ¹	€ million	% ¹	Y/N	Y/N	€ million	% ¹
A. Taxonomy-eligible activities	1,112	100.0		555	49.9	Y	Y	555	49.9
3.3 Manufacture of low-carbon technologies for transport	1,112	100.0		555	49.9	Y	Y	555	49.9
3.18 Manufacture of automotive and mobility components	-	-	-	-	-	-	-	-	-
B. Taxonomy-non-eligible activities	-	-							
Total (A + B)	1,112								

¹ All percentages relate to the total amount of operating expenditure.

CAPEX PLAN WITHIN THE SCOPE OF THE EU TAXONOMY

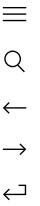
According to the requirements of the EU Taxonomy, a distinction must be made as to what extent the taxonomy-aligned capital and operating expenditures a) relate to assets or processes associated with environmentally-sustainable economic activities or b) are part of a plan to expand taxonomy-aligned economic activities or to convert taxonomy-eligible economic activities into taxonomy-aligned economic activities (CapEx plan). The CapEx plan within the scope of the EU Taxonomy shows the total amount, i.e., the sum of all capital and operating expenditures expected to be incurred to expand taxonomy-aligned economic activities or to convert taxonomy-eligible economic activities into taxonomy-aligned economic activities in the reporting period and during the five-year operational medium-term planning.

The CapEx plan in terms of the EU Taxonomy relates to economic activity "3.3 Manufacture of low-carbon technologies for transport" as listed in the environmental objective of climate change mitigation.

Additions from leased assets (mainly vehicle leasing business) are already based on existing ecologically sustainable activities, which is why they were not included in the CapEx plan. The Porsche AG Group allocated additions from intangible assets and property, plant and equipment as well as non-capitalized research and development costs to the CapEx plan, provided that they result in a conversion or expansion. To do this, the Porsche AG Group compared the average taxonomy-aligned production volume from the operational medium-term planning with the taxonomy-aligned vehicles of the reporting year and used this ratio to apportion the taxonomy-aligned capital expenditures. The Porsche AG Group took the share exceeding the current taxonomy-aligned production volume into account accordingly.

As a result of this, €1,741 million of the taxonomy-aligned capital expenditure and €268 million of the taxonomy-aligned operating expenditure in the reporting year were allocated to the CapEx plan as defined by the EU Taxonomy. The total amount expected to fall under this CapEx plan within the scope of the EU Taxonomy in the reporting period and during the five-year operational medium-term planning amounts to around €15 billion.

TABLES PURSUANT TO EU TAXONOMY
Sales revenue 2023



Code	Sales revenue, 2023	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
		Proportion of sales		Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation		Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards
		Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) sales revenue, 2022	
Economic activities	€ (million)	% ¹															
A. Taxonomy-eligible activities																	
A.1. Environmentally sustainable activities (taxonomy-aligned)																	
Manufacture of low-carbon technologies for transport	CCM 3.3	5,143	12.7	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	10.1	
Manufacture of automotive and mobility components	CCM 3.18	99	0.2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	
Sales revenue of environmentally sustainable activities (taxonomy-aligned) (A.1)																	
Of which enabling	5,243	12.9	12.9	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	10.1	
Of which transitional	-	-	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	E	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																	
Manufacture of low-carbon technologies for transport	CCM 3.3	33,932	83.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	87.5	
Sales revenue of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)																87.5	
Sales revenue of taxonomy-eligible activities (A.1 + A.2)																97.5	
B. Taxonomy-non-eligible activities																	
Sales revenue of taxonomy-non-eligible activities [B]		1,355	3.3	-	-	-	-	-	-	-	-	-	-	-	-		
Total (A + B)		40,530	100.0	-	-	-	-	-	-	-	-	-	-	-	-		

¹ All percentages relate to the total sales revenue of the group.

² Y: Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N: No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; N/EL: Not eligible, taxonomy-non-eligible activity for the relevant environmental objective.

³ EL: taxonomy-eligible activity for the relevant objective; N/EL: taxonomy-non-eligible activity for the relevant objective.

⁴ The prior-year figures have been adjusted (see explanations on IFRS 17 → Notes to the consolidated financial statements — Effects of new or amended IFRS).

Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) sales revenue, 2022	Category enabling activity	Category transitional activity
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	% ^{1,4}	E	T
Y	Y	Y	Y	Y	Y	Y	10.1	E	
Y	Y	Y	Y	Y	Y	Y	-	E	
Y	Y	Y	Y	Y	Y	Y	10.1	E	
Y	Y	Y	Y	Y	Y	Y	87.5		
Y	Y	Y	Y	Y	Y	Y	87.5		
Y	Y	Y	Y	Y	Y	Y	97.5		

	Substantial contribution criteria										
	Code	CapEx	Proportion of CapEx, 2023	Climate change mitigation		Climate change adaptation		Water	Pollution	Circular economy	Bio-diversity
				Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²				
Economic activities		€ (million)	% ¹	Y; N; N/EL ²							
A. Taxonomy-eligible activities											
A.1 Environmentally sustainable activities (taxonomy-aligned)											
Manufacture of low-carbon technologies for transport	CCM	3.3	2,743	38.4	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of automotive and mobility components	CCM	3.18	-	-	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		2,743	38.4	38.4	-	-	-	-	-	-	-
Of which enabling		2,743	38.4	38.4	-	-	-	-	-	-	-
Of which transitional		-	-	-							
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)				EL³	N/EL³	EL³	N/EL³	EL³	N/EL³	EL³	N/EL³
Manufacture of low-carbon technologies for transport	CCM	3.3	4,408	61.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		4,408	61.6	61.6	-	-	-	-	-	-	-
CapEx of taxonomy-eligible activities (A.1 + A.2)		7,151	100.0	100.0	-	-	-	-	-	-	-
B. Taxonomy-non-eligible activities											
CapEx of taxonomy-non-eligible activities (B)		-	-								
Total (A + B)		7,151	100.0								

¹ All percentages relate to the total capital expenditure of the group.

² Y: Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N: No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; N/EL: Not eligible, taxonomy-non-eligible activity for the relevant environmental objective.

³ EL: taxonomy-eligible activity for the relevant objective; N/EL: taxonomy-non-eligible activity for the relevant objective.

	DNSH criteria ("Does Not Significantly Harm")								Proportion of taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2022	Category enabling activity	Category transitional activity					
	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	% ¹	E	T
								Y/N	Y/N	Y/N	Y/N	Y/N	Y/N			
								Y	Y	Y	Y	Y	Y	43.6	E	
								Y	Y	Y	Y	Y	Y	-	E	
								Y	Y	Y	Y	Y	Y	43.6		
								Y	Y	Y	Y	Y	Y	43.6	E	
								-	-	-	-	-	-	-	-	
														56.4		
														56.4		
														100.0		

	Code	OpEx	Substantial contribution criteria									
			Proportion of OpEx, 2023		Climate change mitigation		Climate change adaptation		Water	Pollution	Circular economy	Bio-diversity
			Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²	Y; N; N/EL ²		
Economic activities		€ (million)	% ¹									
A. Taxonomy-eligible activities												
A.1. Environmentally sustainable activities (taxonomy-aligned)												
Manufacture of low-carbon technologies for transport	CCM 3.3	555	49.9	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL		
Manufacture of automotive and mobility components	CCM 3.18	-	-	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL		
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		555	49.9	49.9	-	-	-	-	-	-		
Of which enabling		555	49.9	49.9	-	-	-	-	-	-		
Of which transitional		-	-	-	-	-	-	-	-	-		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)												
Manufacture of low-carbon technologies for transport	CCM 3.3	557	50.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		557	50.1	50.1	-	-	-	-	-	-		
OpEx of taxonomy-eligible activities (A.1 + A.2)		1,112	100.0	100.0	-	-	-	-	-	-		
B. Taxonomy-non-eligible activities												
OpEx of taxonomy-non-eligible activities (B)		-	-	-	-	-	-	-	-	-		
Total (A + B)		1,112	100.0									

¹ All percentages relate to the total operating expenditure of the group.

² Y: Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N: No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; N/EL: Not eligible, taxonomy-non-eligible activity for the relevant environmental objective.

³ EL: taxonomy-eligible activity for the relevant objective; N/EL: taxonomy-non-eligible activity for the relevant objective.

	Code	OpEx	DNSH criteria ("Does Not Significantly Harm")						Proportion of taxonomy-aligned (A.1) or -eligible (A.2.) OpEx, 2022	Category enabling activity	Category transitional activity
			Climate change mitigation		Climate change adaptation		Water	Pollution	Circular economy	Biodiversity	
			Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	
Y Y Y Y Y Y 45.9 E											
Y Y Y Y Y Y 45.9 E											
Y Y Y Y Y Y 45.9 E											
54.1											
54.1											
100.0											

ENVIRONMENT

Climate change mitigation

The Porsche AG Group is aware of its responsibility for climate change mitigation and committed to the targets agreed in the Paris Agreement in 2015. These include keeping the global average temperature increase below 2°C above pre-industrial levels and pursuing efforts to limit it even further to 1.5°C.

For this reason, the Porsche AG Group structures its processes and products to build a net carbon-neutral future in which resources are used as responsibly as possible. The focus here is on vehicle decarbonization, the development of alternative drive systems, reducing consumption of primary resources and making increasing use of more ecological materials¹ in vehicles and in their upstream supply chains.

TARGETS

The Porsche AG Group intends to lower its average greenhouse gas emissions along the value chain and over the vehicles' entire life cycles.² The Porsche AG Group has developed its reduction pathway based on existing 1.5-degree climate scenarios and formulated specific targets at the vehicle level and requirements at the component level.

The Porsche AG Group intends to have its targets validated within two years by the "Science Based Targets initiative" (SBTi), which is currently revising its scenarios. In October 2023, the SBTi published a draft version of the sectoral roadmap for the automotive industry, which is currently under consultation. The Porsche AG Group expects that the final reduction targets will be in line with the 1.5-degree target.

The Porsche AG Group aims to achieve net carbon neutrality³ along the value chain (production, use, and end of life) of newly produced vehicles in 2030. To achieve this, the Porsche AG Group aims to systematically electrify its vehicle portfolio as a key lever for reducing greenhouse gas emissions. In 2030, the Porsche AG Group aims to deliver more than 80% of its new vehicles with purely battery-electric drives — depending on customer demand and the development of new mobility concepts, including electromobility in individual regions of the world. The Porsche AG Group aims to reduce greenhouse gas emissions⁴ in the use phase (Scope 3 emissions) of Porsche vehicles in 2030 by 70% compared to 2022.

In addition to the transformation to electromobility for new vehicles, the Porsche AG Group is also pursuing the goal of demonstrating how the fossil CO₂ emissions of existing vehicles with combustion engines can be reduced by using renewable energy sources. Here, the Porsche AG Group is investigating synthetic, liquid fuels referred to collectively as eFuels. These fuels, produced based on electricity from renewable energy, could replace fossil fuels and thus potentially enable a virtually carbon-neutral operation of vehicles with combustion engines.

This means that the existing vehicle fleet could also potentially contribute to the decarbonization of the transport sector. Together with partners from science and industry, Porsche AG is working on developing these alternative fuels on an industrial scale.

DUE DILIGENCE PROCESS

The Porsche AG Group measures the success of its decarbonization program with the decarbonization index (DCI). This presents the model-based average emissions per newly produced vehicle along the entire value chain — from production and use to end of life — as comprehensively as possible in CO₂ equivalents (tCO₂e/vehicle).

The DCI covers the main parts of the Porsche AG Group.¹ Among other factors, the DCI is based on life cycle assessments performed in accordance with ISO 14040/44. Individual assumptions and values as well as data from life cycle inventory databases are used for these.² As a strategic indicator with a transparent and comprehensive calculation, the DCI is intended to support the Porsche AG Group in reducing its carbon footprint.

The Decarbonization working group processes all the Porsche AG Group's cross-departmental activities relevant to the DCI. It is also largely in charge of coordinating the implementation of the strategic program. The working group compiles content suggestions for DCI targets, reduction measures and corresponding roadmaps.

It tracks their progress and offers a forum for discussion about the content. The working group also prepares decisions for the Environment and Sustainability Steering Committee. The Steering Committee meets regularly and reports on the DCI to the chain of bodies responsible from the Environment and Sustainability Steering Group right through to the Executive Board. The Steering Committee decides on target suggestions

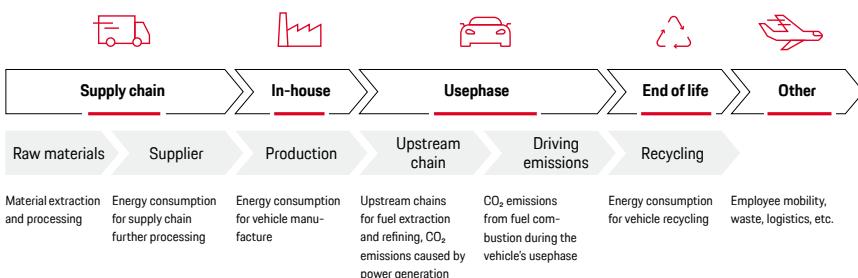
at company level and for the relevant company departments, which are signed off by the Steering Group and then the Executive Board.

In cooperation with the Volkswagen Group, the Porsche AG Group revises the composition, valuation methods, and methodology of the DCI on a regular basis, for example, due to changes in internal or external requirements, such as vehicle test cycles. DCI values previously published can therefore also be adapted to new premises — considering the requirements of the GHG Protocol for the recalculation of corporate emissions — for the purpose of obtaining a methodologically consistent time series.

In preliminary processes and committees, the Porsche AG Group evaluates its product strategy and develops recommendations based on input from the relevant internal specialist departments. The Executive Board holds regular strategy workshops and planning rounds for this purpose. Decarbonization targets are included in the product strategy and product development process. These are initially set by the sustainability organization bodies and then verified when setting targets for the vehicle projects and signed off on by the responsible committee of the Executive Board.

During the product development process, the targets are broken down to vehicle and system level and requirements are defined at component level and included as binding specifications for direct suppliers. The achievement of targets is then monitored by the Executive Board Product Committee, among others, and finally subjected to an external audit.

Decarbonization Index



¹ For the Porsche AG Group, more ecological materials are reduced-carbon primary materials or circular materials. Reduced-carbon primary materials are characterized by the fact that they cause less CO₂ per kilogram of primary material than the average materials of the same type used in the EU. Porsche AG Group uses the term circular to describe materials that are partly produced from pre- and post-consumer scrap or from renewable raw materials.

² Life cycle includes the CO₂ emissions of a vehicle in the supply chain, Porsche's production, use phase of 200,000 km and recycling.

³ This target covers Scope 1, Scope 2 and Scope 3 emissions as defined by the Greenhouse Gas Protocol. Net carbon neutrality along the value chain of the newly produced vehicles describes the Porsche AG Group's ambition to avoid and reduce CO₂ emissions, especially during production (Scope 1 and Scope 2 emissions), in the supply chain and use phase of the vehicles delivered (upstream and downstream Scope 3 emissions), but also in other Scope 3 categories, such as professional travel. Avoided emissions and removals

(offsets) through climate change mitigation projects are included in the Porsche AG Group's decarbonization strategy. Therefore, in order to achieve net carbon neutrality, the remaining emissions along the value chain of the newly produced vehicles should be offset. Emissions of vehicles produced prior to achieving net carbon neutrality along the value chain of the vehicles are not taken into account for the calculation of the carbon balance. Realizing the Porsche AG Group's ambition depends upon various factors, for example, technological progress that has not yet been fully developed, and also on regulatory or economic developments that are outside the Porsche AG Group's control and may therefore not be realizable.

⁴ Based on the GHG Protocol, the decarbonization index (DCI) models significant emissions as comprehensively as possible in greenhouse gas equivalents (CO₂e), such as CO₂, CH₄, N₂O, HFCs, PFCs and SF₆. The DCI's targets and reporting relate to the current status of the methods and are stated in CO₂e. For the sake of legibility, CO₂ is used in this report.

¹ For the purpose of recording CO₂ emissions in the DCI, the main parts of the Porsche AG Group are above all Porsche AG and Porsche Leipzig GmbH. Outside the Porsche AG Group, the CO₂ emissions from the supply chain and use phase are particularly relevant for the DCI.

² In this index, the CO₂ emissions in the use phase are calculated over 200,000 km per vehicle with reference to average consumption figures of the primary market regions (EU-3 (Iceland, Norway, the United Kingdom of Great Britain and Northern Ireland), China, the USA). The consumption figures are calculated in accordance with the respective statutory review cycle. The intensity of the CO₂ emissions from the electricity used to charge electric vehicles is also calculated on the basis of energy mixes of the primary market regions. Supply chains and recycling emissions stem from the vehicle life cycle assessments. Vehicle maintenance is not included in the calculation.

The Porsche AG Group has set up an internal project organization structure consisting of eleven sub-projects for topics relating to eFuels. The Procurement Central Functions, Strategy, Digitalization, Risk Prevention and Original Parts department has overall responsibility for the project and is supported by the Politics and Society department in communications. Approximately every two months, they report to subject-specific steering groups, to which members of the Executive Board also belong. In addition, eFuels are a core component of the meetings of the "Beyond Core" strategy area from the Porsche Strategy 2030, which take place four times a year.

The Executive Board's remuneration has also been tied to the DCI targets since fiscal year 2023.¹ The Executive Board resolved the same for the management of Porsche AG and selected national subsidiaries.

MEASURES

To continuously reduce greenhouse gas emissions over the entire life cycle of Porsche vehicles, two main levers are currently available: the electrification of the vehicle portfolio and the systematic implementation of measures along the entire life cycle of the vehicles — from the supply chain and production through to the downstream use phase.

Electrification of the vehicle portfolio

The Porsche AG Group is systematically expanding its range of battery-electric vehicles. The portfolio of the Panamera and Cayenne model series has been successively expanded to include plug-in hybrid electric vehicles (PHEV). These will continue to be designed with high performance in mind and greater electric ranges. As part of its electrification strategy, the Porsche AG Group has offered the all-electric Taycan since 2019. In addition, the Porsche AG Group is launching the next generation of the Macan in 2024 as a purely battery-powered electric vehicle (BEV). It plans to offer the 718 Boxster and Cayman models as BEVs by mid-decade. The all-electric Cayenne is expected to be launched shortly afterwards.

In the medium term, there are also plans to expand the product portfolio with a new, all-electric model in the SUV segment above the Cayenne. Going forward, sporty hybridization will be possible for the Porsche 911.

Decarbonization in the supply chain

Porsche AG is also working on the supply chain of its vehicles and contributing to the decarbonization target — a net carbon neutral value chain of the newly produced vehicles in 2030. For example, all direct suppliers of production materials for vehicles are required to switch their production to certified electricity from renewable energies. This has applied to all new production material contracts of all-electric series vehicle projects awarded since July 2021. Virtually all direct suppliers of production materials have agreed to meet this requirement.

In the reporting year, the Executive Board of Porsche AG set decarbonization targets for new vehicle and platform projects. In addition, specific decisions were made for relevant vehicle projects under development on how to further reduce the carbon footprint in the supply chain.

Together with AUDI AG, Porsche AG is developing the Premium Platform Electric (PPE), a modular platform for electric cars for the period beyond the reporting period. The aim is to use this for the all-electric Macan and one other model series in the short to medium term. Another platform is the Scalable Systems Platform (SSP), which Porsche AG is developing with AUDI AG and other companies in the Volkswagen Group. The high-performance version (SSP Sport) in particular aims to support Porsche's all-electric vehicles. Using this long-term strategy of aligning vehicle development on a small number of platforms allows for synergies in development and production, which can also make a potential contribution to climate protection. One example is a jointly developed high-voltage battery in the SSP, which can be used to implement lower-carbon materials and more carbon-efficient processes for several vehicles.

In the reporting year, Porsche AG entered further partnerships with manufacturers of raw materials to improve the carbon footprint of Porsche vehicles. Porsche AG and a Norwegian aluminum producer have agreed to work together on low-carbon aluminum.

In addition, they also intend to develop a plan for a more ecologically sustainable value chain for battery materials and their recycling. The focus here is on how to design efficient closed cycles for the high-voltage batteries of Porsche electric vehicles. Another cooperation is the supply of low-carbon steel by a Swedish start-up from the steel industry. The partner company uses an innovative production process with hydrogen and electricity from renewable energies.

Decarbonization in production

For its own vehicle production, the Porsche AG Group is pursuing the vision of a zero-impact factory by 2030; in other words, a factory that has as little negative impact on the environment as possible. The reduction of the CO₂ emissions at the vehicle production sites in Stuttgart-Zuffenhausen and Leipzig also lowers the DCI. The two production sites in Stuttgart-Zuffenhausen and Leipzig as well as the development site in Weissach were net carbon neutral in the reporting year.

Decarbonization of the use phase

Although no local CO₂ emissions are incurred during the operation of electric vehicles, the carbon footprint of the use phase¹ depends on the intensity of the CO₂ emissions from the electricity generation. The use of renewable energies is therefore a major lever for reducing CO₂ emissions during the use phase. As new battery-electric vehicles increase the demand for electricity in the markets, Porsche AG is committed to the expansion of renewable energies. Porsche AG intends to enter long-term indirect commitments with operators of wind and solar plants to promote the expansion of renewable energies. These plants are to provide new capacities to generate enough electricity from renewable energies to match the vehicles' imputed energy requirements. This approach has been used since 2021 for the newly produced fleet of the Taycan Sport Turismo and Taycan Cross Turismo models in the respective fiscal year. In the reporting year, the approach was extended to all Taycan models. Additional models will follow in the coming years.

The Porsche AG Group is also continuing to expand its charging infrastructure. Over 1,000 high-performance charging points have been put into operation for customers at more than 600 dealer locations to date. These are tailored to the Porsche Taycan and future Porsche vehicles with their 800-volt charging architecture. The Porsche AG Group is also planning to set up its own fast-charging stations along main traffic routes. In addition to this, the Porsche AG Group is involved in the further expansion of the public fast-charging infrastructure, which also includes IONITY's network of currently more than 500 fast-charging parks in Europe. The Porsche AG Group already participated in an additional financing round for the joint venture in 2021. In addition, Porsche Destination Charging is helping the Porsche AG Group expand the existing infrastructure for AC charging. There are more than 5,000 charging points in 86 countries and there should be more than 7,500 by the end of 2025. The Porsche Charging Service also

enables access to charging points from various providers. More than 560,000 charging points in over 20 European countries are currently connected.

In addition to the transformation to all-electric vehicles and the decarbonization of the use phase through electricity from renewable energies, Porsche AG is also committed to solutions to reduce CO₂ emissions from combustion engines. Alongside efficiency-enhancing technologies, the Porsche AG Group is working on further developing alternative fuels (especially eFuels) on an industrial scale.

Together with HIF (Highly Innovative Fuels), Siemens Energy and several other international companies, the Porsche AG Group built an industrial eFuels production plant in Punta Arenas, Chile, in 2022. The Porsche AG Group not only funded most of the pilot plant, but also closely accompanied the project progress and will use the fuel produced there in the future. Punta Arenas has particularly favorable conditions compared to the rest of the world: There is a constant strong wind, which ensures low costs for renewable electricity generation by wind turbines and thus to produce eFuels. The pilot plant is designed for a maximum production volume of around 130,000 liters of eFuels per year; the aim is to expand the capacity in Chile to around 600 million liters per year by the end of the decade. Together with Volkswagen Group Innovation, the eFuels company HIF Global and MAN Energy Solutions, the Porsche AG Group is looking into integrating a direct air capture (DAC) facility into the eFuels pilot plant in Chile.

Until now, the CO₂ used there has been taken from a biogenic source. The DAC process uses wind energy to filter the CO₂ required for production from the atmosphere in an environmentally friendly way.

With this commitment, the Porsche AG Group is seeking to contribute to the worldwide development of world-class sites: these are sites where competitive eFuels can be manufactured under optimal conditions. This includes ensuring that renewable energies can be used without competing with other industries.

¹ To calculate target achievement, the DCI, including the scope of voluntary CO₂ compensation measures through climate change mitigation projects, is included in the ESG factor in the variable remuneration with the annual bonus (short-term incentive) in the remuneration of the Executive Board and management.

¹ For instance, the CO₂ emissions in the use phase are calculated over 200,000 km per vehicle with reference to average consumption figures of the primary market regions (EU+3 (Iceland, Norway, the United Kingdom of Great Britain and Northern Ireland), China, the USA). The consumption figures are calculated in accordance with the respective statutory review cycle. The intensity of the CO₂ emissions from the electricity used to charge electric vehicles is also calculated on the basis of energy mixes of the primary market regions. Supply chains and recycling emissions stem from the vehicle life cycle assessments. Vehicle maintenance is not included in the calculation.

RESULTS

In the reporting year, the Porsche AG Group delivered 29,403 PHEVs (9.2% of total deliveries) and 41,023 BEVs (12.8% of total deliveries). The share of all-electric vehicles delivered in 2023 increased in comparison to the prior year.

BEV share

%	2023	2022	2021
Share of all-electric vehicles (BEV) delivered	12.8	11.3	13.7

The Porsche AG Group reviews the effectiveness of its decarbonization program on an ongoing basis. To this end, it uses forecasts prepared during the year and commissions external audits.

In the reporting year, the DCI was 62.7 tCO₂e/vehicle, which represents a slight decrease of 1.8% year on year.

Decarbonization index

DCI	2023	2022	2021
Metric tons of CO ₂ e/vehicle	62.7	63.9	63.8

CO₂ emissions from the use phase were reduced by 3.1% in the reporting year compared to the prior year. A decisive factor here was Porsche AG's commitment to the expansion of new wind and solar power plants in combination with the higher proportion of purely battery-powered vehicles. In the reporting year, the newly contracted capacities corresponded to the energy requirements of the newly produced Taycan fleet.

The first Porsche Charging Lounge in Germany was opened in the reporting year.

The pilot plant in Punta Arenas, Chile, commenced operations in the reporting year. The first batches of eFuels were produced and used in initial applications at vehicle events.

In addition to its involvement with HIF, Porsche AG participates in various research projects and initiatives such as DeCarTrans and Refinery4Future. The funding project "reFuels—Rethinking Fuels" under the umbrella of the Baden-Württemberg Strategiedialog Automobilwirtschaft was completed in the reporting year.

Circular economy

TARGETS

Porsche AG is increasingly aligning its processes, products and use of raw materials towards a resource-saving and net carbon neutral future. The concept of a circular economy is a key component of Porsche AG's sustainability strategy. Defined fields of action address topics such as the battery raw material cycle and the use of circular materials in vehicles, or circular economy concepts for Porsche sites.

Through its work in the strategy field of a circular economy, Porsche AG and selected subsidiaries are striving to handle raw materials in a responsible and resource-saving way and to use vehicles and the materials used in them for a long time.

Among other things, it is pursuing the goal of a closed battery raw material cycle. Batteries and their battery cell modules should be used in the vehicle for as long as possible. It should also be possible to reuse their raw materials in new batteries after going through modern recycling processes or to use the battery cell modules in energy storage systems. The aim is also to reduce the share of primary raw materials in other areas of the vehicle wherever technically possible and to use more ecologically sustainable materials. The longevity of Porsche vehicles and the associated long service life of the materials used also contribute to the formulated target image. This is to be further strengthened by the extended availability of spare parts and the reconditioning of selected components.

Aspects of the circular economy will also be increasingly integrated into the development of Porsche vehicles. For example, there are pre-development projects for various vehicle components using more ecologically sustainable raw materials and recycled materials. In addition, a holistic approach aims to strengthen circular economy concepts and reduce waste at the production sites. → Waste¹

Targets and projects were defined for all fields of action in the reporting year, ranging from pilot projects for battery recycling to the development of a catalog of criteria for the use of plant-based renewable raw materials.

In the reporting year, the Porsche AG Group set specific targets for the use of circular materials. These apply to newly developed, purely battery-electric vehicle models.²

DUE DILIGENCE PROCESS

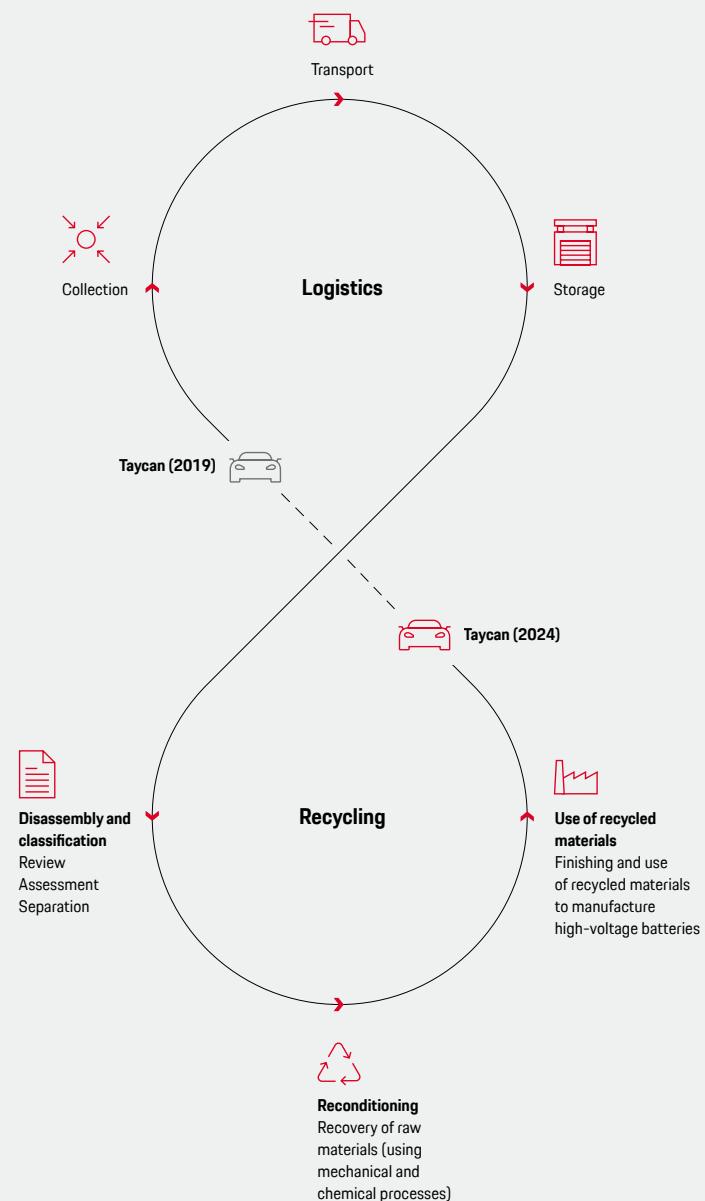
Porsche AG has paved the way organizationally, on a strategic level and within the individual divisions and series, for the goals to be pursued in a systematic manner. In doing so, it has integrated the vehicle and project goals for circular materials into the target system and related processes of selected model series. Selected business divisions are involved in the implementation process. The Circular Economy working group coordinates projects and monitors progress at least quarterly. This is made up of representatives from the Sustainability department and the relevant departments from the areas of development, production, procurement, sales and quality. The working group discusses the status of the targets set and the associated projects and, if necessary, derives new measures and further projects. The results are regularly reported to the Executive Board.

To meet the targets for using circular materials, Porsche AG has developed and implemented an internal control system that is constantly being improved upon. It is used by the relevant departments, e.g., procurement, development and finance, making it possible to analyze and prioritize the measures to increase the use of secondary materials in future vehicle projects.

¹ The Sustainability Report was not subject to an independent audit by an external public auditor.

² Excluding product upgrades.

Recycling process for high-voltage batteries of the Porsche AG Group



MEASURES

As a strategy field, circular economy plays a particularly important role in product development. Porsche AG and selected subsidiaries promote the use of ecologically sustainable materials in their vehicles by communicating clearly defined criteria and requirements to the supply chain. In the reporting year, projects to use more ecologically sustainable raw materials and recycled materials were carried out for several specific vehicle components.

The Porsche AG Group is also working together with the Volkswagen Group and other development partners to optimize the recycling process for high-voltage batteries, which contain large amounts of valuable raw materials that can be conditioned and reused. Together with specialized partner companies, Porsche AG is also evaluating options for the time after the actual use phase of high-voltage batteries: second-life concepts.

→ Climate change mitigation, → Pollution and substances of concern, → Water and marine resources, → Waste¹

RESULTS

In the reporting year, Porsche AG continued with a pilot recycling project for high-voltage batteries and launched three others. Together with the Volkswagen Group and other partners, insights were obtained into product design and recycling processes, for example. In addition, the logistics and recycling processes for traction batteries were optimized in individual Porsche markets by dismantling the high-voltage batteries directly on site and then transporting the discharged modules to regional recycling partners.

In the reporting year, Porsche AG conducted a feasibility study on the combined use of photovoltaic systems, charging infrastructure for electric vehicles and used high-voltage batteries. The use of high-voltage batteries as second-life battery storage was tested in selected Porsche AG parking garages at Stuttgart-Zuffenhausen.

To ensure and increase the longevity of Porsche sports cars, it reissued replacement parts and accessories for repairing Porsche Classic vehicles. This can improve the function and everyday usability of older vehicles. It also promotes the long-term use of the materials used in the vehicle. To ensure that Porsche Classic vehicles can be maintained over the long term, technicians and service advisors in the dealer organization have been specially trained in classic vehicles and their repair and maintenance.

In addition, more and more aspects of the circular economy are gradually being considered at vehicle production sites. For example, for the Taycan and Cayenne models, the material used to protect door panels and hoods during transport has been replaced with a mono-material that is more than 99% recyclable.

A project was carried out at Porsche AG and selected subsidiaries to categorize disposable packaging materials used for vehicle components and classify them according to sustainability criteria. Based on this, a guideline on single-use materials in parts protection was drawn up together with other Volkswagen Group brands and communicated to direct suppliers of components. In addition, materials that cannot be recycled were defined and internal Porsche AG targets were set to further reduce the use of these materials.

¹ The Sustainability Report was not subject to an independent audit by an external public auditor.

SOCIAL

Sustainability, work-related rights and equal treatment and opportunities in the value chain

The significance of the supply chain is growing constantly in the context of sustainability management. More and more new vehicle components and technologies are being added to procurement volumes, and the number of suppliers is rising. At the same time, as vehicles are increasingly electrified, the level of demand for certain raw materials — especially to produce high-voltage batteries — is also growing. Overall, the importance of responsible, environmentally friendly raw material procurement methods that respect human rights is growing as a result.

Porsche AG's entire supply chain encompasses more than 1,700 direct suppliers of production materials and more than 5,700 direct suppliers of non-production materials.

Responsibility for supply chain management and sustainability in the supply chain lies with the Member of the Executive Board responsible for Procurement at Porsche AG.

TARGETS

Porsche AG wants to ensure that its direct suppliers practice ecologically sustainable procurement, adhere to human rights standards, implement social employment practices, and achieve responsible resource management.

Specifically, by 2030, Porsche AG aims to comply with the strictest internal quality standards relating to sustainability with 90% of the production material it purchases from direct suppliers with a sustainability rating (S-rating). This means that direct suppliers of production materials are expected to achieve a positive S-rating in the highest category (A) by this point in time. The S-rating covers environmental and social aspects, including respect for human rights. It also rates compliance with ethical conduct.

Safeguarding work-related rights in the supply chain

In 2022, Porsche AG issued a declaration of its intent to observe and promote human rights. This is Porsche AG's commitment to respecting human rights worldwide and promoting good working conditions and fair trade. This declaration contains Porsche AG's human rights strategy. The Porsche AG Group rejects child labor, forced and compulsory labor as well as any form of modern slavery and human trafficking.

The Porsche AG Group attributes great importance to diversity and equal opportunity. Besides equal opportunities between the genders, the focus is on the diversity of the international workforce. The Porsche AG Group values openness towards people of different origins and sexual orientations, and encourages harmonious, productive cooperation between generations, regardless of whether people have a disability.
→ Equal treatment and opportunities within the own workforce

Accordingly, the Porsche AG Group also expects its direct suppliers to refrain from any form of discrimination, intimidation, harassment or unjustified disadvantageous treatment of employees in the working environment. Unequal treatment because of ethnic or social origin, skin color, gender, nationality, language, religion, physical or mental limitations, gender identity, sexual orientation, state of health, age, marital status, pregnancy/parenthood or trade union membership is prohibited. This same applies to political convictions, if they are based on democratic principles and tolerance towards those with different opinions, provided they do not conflict with the requirements of the job. Unequal treatment also includes the payment of unequal remuneration for work of equal value.

Porsche AG encourages its direct business partners to develop and promote an inclusive culture. Diversity should be promoted among all employees and at all hierarchical levels — in particular, but not exclusively, cultural, ethnic and religious diversity.

Decarbonization in the supply chain

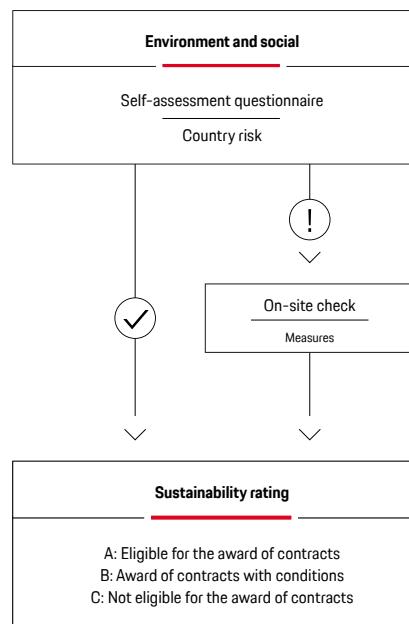
The Porsche AG Group has set itself an ambitious target: to be net carbon neutral along the entire value chain of its newly produced vehicles in 2030. The supply chains are currently responsible for around 20% of the greenhouse gas emissions that are relevant to the Decarbonization Index (DCI), for example in the extraction of raw materials and the production of vehicle components.

Of all the parts, high-voltage battery cells are a key factor for greenhouse gas emissions in the supply chain for electric vehicles. Therefore, to reduce these emissions, measures have been defined which direct suppliers have had to implement as requirements for all-electric series production car projects since 2022. In this context, the process of awarding contracts encompasses specific requirements relating to the use of green electricity, CO₂-optimized primary materials, and recycled materials. → Climate change mitigation

DUE DILIGENCE PROCESS

The S-rating is based on self-disclosures by direct suppliers on defined sustainability criteria. If the results of the self-disclosure are not satisfactory because the sustainability standards needed for the S-rating are not met at the direct suppliers or the required evidence is not provided, an on-site inspection may be carried out by an independent sustainability auditor. If any concerns are raised, the direct supplier is given a negative rating. If target achievement falls below a defined threshold, Porsche AG initiates a corrective action plan in collaboration with the supplier concerned. The direct supplier must remedy the identified concerns without delay, which the independent sustainability auditor then verifies directly. As a matter of principle, the suppliers concerned are not considered for contracts by Porsche AG until they meet the sustainability requirements.

Sustainability rating



The environmental criteria of the S-rating for direct suppliers of production materials were adjusted in 2022: If a direct supplier employs more than 100 staff at its production sites, Porsche AG expects it to have an environmental management system ISO 14001 or the European Union's EMAS Regulation.

Direct suppliers that deliver products to Porsche AG must provide Porsche AG with information on total energy consumption in MWh and CO₂ emissions in metric tons (Scope 1, 2 and 3) at product level upon request.

The minimum standards for the S-rating of direct suppliers also include respect for human rights at the individual stages of the value chain.

To implement the requirements of Germany's Supply Chain Due Diligence Act (LkSG), which has applied in Germany since January 1, 2023, Porsche AG already published the Group Business and Human Rights Guidelines in 2022. These group guidelines establish an overarching framework for controlling the duties of care relating to human rights and the environment under the LkSG. In addition, the manual sustainability management in supplier relationships and the Code of Conduct for Business Partners were updated in the reporting year.

In the reporting year, Porsche AG's Executive Board appointed the Business and Human Rights Council (BHR Council) to monitor the duty of care in terms of human rights and environmental matters. This Council is made up of members from multiple disciplines, is directly linked to the Executive Board and supported by its own office. It met seven times in the reporting year.

The majority of the BHR Council's meetings are about events relating to human rights or the environment from the risk assessment, results from following up on complaints received as well as information about the effectiveness of LkSG measures.

Established procedures and processes of the Porsche AG Group's responsible supply chain system (ReSC system), which are defined in the handbook on sustainability management in supplier relationships, are used to achieve the overarching sustainability targets. If there is suspicion that a direct supplier does not comply with sustainability requirements during an ongoing business relationship, the supply chain grievance mechanism (SCGM) comes into play. This processes potential indications of violations of Porsche AG's sustainability requirements.

To respond appropriately to particularly serious human rights and environmental risks, the human rights focus system (HRFS) is implemented together with the Volkswagen Group into the supply chain.

The LkSG also places a particular focus on external service providers that provide security services on behalf of the Porsche AG Group. To reduce risks in this context, security staff are instructed regularly and before their first assignment, at least once a year. The training conveys that the prohibition of torture and cruel, inhuman or degrading treatment must not be disregarded, that life and limb must not be harmed, and that freedom of association and trade union rights must not be restricted. Any suspected cases or violations despite the measures taken can be reported to humanrights@porsche.de.

MEASURES

Sustainability requirements for direct suppliers

The Code of Conduct (CoC) for Business Partners requires and checks that all direct suppliers implement environmental and social standards. This forms the basis for legally binding contractual agreements. It is founded on the International Chamber of Commerce's Charter for Sustainable Development, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the relevant core labor standards of the International Labour Organisation (ILO).

In accordance with the CoC for Business Partners, the Porsche AG Group also expects all direct suppliers of production materials to follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. In the reporting year, the Porsche AG Group's CoC for Business Partners was updated based on the new LkSG, among others.

The sustainability requirements from the CoC are firmly enshrined in the supplier contracts. If these are not complied with, Porsche AG will take the contractually agreed steps up to and including termination of the business relationship. Furthermore, business partners are obliged to pass on the sustainability requirements of the CoC to their own suppliers in the upstream supply chain and to set up appropriate control measures to monitor them.

In addition to environmental requirements, e.g., the use of electricity from renewable energies or recycled materials, the CoC for Business Partners includes minimum standards for remuneration, occupational health and safety and fire protection requirements. Suppliers are required to ensure that working hours comply with the applicable national legal requirements and/or the national requirements applicable in the respective economic sector and that the working conditions meet applicable minimum standards — also in terms of hygiene.

To prevent integrity risks and negative social or environmental impacts along the supply chain, direct suppliers are informed about the content of Porsche AG's CoC for Business Partners as part of education measures, for instance, e-learnings, and made aware of current challenges in the supply chain. Central training and awareness-raising measures are also offered in different languages. The Volkswagen Group offers CoC training courses to all direct suppliers.

Examination of the sustainability requirements

One of the foundations of Porsche AG's examination of the sustainability requirements at direct suppliers is the abstract risk analysis created based on a risk matrix. Within this risk matrix, the procurement volumes are categorized into risk groups (high, medium and low) according to the abstract human rights and environmental sector risks and using appropriateness criteria. They are then made more specific by including the country's risks. Based on the abstract risk analysis, appropriate measures are rolled out for the respective supplier risk groups. Within the ReSC system, a distinction is made between Standard measures and Deep Dive measures.

In addition, Porsche AG relies on new technologies such as artificial intelligence (AI) to further increase transparency in the supply chain and recognize potential risks, for example, in raw material supply chains. The permanent screening of freely available internet sources including social media provides timely indications of possible breaches. The scope was expanded in the reporting year. → [Information-related impacts for consumers and/or end users](#)

To check compliance with the sustainability criteria, all employees involved with procurement at Porsche AG are mandated to take part in training on the S-rating. Furthermore, a digital learning module also aims to give employees from other company departments the opportunity to learn about the concept and control opportunities of the S-rating.

Complaints process

Porsche AG operates a multistage complaints management system that provides internal and external complainants with a confidential communication channel for reporting potential breaches of human rights and violations of environmental duties. Porsche AG publishes the freely available reporting channels on its website www.newsroom.porsche.de.

Porsche AG uses a standardized process to deal with every complaint that relates to its own business field and the supply chain of Porsche AG.

Dialog activities

Porsche AG is an active participant in the automotive industry dialog on the German Federal Government's National Action Plan for Business and Human Rights (NAP). The aim is to establish humane labor conditions in internal business departments and in the supply chain. In addition, Porsche AG has added human rights aspects to its training and communication measures, e.g., with background information, warning signs and recommended actions if there are indications of human rights violations. Porsche AG also enters strategic sustainability dialog with selected direct suppliers to continuously exchange information on relevant topics. The participants reflect together on opportunities and challenges and determine approaches for sustainable actions.

Responsible procurement of raw materials

As Porsche AG's product portfolio becomes increasingly more electrified, the company must purchase significantly more raw materials, the extraction of which must be more strictly monitored in accordance with human and environmental rights in complex global supply chains. Porsche AG is therefore continuously refining its approaches and objective to be able to procure raw materials in a responsible way. In the reporting year, Porsche AG conducted several projects together with the Volkswagen Group in which selected raw materials were analyzed in turn and thus increased transparency in the raw materials supply chains.

In addition to close cooperation with direct and indirect suppliers, Porsche AG is also involved in various initiatives that promote transparency and better working conditions during the extraction of raw materials:

— The Volkswagen Group has a material-specific specification for the mica pigment, which is mandatory for all contracts newly awarded to suppliers of paint and mica sheets (battery). This requires that the origin of the raw materials, including the identity of the processor, are disclosed. It also calls for a mandatory audit in line with the Global Workplace Standard for Mica Processors for all processors in the supply chain. Porsche AG is a member of the Responsible Mica Initiative which aims to promote safety and fair labor conditions and wages at the processing companies.

— At the Volkswagen Group, there are also material-specific specifications for leather, which is mandatory for all contracts newly awarded to direct leather suppliers. This requires disclosure of the country of origin and a sustainability certificate which is specific to leather. Since the reporting year, Porsche AG has also been active in the Leather Working Group (LWG), a global multi-stakeholder community committed to responsible leather. The non-profit organization drives best practices and positive social and environmental change for responsible leather production.

— Porsche AG and Michelin entered a partnership back in 2020 with the aim of promoting the sustainable farming of natural rubber. Porsche AG and Michelin are jointly involved in the CASCADE (Committed Actions for Smallholders Capacity Development) project, which aims to create more transparency and better working conditions for small plantation farmers in the extraction of raw materials.

— Through the Volkswagen Group, Porsche AG is also a member of the Global Platform for Sustainable Natural Rubber (GPSNR), which has set itself the goal of improving the social and environmental impact of natural rubber production.

— Via the Volkswagen Group, Porsche AG is also a member of the World Economic Forum's Global Battery Alliance. Featuring public and private partners, this alliance strives to promote social and ecological sustainability along the value chain of battery raw materials. The Volkswagen Group also has a material-specific specification for the battery raw materials cobalt, lithium, nickel and graphite which is mandatory for all new contracts for high-voltage battery cells. It requires mandatory disclosure of the origin of the raw materials for all four battery raw materials.

— Porsche AG is also represented in the Initiative for Responsible Mining Assurance (IRMA) via the Volkswagen Group. This promotes an independent assessment of sustainability from mining companies. With these measures, Porsche AG wants to improve the human rights situation in its raw material supply chains.

In order to counter the specific environmental and human rights risks in the supply chains of raw materials, particularly the risk of child labor, the Volkswagen Group has implemented the raw material due diligence management system (RMDDMS) in cooperation with Porsche AG. This describes the process for identifying, assessing and reducing sustainability risks in raw material supply chains.

Furthermore, the Volkswagen Group publishes an annual Responsible Raw Materials Report in line with global normative frameworks, including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Minerals Guidance), the OECD Due Diligence Guidance for Responsible Business Conduct, the OECD-FAO Guidance for Responsible Agricultural Supply Chains, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The report was published for the first time in 2021 and covers Porsche AG's Stuttgart-Zuffenhausen site, among others.

Porsche AG does not see any significant risk of child, forced or compulsory labor in its operations at its own sites or at its selected direct suppliers of production materials. In mining, there are certain raw materials where there is, however, a higher risk of child labor. This is especially true in countries where legislation and monitoring are weak or where armed conflicts are taking place. Porsche AG is therefore working with risk analysis and the measures such as the SCGM or the raw materials management system to avoid potential child labor violations and reduce the risks as far as possible.

RESULTS

In the course of 2023, the S-rating was extended to other supplier sectors according to risk priority to ensure compliance with human rights standards, social employment practices and responsible resource management at Porsche AG's direct suppliers. In addition, the underlying survey was expanded to include specific requirements relating to human rights, the environment and the LkSG.

By the end of the reporting period, a total of 1,884 direct suppliers had submitted a self-assessment as part of the S-rating.

Based on sales revenue, roughly 88% of direct suppliers of production materials with more than 100 employees on site have documented that they have an environmental management system certified in accordance with ISO 14001, validation in accordance with the Eco-Management and Audit Scheme (EMAS) or a commitment letter.

Following an initial analysis of the direct supplier data, detailed on-site inspections are carried out on a risk basis. Five on-site inspections took place worldwide in 2023. No violations of the sustainability requirements were identified.

By the end of the reporting year, 1,396 S-ratings were available for direct suppliers of production materials, whose order volume corresponds to around 81% of the total procurement volume. Of these direct suppliers of production materials, 1,099 have an A rating and therefore meet the highest internal quality standards.

Porsche AG has set itself the target of meeting the strictest internal quality standards relating to sustainability (S-rating "A") for 90% of the production material it purchases from direct suppliers by 2030. This was 88.3% in the reporting year.

S-rating for direct suppliers of production material to Porsche AG

%	2023	2022	2021
Share with S-rating "A"	88.3	88.6	67.9

In 2023, nine complaints were processed via the complaints process at Porsche AG, and a further 52 cases were processed under the SCGM. Complaints and SCGM cases received in the reporting year were investigated, any evidence needed was requested and — if necessary — appropriate measures for continuous improvement were developed. In the reporting year, no direct suppliers were temporarily blocked for new contracts due to violations.

The human rights focus system (HRFS) for particularly serious risks, such as forced labor, unequal pay or intransparency in the supply chain, was developed further in the reporting year. The audit strategy was also expanded to place a greater focus on transparency surrounding subcontracting from direct suppliers and the passing on of sustainability requirements to subcontractors. The transparency of the supply chain is also a focus for raw materials, which are analyzed for risks as part of the RMDDMS.

In the reporting year, no relationships with direct suppliers were terminated due to negative environmental or social impacts in the supply chain.

Equal treatment and opportunities within the own workforce

The Porsche AG Group actively champions diversity, equal opportunities and equal treatment, and firmly believes that this is in its best interest as a company. Diversity leads to new ideas and drives innovation, which makes it a key success factor. The Porsche AG Group strives to create a working environment where employees of all ages and genders, regardless of origin and cultural background, can contribute their different skills and perspectives in the best possible way.

Equal treatment and opportunities for the Porsche AG Group's own workforce also include the development of employees' skills. The Porsche AG Group sees it as its responsibility to develop both technical and interdisciplinary skills in employees for changing tasks and roles in various future fields.

Diversity TARGETS

Porsche AG has defined strategic dimensions for diversity that are based on the legally protected dimensions of diversity — ethnic origin, gender, religion and ideology, disability, age and sexual identity. The aim is to ensure even more diversity at Porsche AG, to promote compliance with the German General Equal Treatment Act and to create an environment that fosters the individuality of each person and values all perspectives.

Diversity fields of action

1. Conscious formation of mixed teams
2. Increase the proportion of women
3. Promote ethnic diversity and international experience
4. Facilitate the inclusion of employees with disabilities
5. Support the LGBT*IQ community
6. Improve cooperation between the generations within the workforce
7. Establish an inclusive culture and an understanding of diversity in all Porsche companies

Porsche AG has formulated strategic goals and measures to implement these fields of action. The targets are translated annually into an action plan for the following year. The status quo of each measure is documented on an ongoing basis, recorded in a corresponding management system and regularly discussed with top management.

In view of the gender quota required by law, Porsche AG has set itself the target of increasing the proportion of women at the first management level below the Executive Board to 20% and at the second management level to 18% by 2025.

DUE DILIGENCE PROCESS

The Porsche AG Group rejects any form of discrimination. Equal opportunities and promoting diversity are firmly anchored in its Code of Conduct and the Porsche Code leadership model. The Executive Board and the Works Council confirmed that diversity should be a fixed part of the Porsche corporate culture by signing the German Diversity Charter, a voluntary commitment for German businesses, in 2019.

The Culture, Diversity and HR Communications department is responsible for ensuring the long-term implementation of equal opportunities and diversity. It acts as a driver and competent partner and is assigned to Employee Development and Corporate Culture within the Human Resources portfolio of the Executive Board. The targets and measures are regularly coordinated in committees such as the Equal Opportunities working group and reported to the Executive Board via the Environment and Sustainability Steering Committee and Environment and Sustainability Steering Group on a regular basis.

The topics of equal treatment and opportunities within the own workforce are included in the Porsche AG Group's guidelines on labor and social law and HR compliance, among others. The group guidelines apply to employees of the Porsche AG Group and are freely accessible to them. The subsidiaries are responsible for reviewing and implementing the group guidelines in similar documents.

Porsche's independent and externally operated whistleblower system is available 24/7 to report any indications of potential breaches of equal treatment and equal opportunities.

→ [Corporate governance, corruption and bribery](#)

Furthermore, Porsche AG has set up a company complaints desk known as "AGG" (the German abbreviation for the General Equal Treatment Act) to which employees can turn in potential cases of discrimination or to which they can submit a specific complaint.

A diversity cockpit presents measurable diversity criteria for all Porsche AG. Key figures on gender diversity, personal skills (serious disability), internationality and generations are evaluated annually by the main departments of the portfolios. The cockpit also provides an overview of training qualifications and the use of offers for flexible working hours.

MEASURES

To ensure a more balanced gender ratio in Porsche AG's overall workforce, the targets for increasing the proportion of women at the first and second management levels by 2025 were broken down into annual sub-targets in accordance with a target path. The impact on this objective is considered for all new hires. To secure the selection of female candidates for the longer term, corresponding portfolio-specific targets have also been defined within Porsche AG for the lower management and collectively agreed pay scale groups. The entire Executive Board approves hires to both the first and second management levels.

Porsche AG takes diversity and equal opportunities very seriously and pays wages and salaries in line with uniform standards, regardless of gender, religion, origin, age, disability, or sexual orientation.

For employees covered by a collective bargaining agreement and management within and outside of the collective bargaining agreement, the remuneration policies and amounts are based on collective/company regulations, whereby the basic remuneration is calculated based on described work tasks, with consideration for knowledge and abilities, problem-solving skills, potential influence, and fields of responsibility. The variable remuneration is generally performance-based.

The amount of variable remuneration is calculated based on general or individual performance criteria as well as selected KPIs, according to uniform benchmarks and standards. Collective and company regulations also provide for one-off payments. Market conditions and benchmarks are considered to offer competitive compensation. The goal is to provide employees with attractive, competitive, and non-discriminatory remuneration while identifying and eliminating potential injustices.

The Culture, Diversity and HR Communication department offers employee training activities to raise awareness and increase knowledge about diversity and equal opportunities across all hierarchical levels: Alongside training for employees, these also include mandatory training for newly appointed line managers and for employees who have recently joined management.

In a themed week around German Diversity Day in 2023, Porsche AG called on its workforce to understand the importance of a diversity of views for shared success and to commit to diversity, respect and tolerance. There were also

presentations, workshops, hacks and opportunities for dialog. In the reporting year, event-related communication relating to diversity focused increasingly on visual communication with an independent logo to anchor the topic more firmly in the minds of the workforce.

In 2023, a diversity toolbox also helped managers at Porsche AG stand up for diversity and equal opportunities in their day-to-day work and management routines. The toolbox provides a range of measures, tools and ideas to enable users to experience the diversity of views in all dimensions and to question traditional ways of thinking and behaving.

Porsche AG also expanded its National and International Diversity Community further in the reporting year. This forum is run by selected subsidiaries of the Porsche AG Group and their diversity managers around the world and provides tools and ideas for putting diversity of views into practice.

To promote diversity and equal opportunities, the Porsche AG Group also relies on its internal networks and supports their expansion. Diversity networks are key building blocks for giving visibility to underrepresented views and thus promoting equal opportunities. The diversity networks handbook, which provides support from 2021, allows for the creation of employee networks across protected diversity characteristics and defines corresponding framework conditions.

The Porsche women's network She@Porsche is an established platform for exchanging experiences across departments. It offers several dialog formats and varied methods of support, e.g., peer counseling, impetus for self-empowerment and insights into the day-to-day working life. This enables better visibility for women at Porsche AG, their closer networking as well as taking female perspectives into account.

The Proud@Porsche network for representatives, supporters and interested parties of the "sexual orientation and identity" diversity dimension is an integral part of the Porsche AG culture too. It stands up for the concerns of people of all sexual orientations within and outside Porsche AG. For the second time in the reporting year, Proud@Porsche together with the Member of the Executive Board responsible for Human Resources and other representatives of Porsche AG and selected subsidiaries were present at the Christopher Street Day parade in Stuttgart.

Porsche Mentoring is a format for a comprehensive exchange of experiences and changing views on both sides. Generation tandems were launched in the reporting year: a platform that matches employees with less professional experience with those with more professional experience; this aims to promote exchanges of intergenerational experiences and create a greater level of mutual understanding.

The diversity networks and the mentoring program are open to employees of Porsche AG and selected subsidiaries around the world.

To promote inclusion, Porsche AG cooperates with workshops for the disabled in compliance with all legal requirements and is strongly committed to further expanding these cooperations. Porsche AG launched a project on accessibility in the reporting year. The first step here is to analyze structural and digital accessibility to then derive measures that should be implemented and integrated into processes and standards.

RESULTS

In the reporting year, the statutory gender quota increased to 20% at the first management level and 17.3% at the second management level, thus meeting the targets for 2023. Porsche AG still considers itself on track to meet the target by 2025. To further increase the proportion of women in management beyond the targets set, Porsche AG implemented a project on the proportion of women in management in the reporting year. The aim is to analyze the challenges involved in increasing the proportion of women in management in more detail and develop measures accordingly.

Women in management positions—actual values for statutory gender quota¹

%	2023	2022	2021
First management level	20.0	16.1	16.9
Second management level	17.3	15.7	15.1

¹ Information relates to Porsche AG.

Numerous managers took part in the extensive project; the Executive Board members were also actively involved. Internal communication to raise awareness further started in 2023 and most of the measures will be implemented from 2024.

At Porsche AG in fiscal year 2023, a comparison of the average remuneration of all women with the average remuneration of all men reveals a 5.7% difference in basic annual remuneration and a 0.4% difference in direct remuneration in the favor of women. This difference is due to the distribution of men and women across the various hierarchical levels, with 51% of all employed men being in the lower collectively agreed pay scales (including incentive wage earners), compared to just 23% for women. Consequently, the average remuneration for all men is lower than the average for all women. → Non-financial key figures

The Porsche women's network She@Porsche recorded significant growth in the reporting year. Two new networks were launched in 2023: Cultures@Porsche and Väter@Porsche (Fathers@Porsche). The aim of the fathers' network is to promote an understanding of the modern father's role, make the needs of fathers in the company visible and provide a contact point and platform to exchange experiences. The cultures network aims to promote the exchange of international experiences and bring different perspectives together.

Now in its fifth year, the mentoring program is still very popular. More than 200 mentor tandems were actively involved in the mentoring format in the reporting year.

In 2023, Porsche AG identified eleven cases of discrimination (including sexual harassment), each of which was punished accordingly. No structural background was evident. For confidentiality reasons, no further information can be provided.

The statistics on disciplinary measures in instances of discrimination relating to the diversity dimensions are evaluated for potential structural fields of action and appropriate measures are taken as needed. This includes, for example, targeted training courses.

Employee development

TARGETS

Electromobility, digitalization, new business models: The transformation of the automotive industry is well underway, and these changes also influence Porsche AG. "Transformation" is therefore one of the six cross-cutting strategies in the Porsche Strategy 2030, aiming to support employees in times of change and develop a future-proof workforce, among other things. With the Porsche Workforce Transformation project launched in 2021, Porsche AG is coordinating retraining and further training and providing new ways and methods of working. The crux of the matter here is to identify existing and required skills and then to use and enhance these as best possible in a targeted way.

Cross-departmental collaboration and the establishment of multipliers in the entire organization are decisive factors in this endeavor. Overall, there are three targets for employee development and the structure of the transformation:

Employee development and shaping the transformation

1. Identify strategic needs for skills and proactively shape the transformation
2. Qualify and develop employees as needed
3. Help managers shape the transformation

specialists with the required skills by offering a wide range of training opportunities. At Stuttgart-Zuffenhausen, around 150 trainees and students on dual study programs are recruited each year and trained specifically for various areas of Porsche AG.

The aim of the training courses and degree programs is to equip young professionals with the specialist skills they need to start their careers at Porsche AG. At the same time, the training courses aim to impart the relevant future skills to help both the trainees and the students be prepared to learn and adapt to social and technological change as well as the transformation in the automotive industry. In principle, all trainees and students are offered permanent employment at Porsche AG upon completion of their courses or programs.

In addition, Porsche AG is also involved in educational policy beyond its own training formats by supporting schools with career guidance and STEM subjects. This includes, for example, projects with cooperation schools on topics such as design thinking, coding experience, etc.

DUE DILIGENCE PROCESS

The Human Resources portfolio of the Executive Board acts as a driver, initiator and governance function for the content, processes and tools within training/employee development and for shaping the transformation. The specific design and implementation are carried out in the various application areas. In addition to the centralized qualification opportunities available for developing interdisciplinary skills and development programs for the management, there are also offerings for individual target groups, such as the "Finance Academy" or the "Porsche Academy" for the global dealer organization.

To assess how effective the measures for employee development are, Porsche AG uses an assessment system made up of feedback surveys and key indicators. This is how the participants' satisfaction with the interdisciplinary qualification measures is assessed. Evaluating and optimizing the qualification measures is a continuous process to meet the changing requirements of the target group and Porsche AG. This also includes regular meetings between employees and managers to discuss their individual needs. Various key indicators are also evaluated at regular intervals to ensure the quality of the measures.

At the same time, Porsche AG regularly reviews the further development of the corporate culture and the management culture. For example, there is the annual employee survey "Porsche Puls" with questions about the working environment, which aims to sustainably improve employee satisfaction in areas such as cooperation, leadership and further development.

The training apprenticeships and dual study programs offered are developed in a structured process involving all stakeholders based on strategic personnel planning and are geared towards Porsche AG's long-term skills requirements. The focus and content of the training are based equally on the training framework/curricula and the future requirements of Porsche AG. Relevant future skills complement the current specialist and interdisciplinary training focuses: digital skills, creativity, critical thinking, collaboration, communication, learnability and growth mindset. Learning takes place via an optimized mix of proven and new (digital) training formats. A structure with different modules enables both standardization and individualization and lays the foundation for self-guided learning.

The key indicator for the quality of training at Porsche AG is the average final grade, broken down into dual vocational training and dual study program.

MEASURES

In the reporting year, the targets for employee development and the structure of the transformation mentioned above were pursued through a variety of measures, particularly at Porsche AG and Porsche Leipzig GmbH. Other subsidiaries of the Porsche AG Group may adjust the measures as needed and use them as well.

Identify strategic needs for skills and proactively shape the transformation

As part of the strategic skills management system initiated in 2019, the specific and generic development needs from Porsche AG's specialist departments are collected annually by representatives from the respective departments and consolidated in a roadmap that covers the entire range of strategic skills at Porsche AG in the short, medium and long term.

In the reporting year, the cross-departmental qualification measures jointly developed the skills required for the transformation and aligned the current qualification portfolio in a holistic way. Reskilling and upskilling programs can thus be targeted towards strategically relevant fields of activity.

Qualify and develop employees as needed

In the reporting period, Porsche AG again expanded its range of individual training and further personal development offerings for its employees. For example, a program for upskilling in system-based social media monitoring was developed, learning formats to raise awareness of data handling and quality were offered, and existing qualification modules on mechatronics were expanded. In addition, Porsche AG has developed its own job-specific offerings that are tailored to certain fields of activity. These aim to ensure that vacancies in much-needed areas of activity can be filled internally. Here, the participants develop the necessary skills and knowledge within a defined period as part of the program. The programs offer a close integration of theory (state university and research) and practice (Porsche content). They also specifically promote interdisciplinary skills such as self-leadership and a growth mindset. This is funded by a corresponding central budget, which can be used for extensive qualification requirements of employee groups and for individual transformation training.

Alongside qualification and development meetings for all employees covered by a collective agreement, Porsche AG's key tools and offerings in the reporting year also included work shadowing in other company departments, the digital "Praxis Transfer Trainer" (Practice Transfer Trainer) for personal development through self-study, the Porsche Digital Academy for developing and expanding digital skills, language training as well as physical and virtual learning spaces such as the Porsche Learning Lab at Stuttgart-Zuffenhausen. With the Podcast@Porsche project, Porsche AG offers employees the opportunity to share their knowledge about the company and personal experiences in an internal Porsche podcast app.

Help managers shape the transformation

Managers play a decisive role as shapers of the transformation in the Porsche AG Group. They must not only initiate and manage change, but also communicate the vision of the transformation, inspire the team and provide the necessary resources. In 2023, the measures to promote individual leadership skills were expanded further and backed up with various qualification opportunities. A special focus was given to dealing with change in an increasingly complex environment.

Trainees and students

The range of trainees at Stuttgart-Zuffenhausen in the reporting year included eleven technical and three commercial apprenticeships as well as eight-degree courses at the Baden-Württemberg Cooperative State University (DHBW) with numerous specializations.

The apprenticeships and degree courses provide the ideal theoretical and practical preparation for starting a career. At Porsche AG, project-based, hands-on learning is a high priority. This is made possible during project phases in the project workshop at the Porsche training center in Stuttgart-Zuffenhausen. Porsche AG also encourages and challenges its trainees and students with a wide range of opportunities to gain practical experience in over 200 different areas, from processing company orders to the transfer of knowledge with the specialist departments of Porsche AG.

RESULTS

Following a successful pilot in 2022, the Learning Experience Platform (LXP) was rolled out for the Porsche AG workforce in the reporting year. The LXP bundles various new learning formats, learning spaces and tools. It guides employees and managers through the range of offers with an AI-supported search engine. It searches internal and external learning platforms and bundles any measures for an employee's individual training and development. Specialists can also prepare and individually adjust their learner journeys.

To ensure the quality of the training courses, five indicators have been defined that are captured while preparing the Annual and Sustainability Report. Reported are (1) the number of participants and (2) the number of participations in qualification measures. The number of participants rose by 6% in comparison to the prior year and stands at 22,935. The number of participations is 217,289. In addition, information is collected about (3) the training costs per employee.

In the reporting year, these came to €938. The average time that a Porsche AG employee spends on education measures is reported in (4) the qualification time. In the reporting year, this indicator was 15.4 hours, an increase of 26% on the prior year. Finally, (5) the qualification time among leadership is recorded. This shows the average number of hours spent by management on training and amounts to 23.2 hours.

In the reporting year, 113 trained specialists and 29 graduates were hired by Porsche AG's specialist departments.

Information-related impacts for consumers and/or end users

A central goal of the Porsche AG Group is to excite its customers. It does not just want to meet expectations, it wants to exceed them. The safety and security of customers is paramount, which means they must be provided with relevant, high-quality and accurate information. It is equally important for the Porsche AG Group to protect consumer data as effectively and reliably as possible and to ensure that the data it collects is handled responsibly.

Data protection and Corporate Digital Responsibility

TARGETS

The future of mobility is characterized, among other things, by digital networking — from digital production and digital processes to data-based offerings for customer care and customers' driving experience.

Handling data, especially personal data of consumers, requires particular care. The Porsche AG Group takes this responsibility very seriously. The topics of data protection and Corporate Digital Responsibility (CDR) are therefore closely interconnected with the strategy and core processes of the Porsche AG Group. The aim is to put digital transformation at the service of employees, customers and society and to develop all products with data protection in mind and design them from the outset in a way that customers can be sure that their data is safe.

The Porsche AG Group understands Corporate Digital Responsibility as corporate responsibility in the digital age. The key areas of focus set by the Porsche AG Group are geared towards the major questions associated with advancing digitalization. In addition to dedicated projects in the field of digital ethics — Data Ethics and AI Ethics — there are various initiatives in the areas of Digital Competence & Literacy, Digital Inclusion, Green IT and Tech for Good under the umbrella of the joint CDR.

By adopting its data protection strategy as part of the Porsche Strategy 2030, the Porsche AG Group has set itself ambitious targets. These focus on customer-oriented data protection in compliance with the relevant legal requirements. The ethical handling of data should be further strengthened to enable data-driven innovations.

Privacy — particularly the right to digital self-determination — is a core component of Porsche customers' driver experience. Protection of personal data is therefore an utmost priority at the Porsche AG Group.

DUE DILIGENCE PROCESS

The implementation of the data protection strategy provides for data protection to be strategically managed, reported and implemented worldwide with a uniform data protection management system. This system is to be aligned with the data protection strategy to effectively reduce liability and data protection risks.

The Porsche AG Group aims to avoid any data protection breaches and to respect the rights of potentially affected persons. Its own control system ensures adherence with recognized national and international data protection standards in internal processes. Porsche AG aims to ensure that this approach is continuously enhanced by performing a regular review of the data protection management system. The objective here is to enable the quick integration of new data protection requirements into processes and products and adherence to regulatory data protection requirements.

The Porsche AG Group conducts customer surveys in selected regions to ensure that data protection efforts are not only legally compliant, but that data protection is designed in the interests of customers. The criteria evaluated include fairness, control and transparency.

Criteria for customer survey

- Fairness: To what extent are the customer's needs taken into account when processing data?
- Control: To what extent can the customer influence the intended use of the data?
- Transparency: To what extent is the customer sufficiently and clearly informed about their data processing?

Customer feedback is statistically analyzed to derive relevant and needs-based measures to improve customer satisfaction about data protection in the future.

MEASURES

The Porsche AG Group is driving digitalization in its departments and offerings — from vehicles and the associated services to numerous digital interactions with customers.

With its information security management system (ISMS), the Porsche AG Group has an established way of handling internal and external data and information. The task of the ISMS is to adequately protect company-relevant information in accordance with its protection requirements and thus prevent damage to the Porsche AG Group. The protection of information extends to all business processes and business fields, regardless of company structures and national borders, and focuses on the fundamental protection objectives: confidentiality, integrity, availability and authenticity. Porsche AG's ISMS has been certified in accordance with the international standard DIN EN ISO/IEC 27001:2017 since 2021. As part of this certification, annual surveillance audits are carried out by independent external auditors.

In a world of increasing cyber threats, targeted security measures are of central importance. The digital unit of the Porsche AG Group, Porsche Digital GmbH, continued to drive forward its cyber security activities and expand its internal capacities in the reporting year. In October 2023, a bug bounty program was launched together with external cyber security researchers to proactively identify security vulnerabilities to further improve the security of products and digital services.

Porsche AG has also set up a working group to discuss the responsible use of artificial intelligence (AI) with representatives from the main company departments, the Works Council and the departments of data protection, information security and AI ethics. The working group has drawn up a guideline formulating the ethical requirements for AI development and use. For Porsche AG, digital ethics means consciously using the potential of AI for the benefit of society and the environment. It is strategically important to address the risks and opportunities associated with the use of AI at an early stage.

The Porsche AG Group has established internal strategies and guidelines to effectively and sustainably protect personal data, particularly that of consumers and end users. To this end, processing requirements (e.g., a specific purpose being required, pseudonymization, data separation and privacy by design and default) and the protection of personal data were integrated into business processes and the IT development process.

In the reporting period, a new privacy center was also set up in the My Porsche customer portal to further strengthen transparency and control when dealing with personal data. Here, customers can manage their consents and influence the purposes for which the Porsche AG Group may use their data: for product improvement, to support existing and prospective customers, and for the transfer of data to third-party providers.

By consenting to the use of data for the individual support of existing and prospective customers, customers may receive, for example, information on vehicles, new products and offers or on participation in events or customer surveys of Porsche AG and selected subsidiaries. Customers decide whether and how they wish to be contacted. The customer also controls data releases to third-party providers in the Porsche privacy center. These are data-based services such as insurance rates based on usage, a digital logbook or smart charging applications.

Customers support the Porsche AG Group with the data they provide voluntarily. The Porsche AG Group uses the data to develop and optimize functions and services and to improve vehicle models. The Porsche AG Group uses the data from Porsche Communication Management (PCM) to continuously improve it, for example, its menu navigation. The improved usability benefits Porsche drivers. Another example: Usable charging data from electric-powered vehicles not only flows into the further development of charging management and battery control, but it is also an important basis for future product decisions and developments.

In current Porsche models, customers also have the option of controlling the data processing of their vehicle by selecting options in a privacy menu. For example, the vehicle can be set to private mode, which only permits legal data transmissions or data transmissions required for the operation of the vehicle, such as the "eCall" emergency call system.

A project on Corporate Digital Responsibility was initiated across all specialist departments as early as 2022. The duration of the project as well as the findings derived from it go beyond the reporting year. Initiatives on various dimensions have been launched as part of the project.

Even before the EU AI Act came into force, the Porsche AG Group had already defined self-imposed guidelines for dealing with AI and data. Considering the principles of fairness, transparency, reliability, accountability and security, it formulated specific requirements that should be part of the IT development process.

Digital Competence & Literacy encompasses the skills and knowledge required to effectively use and understand digital technologies. They are a key component of the digital transformation and affect all stakeholders — both within the Porsche AG Group and in society. The Porsche AG Group has launched numerous initiatives in this area on topics such as Digital Competence, Digital Wellbeing, Digital Literacy and Digital Culture. Further activities to promote Corporate Digital Citizenship are being developed.

RESULTS

The Porsche AG Group again made significant progress in 2023 with the measures listed. In the area of data protection, the data protection management system was also rolled out to selected subsidiaries outside the EU in the reporting year.

With the help of the data protection management system, the Porsche AG Group aims to achieve a minimum level of data protection within all its group companies and a uniform focus on common data protection values, while at the same time taking different local data protection laws into account. Measures to complete the data protection management system are to be implemented in 2024.

Training and information offerings were also expanded for all Porsche AG employees in the reporting year.

In the reporting year, no complaints regarding data privacy incidents were lodged with Porsche AG either externally or by any authorities. Internally, however, incidents were identified and reported thanks to the internal control measures and vigilant employees. The rate of internal reports was higher than in prior years once again, due to factors including continuous awareness measures and employee training. In all the justified cases, Porsche AG took steps to remedy the causes. Where prudent, additional steps were taken to prevent similar incidents from happening in the future.

Access to high-quality information

TARGETS

The Porsche AG Group aims to be able to reach its customers around the clock, whatever their location, and vice versa. The Porsche AG Group wants to expand customer relationships and customer satisfaction in the long term and rank high in selected customer studies.

For this purpose, it is enhancing digital offerings with a clear customer focus and providing information across numerous channels on a wide range of topics, products and services. The Porsche AG Group endeavors to provide consumers with transparent information about products. Technical data, consumption figures, product descriptions and standard and optional equipment are listed and visualized in the best possible way using pictures and videos, thus allowing informed purchasing decisions.

DUE DILIGENCE PROCESS

The Executive Board established the product quality and customer satisfaction forum at Porsche AG many years ago. This is made up of the entire Executive Board and selected heads of specialist departments. The forum makes customer-oriented decisions in the areas of product quality and customer satisfaction. Measures to consistently improve customer satisfaction are worked on across all relevant company levels and in a multistep process.

The development of a global guideline on advertising and communication principles in the reporting year has created a uniform basis for carrying out responsible marketing activities.

During their first two years of employment, sales consultants working at the Porsche AG Group around the world undergo the Porsche Global Certification System (PGCS) program, which also focuses on the correct conduct of sales consultants in their dealings with customers. In addition, the sales consultants predominantly act according to the RACE principle: RACE stands for Respect, Align, Compare and Elevate — with the aim of further strengthening customer centricity in employees' mindset and actions. Since 2019, there has also been the role of the Porsche Pros, who act as brand ambassadors and support customers and interested parties with their in-depth knowledge of Porsche products and services. This lays the foundation for ensuring that the concept of fairness is always at the heart of the sales employees' activities.

The customer relationship is measured at several points: The success of providing information to consumers and end users is measured by the number of clicks and open rates of mailings, posts and videos. In addition, Porsche AG receives relevant information regarding product quality and customer satisfaction as well as qualitative feedback from Porsche customers via retail and other — also digital — contact points (customer touchpoints). These are also collected from customer ratings and statements in market research studies on customer satisfaction.

Since the reporting year, the Porsche AG Group has been using a customer excitement index (CEI) to measure how enthusiastic customers are along their journey — from initial contact to the purchase and ownership of a product through to potential repurchase. The index is used as a management tool in the product quality and customer satisfaction forum. It is also relevant for the remuneration of Porsche AG's Executive Board and management.

Aspects of customer excitement

- Purchase

- Product quality

- User experience with displays and control elements

- Porsche Connect services, charging of electric and hybrid vehicles

- Service

MEASURES

The Porsche AG Group provides consumers and end users with information in numerous places: The most important sources of information for customers include the Porsche magazine Christoporus, the online Newsroom with its social media channels, the web-based TV channel 9:11 Magazine, the 9:11 Porsche podcasts and the Porsche website. These provide detailed information on the vehicle models as well as on the digital services of Porsche Connect.

The Porsche Newsroom has been the central point of contact for media professionals, bloggers and the online community since 2014. The website functions as a corporate blog, social media hub and download center all in one. Users will find a comprehensive range of texts, images and videos.

Educational video tutorials are regularly published on YouTube in the Spot On format, bringing Porsche customers closer to their vehicles and explaining complex functions and product features in an understandable way. The guides contain information and practical tips on the latest technologies in the vehicle models and provide the end user with answers to frequently asked questions so that they can get the most out of their vehicles. The relevant Spot On topics are selected based on customer feedback, e.g., as part of the study by J.D. Power. The success is reflected, among other things, in an improvement in the J.D. Power Taycan Scoring and in the form of a small number of customer complaints under "Difficult to use". In the current reporting year, the initiative also supported Taycan customers along their customer journey by sending out Taycan Quicktipp (quick tip) e-mails with relevant content.

With the Porsche Advisors Club, an online community in the four markets of Germany, China, the USA and the UK, the Porsche AG Group has created a direct channel to its own customers. It not only provides information on the Porsche AG Group's products and services, but it also serves the purpose of bringing ideas and feedback from customers back into the company quickly and in a targeted manner. In addition to traditional tools such as online questionnaires, the Porsche AG Group uses a range of digital communication options, e.g., discussion forums, short surveys and online communication between Porsche employees and customers to strengthen customer relationships.

Following a pilot project in 2022, Porsche AG broadened the CEI in the reporting year and now measures customer enthusiasm worldwide in the aspects of purchase, product quality, user experience with displays and control elements, Porsche Connect services, charging of electric and hybrid vehicles and service. The CEI is based on customers' expectations and differentiates between "unsatisfied" customers, whose expectations were not met, "satisfied" customers, whose expectations were met, and "excited" customers, whose expectations were exceeded. Only those in the "excited" category are included in the index. The performance indicator is based on a survey of more than 300,000 customers worldwide each year.

RESULTS

The My Porsche customer portal is a central digital point of contact with customers. The reach of both the portal and the My Porsche app was expanded further in the reporting year. Evidence of the successful provision of information can be seen in the fact that there were fewer calls with questions to the Porsche centers and the Porsche Hotline in the reporting year, among other things.

In a pilot project in 2022, the CEI (average proportion of "excited" customers) across the six customer touchpoints described above was calculated for the first time. The CEI reached 46.7% in the reporting year.

Customer Excitement Index

%	2023	2022	2021
CEI	46.7	n.a.	n.a.

GOVERNANCE

Corporate governance, corruption and bribery

The Porsche AG Group sees acting and doing business with integrity as an essential foundation for all business activities. Corporate governance is critical to the success of a sustainable and economically efficient transformation. Compliance with laws and internal guidelines, the consistent rejection of corruption and bribery, and transparency about the measures taken play a key role in Porsche AG's sustainability efforts.

Compliance

TARGETS

The Executive Board adopted general compliance targets based on the general company objectives, the corporate strategy and Porsche AG's vision and mission. These targets include ensuring compliant behavior and upholding Porsche AG's reputation and protecting the company, its bodies and employees from legal and disciplinary consequences. In addition, Porsche AG wants to continuously promote a responsible and value-based compliance culture. The Code of Conduct as well as group guidelines are in place to help achieve these objectives.

The Code of Conduct at Porsche AG summarizes the most important principles and expectations about acting lawfully, sustainably and with integrity at Porsche AG. For example, dealing with conflicts of interest, combating any form of corruption, appropriate behavior within the group and towards customers, business partners and public officials as well as taking responsibility for the environment and society.

The additional Code of Conduct for Business Partners governs Porsche AG's expectation that its business partners will comply with the law as applicable, acknowledge the principles of ethical conduct and act sustainably. Both codes of conduct are available on the intranet and on the Porsche website and explicitly draw attention to Porsche AG's whistleblower system which is available to all business partners.

→ [Code of Conduct for Business Partners](#)

The Avoidance of conflicts of interest and corruption guideline provides recommendations for dealing with conflicts of interest and avoiding corruption. It regulates the admissibility criteria for the granting and acceptance of benefits such as gifts and invitations within the scope of business and specifies the permissible scope here for decision-making and action for managers and employees. It defines anti-corruption-specific requirements for implementing the compliance management system at Porsche AG, including regarding the careful selection and screening of (potential) business partners.

Porsche AG published the Group Business and Human Rights Guidelines in 2022. These group guidelines establish an overarching framework for controlling the duties of care relating to human rights and the environment under the LkSG.

→ [Sustainability, work-related rights and equal treatment and opportunities in the value chain](#)

There are also guidelines on other compliance issues, including anti-corruption and prevention of money laundering. Employees can find information about the guidelines on the intranet.

According to the group guidelines, there are strict criteria for special vehicle conditions that apply to the granting of discounts or other benefits in connection with vehicle transactions to certain stakeholder groups. The adopted processes create transparency regarding (planned) special vehicle conditions and compliance with special conditions that have already been approved.

The Executive Board also adopted the company compliance management guideline. Porsche AG thus complies with its entrepreneurial responsibility and meets the statutory obligation to adhere to statutory requirements as well as internal guidelines.

DUE DILIGENCE PROCESS

To prevent violations of the rules and support employees in complying with the law, Porsche AG has set up a compliance organization made up of the Chief Compliance Officer and those responsible for specific compliance topics at Porsche AG.

The Chief Compliance Officer provides the Executive Board and the Supervisory Board's Audit Committee with a quarterly report on the progress of implementing the compliance management system (CMS) as well as on significant measures and activities. According to the company compliance management guidelines, the Executive Board of Porsche AG decides on the local set-up and further development of the CMS, based on a recommendation from the Chief Compliance Officer.

Since 2012, Porsche AG's CMS has formed the preventive framework for all principles, measures and processes not related to a specific person, which serves to ensure and implement compliance in six compliance areas. This aims to prevent breaches of the law and/or policy violations in these areas or to at least make them significantly more difficult.

The central Compliance department has been conducting compliance monitoring since 2021. Besides interviews with managers, it involves risk-oriented activities such as spot checks of transactions that are of relevance in terms of compliance. The results are compiled in a report that also describes appropriate action if there is an evident need for improvement.

Compliance risk analyses, which are carried out in the main departments of Porsche AG, form the basis for risk assessment in the compliance areas. In the reporting year, these were also performed for eight of Porsche AG's other main departments, so that by the end of 2023 risk analyses were available for 67 of the 70 relevant main departments of Porsche AG.

The Executive Board receives regular reports on the progress of implementing the compliance organization and the preventive and reactive measures at Porsche AG.

MEASURES

Porsche AG's compliance program includes various preventive and reactive measures. Any need for action and preventive measures are continuously defined based on a systematic risk analysis that takes the business model, relevant environmental conditions and the type of business relationships into account.

The main preventive measures are the existence of clear guidelines, regular training sessions and information for managers and employees on relevant compliance topics. There is also confidential compliance advice: Employees can direct all compliance-related questions to Porsche AG's central compliance help desk.

The main reactive measures are internal and external reporting channels and a whistleblower system to receive information on potential violations of regulations relating to Porsche. This whistleblower system is regulated in the group guideline of the same name.

Employees, customers and business partners of Porsche AG, as well as other third parties, can report suspicions of a breach of regulations by employees of Porsche AG both to an internal whistleblower system set up for this purpose and to two ombudsmen, who are subject to legal confidentiality under German law. The internal and external contact persons of the whistleblower system can be reached free of charge and at any time via various reporting channels and they also accept anonymous and confidential reports. The Porsche AG whistleblower system is available in various languages.

Any information received is investigated and any violations identified are responded to appropriately, for example in compliance with the applicable data protection, labor and co-determination laws. The whistleblowers are protected from any employment related consequences, harassment in the workplace or other disadvantages from Porsche AG. Appropriate countermeasures are initiated on a case-by-case basis depending on the results of the investigation, and individual misconduct is sanctioned on a case-by-case basis depending on the results of the investigation.

Porsche AG uses a compliance monitoring system to check adherence with specific compliance requirements relating to anti-corruption, anti-trust law and prevention of money laundering in the specialist departments. In addition to the areas listed, monitoring primarily focused on the implementation of risk-mitigating measures in the reporting year. The identified potential for improvement has been included in the relevant departments' action plans. The monitoring also provided overarching findings for the CMS, which are to be considered in Porsche AG's compliance program for 2024.

In the reporting year 2023, those responsible for compliance topics conducted numerous communication measures at

Porsche AG. There were also in-person and virtual employee training sessions as well as digital learning modules at Porsche AG and selected German subsidiaries. In cooperation with the HR department, the compliance officers provide compliance training at Porsche AG. The basis is a subject-specific plan which uses risk analyses to identify the relevant target groups and key areas of content. There are mandatory training formats for managers, junior managers, and new employees. The compliance officers also organize training for specific departments and target groups, e.g., on legally required or current topics, or on request.

In the reporting year, around 3,000 employees at Porsche AG received compliance training at in-person and virtual events, and 24,416 participants received compliance training through digital training modules. The digital Code of Conduct training module was completed by 16,636 employees from Porsche AG. This training module covers the directive of the same name and provides information about the whistleblower system and the contact details of the compliance help desk. The training also covers the content of the Avoidance of conflicts of interest and corruption and Human rights guidelines.

By the end of the reporting year, the rate of training in face-to-face and virtual events within the target group at Porsche AG was 84% on average for the defined areas of compliance.

Employees can find further information about compliance-related training and communications at Porsche AG on the intranet. Aside from the relevant Group and company guidelines, the intranet provides information on the compliance culture and organization, as well as details about points of contact and reporting channels. This is complemented by videos, flyers, note cards, and brochures.

RESULTS

Most of the employee inquiries to the compliance help desk again related to the handling of invitations and gifts. The number of reports of potential violations was up on the prior-year level.

Overall, Porsche AG's whistleblower system was responsible for following up on 83 of 257 submitted reports. The plausibility check rated 44 of these 83 reports as plausible. Of the 44 plausible reports, 26 were categorized as potentially severe breaches of the rules and investigated through Porsche AG's whistleblower system. The focal points of the potential misconduct were violations of the German Trade Secrets Act (GeschGehG) and offenses against property (such as fraud and embezzlement). 16 cases concluded with the identification of a serious breach of the rules and resulted in sanctions. Eleven investigations ended without identifying a breach of the rules. Sanctions following identified rule breaches can range from raising awareness to termination.

In accordance with the group guideline on the prevention of money laundering, Porsche AG submitted four suspicious activity reports to the responsible anti-money laundering authorities in the reporting year.

Integrity

TARGETS

Long-term success requires behavior to go beyond correct conduct in line with the laws, regulations and requirements. If there are no explicit rules or if conflicting objectives arise, one needs integrity as an inner compass on how to act in the right way. The topic is also gaining in importance because increasingly shorter innovation cycles, a changing automotive industry and a dynamic environment require entrepreneurial speed more and more frequently.

Integrity management at Porsche AG has set itself the target of enshrining integrity in the corporate culture for the long term. Managers and employees should be able to act in accordance with ethical principles, with responsibility, conviction and steadfastness. Porsche AG wants to strengthen the confidence of its employees, customers, shareholders and partners. To promote this value- and attitude-based culture in the best-possible way, integrity management at Porsche AG is enshrined within the Human Resources portfolio in the Executive Board in Employee Development and Corporate Culture.

The Porsche AG Code of Conduct not only emphasizes the importance of honest and ethical conduct and acting with integrity on the part of everyone, but also explicitly highlights the role model function of members of the Executive Board and managers. Integrity is a core value in the Porsche Code — the company's leadership model — and provides a solid basis for the organization.

DUE DILIGENCE PROCESS

Integrity is firmly entrenched in the personnel processes on onboarding, recruiting, personnel development, remuneration and disciplinary actions. Minimum standards are determined in the group guideline on HR compliance.

The topic of culture and integrity was rolled out internationally at Porsche AG by the Volkswagen Group as part of its Together4Integrity (T4I) program in 2018. The program has developed long-term measures aimed at strengthening the culture of integrity. The management of all subsidiaries in the T4I program, including Porsche AG, are responsible for the local implementation in accordance with the timeline and milestone plan. The package of measures and the implementation time may vary depending on the local circumstances. The central T4I program management was completed in July 2023, upon which the T4I content was transferred to the line responsibility of the respective group function. Since then, new companies have been considered for Porsche Group specifications via its integration management system.

In addition, Porsche AG also uses results from the employee survey to derive measures for managing integrity. For example, a poll about acting with integrity and compliant conduct in the company organization is part of the "Porsche Puls" employee survey. Among other things, the survey gives insights into the integrity culture. The results are then discussed in the organizational units. This mandatory discussion aims to develop measures to improve cooperation, management and further development for the long term. If the integrity-related question falls below a defined threshold, this triggers subsequent follow-up processes. Training formats on the topic of integrity or with content on integrity are also available.

MEASURES

Integrity issues are already addressed during the recruiting process. There is also a particular focus on integrity during the development path to a manager covered by collectively bargained wage agreements as well as to and within management positions. The value attached to integrity can also be seen in the semiannual reporting of the implementation standards to the Compliance Council, in the ad hoc reporting to the Executive Board as well as in the annual integrity report in the Supervisory Board.

Integrity is integrated into Porsche AG's training formats targeting specific groups. In addition, ongoing internal communication measures are designed to raise awareness among employees on the topic.

The interdisciplinary multiplier network covering the brand, culture, and integrity provides Porsche AG employees with a platform to share their experience, ideas, and presentations. It helps the ambassadors embed the topic of integrity within the departments. Employees can find bundled information on integrity on the intranet. Managers have access to a toolbox in their own special integrity section and apply this in day-to-day operations. It features self-reflection tools, dialog formats, and other information and ideas relating to integrity. This way, as role models, managers can hold their own workshops to hone their understanding of integrity and, working with their employees, define and implement measures designed to improve integrity.

RESULTS

At the time of transferring the T4I content to the line responsibility of the respective group function in July 2023, the T4I measures relating to culture and integrity were virtually completed. The Internal Audit department also conducted a final review of the measures completed by Porsche AG and found their implementation to be plausible.

A voluntary digital learning module on the topics of brand, culture and integrity was introduced in the reporting year to convey the content and relevance of the topics for employees' day-to-day work and to raise awareness of them.

Since 2022, the competence model, focusing on the skills needed to make decisions with integrity, has been used in training for newly appointed managers and newly hired employees of Porsche AG and the selected national subsidiaries, as well as in training sessions on integrity for managers at Porsche AG covered by collectively bargained wage agreements. It was extended to other target groups in 2023.

In the "Porsche Puls" employee survey for 2023, the question about integrity was given an index score of 74 out of 100. Around 19,000 employees at Porsche AG took part in the survey in the reporting year.